



JAWED HABIB HAIR & BEAUTY LIMITED

(The Company was incorporated in Mumbai, Maharashtra as Jawed Habib Hair & Beauty Limited on April 03, 2006 under the Companies Act, 1956 as a public limited company with the Registrar of Companies, Maharashtra, Mumbai ("RoC"). The Company's corporate identification number as allotted by the Registrar of Companies, Maharashtra, Mumbai is U93020MH2006PLC160931).

Registered Office: Unit No. 546, 5th Floor, Laxmi Plaza, Laxmi Industrial Estate, Off New Link Road, Andheri – West, Mumbai – 400 053, Maharashtra, India. For details of change in registered office of the Company, please refer to "History and Certain Corporate Matters" beginning on page 102 of the Draft Red Herring Prospectus.

Company Secretary and Compliance Officer: Mr. Gaurav Raghuvanshi

Tel: +91-22-4099 5000; **Fax:** +91-22-4099 5065; **E-mail:** investors@jawedhabib.co.in; **Website:** www.jawedhabib.co.in

PROMOTER OF THE COMPANY: MR. JAWED HABIB AKHTER

PUBLIC ISSUE OF [●] EQUITY SHARES OF ₹ 10 EACH ("EQUITY SHARES") OF JAWED HABIB HAIR AND BEAUTY LIMITED ("THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE AGGREGATING UP TO ₹ 6000 LAKHS (THE "ISSUE"). THE ISSUE SHALL CONSTITUTE [●] % OF THE FULLY DILUTED POST-ISSUE PAID UP CAPITAL OF THE COMPANY.

THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH

THE PRICE BAND AND THE MINIMUM BID LOT SIZE WILL BE DECIDED BY THE COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND ADVERTISED BY THE COMPANY AT LEAST 2 WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE.

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

The Issue is being made under sub-regulation (2) of Regulation 26 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and through a Book Building Process wherein at least 50% of the Issue shall be allotted on a proportionate basis to Qualified Institutional Buyers. Further 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remaining QIB portion shall be available for allocation to the QIB Bidders including Mutual Funds, subject to valid Bids being received at or above the Issue Price. In addition, not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders and not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price. *The Issuer undertakes to allot at least 50% of the Issue to Qualified Institutional Buyers and to refund full subscription monies if it fails to make allotment to the Qualified Institutional Buyers.*

Any Bidder may participate in this Issue through an Application Supported by Blocked Amount ("ASBA Process") providing details of the bank account in which the Bid Amount will be blocked by the Self Certified Syndicate Banks ("SCSBs"). For further details refer to the chapter titled "Issue Procedure" beginning on page 219 of the Draft Red Herring Prospectus.

RISK IN RELATION TO THE FIRST ISSUE

This being the first issue 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 ₹10 each and the Floor Price is [●] times of the face value and the Cap Price is [●] times of the face value. The Issue Price (has been determined and justified by the BRLM and the Company as stated under the chapter on "Basis of Issue Price") 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 or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

IPO GRADING

The Issue has been graded by [●] and assigned the "IPO Grade" [●] indicating [●] fundamentals, through letter dated [●]. The IPO grade is assigned on a five point scale from 1 to 5, with IPO grade 5/5 indicating strong fundamentals and IPO grade 1/5 indicating poor fundamentals. For details see the chapter titled "General Information" beginning on page 41 of the Draft Red Herring Prospectus.

GENERAL RISKS

Investments in equity and equity-related securities involve a high degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the Draft Red Herring Prospectus. Specific attention of the investors is invited to the chapter titled "Risk Factors" beginning on page 11 of the Draft Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING AGREEMENT

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

BOOK RUNNING LEAD MANAGER TO THE ISSUE



BOB Capital Markets Limited

(Wholly owned subsidiary of Bank of Baroda)
3rd Floor, South Wing, UTI Tower, Gn Block, Bandra-Kurla Complex, Bandra –East,
Mumbai-400 051, Maharashtra, India.
Tel: +91-22- 61389300, Fax: +91-22-66718535
E-mail: ipo.jh@bobcaps.in
Website: www.bobcaps.in
Contact Person: Mr. Venkata Raveendra R / Mr. Harshal Desai
SEBI Registration No: INM 000009926

REGISTRAR TO THE ISSUE



Sharepro Services (India) Pvt. Ltd.

607/608, Sagar Tech Plaza, A-Wing,
Sakinaka Junction,
Andheri – East, Mumbai-400 072
Tel: +91-22-61915402/5404, Fax: +91-22-61915444
E-mail: jawed.ipo@shareproservices.com
Website: www.shareproservices.com
Contact Person: Mr. Subhash Dhingreja / Mr. Kumaresan V.
SEBI Registration No: INR000001476

BID/ISSUE PROGRAMME

BID/ISSUE OPENS ON [●]*

BID/ISSUE CLOSES FOR QIB BIDDERS ON [●]*

BID/ISSUE CLOSES FOR NON-QIB BIDDERS ON [●]*

* The Company in consultation with Book Running Lead Manager may decide to close the Bidding/Issue Period for QIBs one working day prior to the Bid/Issue Closing Date in accordance with the SEBI (ICDR) Regulations.

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SECTION I: GENERAL INFORMATION DEFINITIONS AND ABBREVIATIONS

In the Draft Red Herring Prospectus, unless the context otherwise requires, the terms defined and abbreviations expanded herein below shall have the same meaning as stated in this Section.

Term	Description
“JHHBL”, “our Company”, “the Company”, “the Issuer Company”, “the Issuer”, “we”, “us” and “our”	Unless the context otherwise requires, refers to Jawed Habib Hair & Beauty Limited, a public limited company incorporated under the Companies Act, having its registered office at Unit No. 546, 5 th Floor, Laxmi Plaza, Laxmi Industrial Estate, Off New Link Road, Andheri (West), Mumbai – 400053, Maharashtra, India.
Promoter	Mr. Jawed Habib Akhter
Our Promoter Group	Includes such persons and entities constituting our Promoter Group in terms of Regulation 2(zb) of the SEBI (ICDR) Regulations, 2009.
“you”, “your” or “yours”	Prospective investors in the Issue.

COMPANY RELATED TERMS

Terms	Description
Articles / Articles of Association	The articles of association of the Company.
Auditors	The statutory auditor of the Company, M/s. Bharat Shah & Associates, Chartered Accountants
Board/Board of Directors	Board of Directors of the Company or a duly constituted committee thereof.
Director(s)	Director(s) of the Company, unless otherwise specified.
Equity Shares	Equity shares of the Company of the face value of ₹10 each
Group Company(ies)	Companies, firms, ventures, etc. promoted by the promoter of the issuer, irrespective of whether such entities are covered under section 370 (1) (B) of the Companies Act, 1956 or not. Unless the context otherwise specifies, includes those entities mentioned in the chapter, “Our Promoter and Group Companies” beginning on page 118 of the Draft Red Herring Prospectus.
HCPL	Habibs Cosmetics Private Limited
HHBSPL	Habibs Hair & Beauty Studio Private Limited
JHHPL	Jawed Habib’s HairXpreso Private Limited
JHHBSPL	Jawed Habib Hair & Beauty Studio Private Limited
Memorandum /Memorandum of Association	The memorandum of association of the Company unless the context otherwise specified
Registered Office of the Company	Unit No. 546, 5 th Floor., Laxmi Plaza, Laxmi Industrial Estate, Off New Link Road, Andheri (West), Mumbai – 400053, Maharashtra, India.
Subsidiaries	The subsidiaries of the Company specified in the chapter “History and Certain Corporate Matters” beginning on page 102 of the Draft Red Herring Prospectus.

ISSUE RELATED TERMS

Term	Description
Allot/Allotment/Allotted/Allotment of Equity Shares	Unless the context otherwise requires, means the allotment of Equity Shares pursuant to the Issue.
Allottee	A successful Bidder to whom the Equity Shares are allotted
ASBA/ Applications Supported by Blocked Amount	An application whether physical or electronic used by Bidders to make a Bid authorizing an SCSB to block the Bid Amount in their specified bank account maintained with the SCSB.
ASBA Account	An account maintained by the ASBA bidders with the SCSB and specified in the ASBA Bid cum Application Form for blocking the amount mentioned in the ASBA Bid cum Application Form
ASBA Bid cum Application Form	The form, whether physical or electronic, used by a Bidder to make a Bid through ASBA process, which contains an authorisation to block the Bid Amount in an ASBA Account and will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus
ASBA Bidder	Any Bidder who intends to apply through ASBA
ASBA Revision Form	The form used by the ASBA Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Bid-cum-Application Forms or any previous ASBA Revision Form(s).
Bid	An indication to make an offer, made during the Bidding Period by a prospective investor to subscribe to the Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form or the ASBA Bid-cum- Application Form as the case may be in case of ASBA Bidders, the amount mentioned in the ASBA Bid cum- Application Form and payable by the Bidder on submission of the Bid for the Issue.
Bid/ Issue Closing Date	The date after which the members of the Syndicate and SCSB (in case of ASBA Bidders) will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a Marathi newspaper. The Company may in consultation with BRLM decide to close the Bidding Period for QIBs one day prior to the Bid/Issue Closing Date in accordance with the SEBI (ICDR) Regulations.
Bid/ Issue Opening Date	The date on which the members of the Syndicate and SCSB (in case of ASBA Bidders) shall start accepting Bids for the Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a Marathi newspaper.
Bid/ Issue Period	Period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof.
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of the Company and which will be considered as the application for allotment in terms of the Red Herring Prospectus and the Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid-cum-Application Form or the ASBA Bidcum-Application Form (in case of an ASBA Bidder).
BOB Capital Markets Limited / BOBCAPS	BOB Capital Markets Limited, 3rd Floor, South Wing, UTI Tower, Gn Block, Bandra Kurla Complex, Bandra East, Mumbai 400 051
Book Building Process	Book building mechanism as provided under Schedule XI of the SEBI (ICDR) Regulations, in terms of which the Issue is made.
BRLM/ Book Running Lead Manager	Book Running Lead Manager to the Issue, in this case being BOB Capital Markets Limited
BSE	The Bombay Stock Exchange Limited
Business Days	All days except Saturday, Sunday and public holidays
CAN/ Confirmation of Allocation	Except in relation to the note or advice or intimation of allocation of Equity Shares

Term	Description
Note	sent to the Bidders who have been allocated Equity Shares after discovery of Issue Price in the Book Building Process.
CDSL	Central Depository Services (India) Limited.
Controlling Branches	Such branches of the SCSBs which coordinate with the BRLM, the Registrar to the Issue and the Stock Exchanges and a list of which is available at http://www.sebi.gov.in/pmd/scsb.html .
Cap Price	The upper end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted.
Cut-off	The Issue Price finalised by the Company in consultation with the BRLM. Only Retail Individual Bidders who are applying for a maximum bid amount not exceeding ₹200,000 are entitled to Bid at the Cut-off Price, for a bid amount not exceeding ₹200,000. QIBs and Non Institutional Bidders are not entitled to Bid at the Cut-off Price.
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996, as amended.
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended.
Depository Participant or DP	A depository participant as defined under the Depositories Act.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Bid cum Application Form used by ASBA Bidders and a list of which is available on http://www.sebi.gov.in
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account or the amount blocked by the SCSB is transferred from the bank account of the ASBA Bidder to the Public Issue Account as the case may be after the Prospectus is filed with the Registrar of Companies, Maharashtra, Mumbai following which the Board of Directors shall allot Equity Shares to successful Bidders.
Designated Stock Exchange	In this case being the [●]
DRHP or Draft Red Herring Prospectus	The Draft Red Herring Prospectus dated January 24, 2011 filed with SEBI and issued in accordance with the SEBI (ICDR) Regulations, which does not have complete particulars of the price at which the Equity Shares are offered and size of the Issue.
Eligible NRI	NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares Allotted herein.
Escrow Account	Account opened with Escrow Collection Bank(s) and in whose favor the Bidder (excluding the ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement to be entered into among the Company, the Registrar to the Issue, the Escrow Collection Banks, Syndicate Members and the BRLM in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders(excluding the ASBA Bidders).
Escrow Collection Bank(s)	The banks, which are registered with SEBI as Banker (s) to the Issue at which the Escrow Account for the Issue will be opened, in this case being [●].
FII	Foreign Institutional Investors (as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI.
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form or the ASBA Bid cum Application Form or ASBA Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted.
Fresh Issue	Fresh issue of [●] Equity Shares by the Company aggregating up to ₹6000 Lakhs
FCVIs	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended) registered with SEBI.
GIR Number	General Index Registry Number.

Term	Description
Indian National	A citizen of India as defined under the Indian Citizenship Act, 1955, as amended, who is not an NRI.
Issue	The Issue of [●] Equity Shares of ₹10 each fully paid up at the Issue Price aggregating to ₹6000 Lakhs.
Issue Agreement	Agreement dated January 21, 2011 entered into between the Company and the Book Running Lead Manager.
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus or the Prospectus, as determined by the Company in consultation with the BRLM, on the Pricing Date.
Issue Proceeds	The proceeds of the Issue that is available to the Company.
Issue/ Bidding Period	The period between the Bid / Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
MICR	Magnetic Ink Character Recognition.
Mutual Fund Portion	5% of the QIB Portion i.e. upto [●] Equity Shares, available for allocation to Mutual Funds only, out of the QIB Portion, subject to valid bids being received from such Mutual Funds.
Mutual Funds	Mutual funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
NECS	National Electronic Clearing System.
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than ₹ 200,000 (but not including NRI's other than eligible NRI's).
Non Institutional Portion	The portion of the Issue being not less than 15% of the Issue consisting of [●] Equity Shares of ₹10 each available for allocation to Non-Institutional Bidders.
Non – Residents	All eligible Bidders that are persons resident outside India, as defined under FEMA, including Eligible NRIs and FIIs.
NRI or Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, such term as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended.
NSDL	National Securities Depository Limited.
NSE	The National Stock Exchange of India Limited
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under the FEMA. OCBs are not permitted to invest in the Issue.
Offer Document	Draft Red Herring Prospectus/ Red Herring Prospectus/ Prospectus
Pay-in-Period	The period commencing on the Bid/Issue Opening Date and extending until the Bid/Issue Closing Date;
Price Band	The price band of a minimum price ("Floor Price") of ₹ [●] and the maximum price ("Cap Price") of ₹ [●] and includes revisions thereof. The price band will be decided by the Company in consultation with the Book Running Lead Managers and advertised in an English newspaper, Hindi newspaper and Marathi newspaper in regional language with wide circulation at least two (2) Working Days prior to the Bid/Issue Opening Date.
Pricing Date	The date on which the Company in consultation with the BRLM finalizes the Issue Price.
Prospectus	The Prospectus, to be filed with the Registrar of Companies, Maharashtra, Mumbai in accordance with section 60 of the Act, containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information.
Public Issue Account	Account opened with the Banker(s) to the Issue to receive monies pursuant to Section 73 of the Companies Act from the Escrow Account for the Issue on the Designated Date.

Term	Description
Qualified Institutional Buyers or QIBs	(i) Mutual funds, venture capital funds, or foreign venture capital investors registered with the SEBI; (ii) FIIs and their sub-accounts registered with the SEBI, other than a sub-account which is a foreign corporate or foreign individual; (iii) Public financial institutions as defined in Section 4A of the Companies Act; (iv) Scheduled commercial banks; (v) Multilateral and bilateral development financial institutions; (vi) State industrial development corporations; (vii) Insurance companies registered with the Insurance Regulatory and Development Authority; (viii) Provident funds with minimum corpus of ₹2,500 Lakhs; (ix) Pension funds with minimum corpus of ₹2,500 Lakhs; (x) National Investment Fund set up by resolution F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; and (xi) Insurance funds set up and managed by the army, navy, or air force of the Union of India. (xii) Insurance funds set up and managed by the Department of Posts, India
QIB Portion	The portion of the Issue being at least [●] Equity Shares of ₹10 each being at least 50% of the Issue to be allotted to QIBs.
Red Herring Prospectus/RHP	The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with the Registrar of Companies, Maharashtra, Mumbai at least three days before the opening of the Issue. It will become a Prospectus after filing with the Registrar of Companies, Maharashtra, Mumbai after pricing and allocation.
Refund Account	The account opened with Escrow Collection Bank(s), from which refunds, if any, of the whole or part of the Bid Amount to Bidders shall be made.
Refund Bankers	[●]
Registrar/ Registrar to the Issue	Sharepro Services (India) Private Limited.
Restated Summary Statements	Restated standalone summary statements of assets and liabilities of the Company as at March 31, 2007, 2008, 2009 and 2010 and as at November 20, 2010 and profits and losses and cash flows of the Company for each of the years ended March 31, 2007, 2008, 2009 and 2010 and as at November 20, 2010, and consolidated statements of assets and liabilities of the Company as at November 20, 2010 and consolidated profits and losses and cash flows of the Company for the period ended November 20, 2010 and certain other financial information as more fully described in the Auditors' report for such years and period included in the Draft Red Herring Prospectus.
Resident Retail Individual Investor	A Retail Individual Investor who is a person resident in India as defined in Foreign Exchange Management Act, 1999.
Retail Individual Bidders	Individual Bidders (including HUFs applying through their Karta and eligible NRIs) who have Bid for an amount less than or equal to ₹200,000 in any of the bidding options in the Issue.
Retail Portion	The portion of the Issue being not less than [●] Equity Shares of ₹10 each, being not less than 35% of the Issue, available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders excluding ASBA 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).
ROC	The Registrar of Companies, Maharashtra, Mumbai
RTGS	Real Time Gross Settlement.
SCRA	The Securities Contracts (Regulation) Act, 1956, as amended.
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended.
Self Certified Syndicate Bank (SCSB)	The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, as amended, and offer

Term	Description
	services of ASBA, including blocking of funds in bank accounts, are recognized as such by the SEBI and a list of which is available at http://www.sebi.gov.in/pmd/scsb.html .
Stock Exchanges	Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.
Syndicate	The BRLM and the Syndicate Members.
Syndicate Agreement	The agreement to be entered into between the Company and the members of the Syndicate, in relation to the collection of Bids in the Issue.
Syndicate Member(s)	[•]
Transaction Registration Slip/ TRS	The slip or document issued by the Syndicate Members or an SCSB (only on demand) to the Bidders as proof of registration of the Bid.
Underwriters	The BRLM and the Syndicate Member.
Underwriting Agreement	The Agreement among the Underwriters and the Company to be entered into on or after the Pricing Date.
VCFs	Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as amended) registered with SEBI.
Working Days	All days except Sunday and public holidays.

CONVENTIONAL/ GENERAL TERMS

Terms	Description
Act/ Companies Act/ the Act	The Companies Act, 1956 and amendments thereto.
AGM	Annual General Meeting.
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
ASBA	Application supported by blocked amount.
CIN	Corporate Identification Number.
DIN	Directors Identification Number.
DIPP	Department of Industrial Policy & Promotion.
Directors or Board of Directors	Directors of the Company from time to time unless otherwise specified.
DP ID	Depository Participants Identity.
EPS	Earnings Per Share.
ESOP	Employee Stock Option Plan.
ESPS	Employee Share Purchase Scheme
FCNR Account	Foreign Currency Non Resident Account.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations framed thereunder.
Financial Year/ Fiscal/ FY	The twelve months ended March 31 of that particular year.
Insider Trading Regulations	SEBI (Prohibition of Insider Trading) Regulations, 1992.
IT Act	The Income Tax Act, 1961, as amended from time to time except as stated otherwise.
NAV/ Net Asset Value	Net worth as at the end of the year divided by number of Equity Shares outstanding at the end of the year.
Net worth	The aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account.
RBI	The Reserve Bank of India.
SEBI	Securities and Exchange Board of India.
SEBI (ICDR) Regulations/ SEBI Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time.
SEBI Act	Securities and Exchange Board of India Act 1992, as amended from time to time.
SICA	Sick Industrial Companies Act, 1985

ABBREVIATION OF GENERAL TERMS

Terms	Description
A/C	Account.
CAGR	Compounded Annual Growth Rate.
CAM	Common Area Maintenance
CD	Convertible Debenture
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation.
EGM	Extraordinary General Meeting.
FBT	Fringe Benefit Tax.
FDI	Foreign Direct Investment.
GAAP	Generally Accepted Accounting Principles.
GDP	Gross Domestic Product.
Government/ GOI	The Government of India.
HNI	High Net-worth Individual.
HUF	Hindu Undivided Family.
IOC	Indian Oil Corporation
MoU	Memorandum of Understanding
NRE Account	Non Resident External Account.
NRO Account	Non Resident Ordinary Account.
p.a.	per annum.
P/E Ratio	Price/ Earning Ratio.
PAN	Permanent Account Number.
PAT	Profit After Tax.
PBT	Profit Before Tax.
PIO	Persons of Indian Origin.
RBI	The Reserve Bank of India
Rs./INR/₹	Indian Rupees.
RoNW	Return on Net worth.
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended from time to time.
SLM	Straight Line Method.
Sq Ft	Square Feet.
Sq Mt	Square Meter.
TAN	Tax Deduction Account Number.
UK	The United Kingdom of Great Britain and Northern Ireland.
WDV	Written Down Value.

INDUSTRY / BUSINESS RELATED TERMS

Terms	Description
BETL	Brand Equity Treaties Limited
Brand “Hair and Beauty”	Jawed Habib Hair & Beauty Salons
Brand “HairXpreso”	Jawed Habib HairXpreso Salons
CAGR	Compounding Annual Growth Rate
CIA	Central Intelligence Agency
Cosmetology	It is the study and application of beauty treatment. Branches of specialty including hairstyling, skin care, cosmetics, manicures/pedicures, and electrology.
ERP	Enterprise Resource Planning
H&BS	Hair and Beauty Salon
IMF	International Monetary Fund
Institute	Jawed Habib Professional Institute
MGI	McKinsey Global Institute
MoU	Memorandum of Understanding
MPCE	Monthly per capita consumer expenditure
MTPL	Mattel Toys (India) Pvt. Ltd.
NCAER	National Council for Applied Economic Research
NSS	National Sample Survey
sq ft	Square Feet
TBSS	TATA Business Support Services Limited
TCS	Tata Consultancy Services
US \$	United State Dollar
y-o-y	year-on-year

Notwithstanding the foregoing:

- a. In the chapter titled “Financial Statements” beginning on page 125 of the Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that chapter.
- b. In the section titled “Main Provisions of the Articles of Association” beginning on page 246 of the Draft Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles of Association of the Company.

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Financial Data

Unless stated otherwise, the financial information used in the Draft Red Herring Prospectus is derived from the Company's restated standalone and restated consolidated financial statements prepared in accordance with Indian GAAP and the Companies Act and in accordance with SEBI (ICDR) Regulations, included in this DRHP.

Our fiscal commences on April 1 and ends on March 31 of a particular year. Unless stated otherwise, references herein to a fiscal (e.g., fiscal 2010), are to the fiscal ended March 31 of a particular year. In this DRHP, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding-off.

There are significant differences between Indian GAAP, International Financial Reporting Standards ("IFRS") and U.S. GAAP. The Company has not attempted to quantify those differences or their impact on the financial data included herein, and you should consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Indian GAAP restated summary statements (consolidated or unconsolidated) included in the Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations on the financial disclosures presented in the Draft Red Herring Prospectus should accordingly be limited.

Unless otherwise specified or if the context otherwise requires, all references to "India" in the Draft Red Herring Prospectus are to the Republic of India.

Currency of Presentation

All references to 'Rupees' or 'Rs.' or '₹' are to Indian Rupees, the official currency of the Republic of India. All numbers in this document have been prescribed in lakhs or in whole numbers where the numbers have been too small to present in lakhs.

Industry and Market Data

Unless stated otherwise, industry data used in the Draft Red Herring Prospectus has been obtained from industry publications and report by 2S Consulting called "Hair & Beauty Salon Industry Report". Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes the industry data used in the Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed to be reliable, have not been verified by any independent source.

Further, the extent to which the market data presented in the Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources.

FORWARD-LOOKING STATEMENTS

We have included statements in the Draft Red Herring Prospectus which contain words or phrases such as “will”, “aim”, “is likely to 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 about us 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 the expectations include, among others:

- General economic and business conditions in the markets in which we operate and in the local, regional and national and international economies;
- Changes in laws and regulations relating to the industries in which we operate;
- Increased competition in these industries;
- The Company’s ability to successfully implement the growth strategy and expansion plans, and to successfully launch and implement various projects and business plans for which funds are being raised through the Issue;
- Our inability to enter into financing arrangement to meet short term and long term capital requirements;
- Fluctuations in operating costs;
- Unanticipated variations in the duration, size and scope of the projects;
- Our ability to attract and retain qualified personnel;
- The effect of wage pressures and the time required to train and productively utilize new employees;
- Changes in political and social conditions in India or in other countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;

For a further discussion on factors that could cause our actual results to differ, see the chapters titled “Risk Factors” “Business Overview” and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” beginning on pages 11, 89 and 175 of the Draft Red Herring Prospectus respectively.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither we nor the Book Running Lead Manager, nor any of its respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, we and the Book Running Lead Manager 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

RISK FACTORS

An investment in Equity Shares involves a high degree of risk. The risks and uncertainties described below together with the other information contained in the Draft Red Herring Prospectus should be carefully considered before making an investment decision in our Equity Shares. The risks described below are relevant to the country, the industry in which the Company operates, the Company and the Equity Shares. Additional risks, not presently known to the Company or that we currently deem immaterial may also impair the Company's business operations. You should carefully consider all the information in the Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares.

If anyone or some combination of the following risks were to occur, our business, results of operations and financial condition could suffer, and the price of the Equity Shares and the value of your investment in the Equity Shares could decline. Prospective investors should pay particular attention to the fact that the Company is incorporated under the laws of India and is subject to a legal and regulatory environment that may differ in certain respects from that of other countries.

The Draft Red Herring Prospectus also contains forward-looking statements that involve risk and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in the Draft Red Herring Prospectus. See "Forward-Looking Statements" on page 10.

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. In making an investment decision, prospective investors must rely on their own examination of the Company and the terms of the Issue, including merits and risks involved.

*To obtain a better understanding of our business, you should read this chapter in conjunction with other chapters of the Draft Red Herring Prospectus, including the chapters titled "**Business Overview**", "**Financial Statements**" and "**Management's Discussion and Analysis on Financial Condition and Results of Operations**" on pages 89, 125 and 175, respectively of the Draft Red Herring Prospectus, together with all other financial information contained in the Draft Red Herring Prospectus. Unless otherwise stated, the financial data in this chapter is derived from our audited restated financial statements prepared in accordance with Indian GAAP and restated in accordance with SEBI (ICDR) Regulations.*

The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk over another.

Materiality

The risk factors have been determined on basis of their materiality. The following factors have been considered for determining the materiality.

1. Some risks may not be material individually but may be material when considered collectively.
2. Some risks may have an impact, which is qualitative though not quantitative.
3. Some risks may not be material at present but may have a material impact in the future.

INTERNAL RISK FACTORS

Risks related to the Company, our Business and our Industry

1. ***There are legal proceedings currently outstanding involving the Company and Group Company. Any adverse decision may render us liable to liabilities/penalties and may adversely affect our business, results of operations.***

There are legal proceedings currently outstanding involving the Company. The Company is involved in certain civil legal proceedings and claims incidental to our business and operations. The Company has also received notices from Superintendent Service tax pertaining to service tax claims. These are pending at different levels of adjudication before various courts and Superintendent Service tax. Any adverse decision may render us liable to increased liabilities/penalties and may adversely affect our business, results of operations and profitability. A summary of these legal and other proceedings involving the Company and one of our Directors is given in the following table:

(in ₹)

Nature of Litigation	Number of Cases	Amount
Cases filed against the Company		
Money Recovery and other civil suit	2	45,01,305
Tax claims	1	1,97,32,549*
Total	3	
Cases filed by the Company		
Civil suit	2	Not Quantifiable
Total	2	
Cases filed against director	1	6,98,414
Criminal Complaint		
Cases filed by our director	1	Not Quantifiable
Civil Suit	1	
Cases filed against group company	1	6,98,414
Criminal Complaint		

* Out this total claim, the Company has paid the sum of ₹1,74,26,879/- (inclusive of cenvat credit) as on date.

For further details on the outstanding litigations pertaining to the Company please refer to chapter titled “*Outstanding Litigations, Material Developments and Other Disclosures*” beginning on page 190 of the Draft Red Herring Prospectus.

2. The examination report of our Auditors relating to our summary statements included in the Draft Red Herring Prospectus refers to certain Audit qualifications.

The examination report of our Auditor’s included in the Draft Red Herring Prospectus refers to certain audit qualifications pertaining to the Audited Financial Statements which did not require any corrective adjustments in the restated financial information. These audit qualifications refer to the following

- Payment of remuneration directors in excess of prescribed limits under the Companies Act, for the financial years ended March 31, 2007, 2008, 2009, 2010 and for the period ended on November 20, 2010;
- Statutory reports and returns were not filed by the Company for the financial year March 31, 2007;
- Advance made to Tulip Star International contravened the requirement of section 295 of the Companies Act for the year ended March 31, 2008;

CARO Companies Audit Report Order (“CARO”) qualifications

- Company did not have internal audit system for the financial year ended March 31, 2007;
- Share Application money refunded in violation of the Companies Act for the year ended March 31, 2008;
- Statutory dues like service tax, income tax, sales tax and ESIC were outstanding for more than 6 months as on March 31, 2009, 2010 and for the period ended November 20, 2010;

For further details on these qualifications, please refer the examination report and the restated summary statements, and the notes thereto, beginning on page 125 of the Draft Red Herring Prospectus.

Investors should consider carefully these Audit qualifications in evaluating our financial position and results of operations.

3. The Company had negative cash flows in recent fiscals. Any negative cash flow in the future could affect our operations and results of operations.

As per our Restated Standalone Financial Statements, the Company had negative cash flows in FY 2008, FY 2009, FY 2010 and for the period ended November 20, 2010 as under:

(₹ in Lakhs)

Particulars	Period ended November 20, 2010	2010	2009	2008
Net cash flow from operating activities	(1980.09)	-	(77.60)	-
Net cash flow from financing activities	-	(154.16)	-	(582.73)
Net Increase /(Decrease) in Cash and Cash Equivalents	-	-	-	(150.40)

Any negative cash flow in the future could affect our operations and financial conditions. For further details please refer to “Annexure C – Statement of Cash Flows, from the restated financial statements” forming part of the section titled “Financial Information” beginning on pages 125 of the Draft Red Herring Prospectus.

4. Non-compliance and/or late compliance with the relevant provisions of the Companies Act in relation to loan to Tulip Films International, on behalf of Mr. Jawed Habib Akhter may attract penalties payable by the Company.

The Company had granted loan aggregating to ₹18 lakhs during the FY 2007-08 to Tulip Films International, on behalf of Mr. Jawed Habib Akhter, the director of the Company. For the said loan, the Company was required to obtain approval of the Central Government. However, through inadvertence, the Company did not approach the Central Government for approval. The same amounted to violation of Section 295 of the Companies Act. In view of the same, the office of Mr. Jawed Habib Akhter became vacant but due to oversight, he remained as the director of the Company. On realizing the non-compliance, vide its application dated October 14, 2010, the Company has suo moto filed an application to ROC, requesting compounding of the offence. The said loan has been repaid by Mr. Jawed Habib Akhter during the FY 2008-09.

There cannot be any assurance that ROC will grant approval(s) as requested and/or condone/compound the non-compliances on the part of the Company as prayed for. The Company cannot envisage whether any penalty will be levied and if so, what will be the amount of such penalty. The issuer company is awaiting the response from the ROC.

5. Non-compliance and/or late compliance with the relevant provisions of the Companies Act in relation to approval of its Accounts and holding of AGM, may attract penalties payable by the Company.

Since the Accounts for the year 2008-2009 were not finalised, the Company could not adopt the same within the time lines prescribed under Section 210 of the Companies Act. Consequently, the AGM of the Company was not held within the prescribed time span as provided under Section 166 of the Companies Act. These non-compliances amounted to offences under the provisions of the said Sections. The Company has subsequently, vide its application dated October 14, 2010 has suo moto filed an application to ROC, requesting compounding of the offence.

There cannot be any assurance that ROC will grant approval(s) as requested and/or condone/compound the non-compliances on the part of the Company as prayed for. The Company cannot envisage whether any penalty will be levied and if so, what will be the amount of such penalty. The issuer company is awaiting the response from the ROC.

6. *Non-compliance with the relevant provisions of the Companies Act in relation to remuneration paid to the executive directors for years 2006 to 2009, may attract penalties payable by the Company.*

In terms of Section 309 of the Companies Act, in case the Company does not have adequate profits then in that event any remuneration to directors in excess of the prescribed limits would require prior approval of the Central Government. Through inadvertence the Company though required, failed to obtain such approval for the remuneration paid to Mr. Jawed Habib Akhter, Mrs. Shaheen Akhter and Mr. Vinit Kumar Gupta. As per the provisions of Section 309 (5A), the directors are required to refund the excess remuneration to the Company and till such refund hold the same in trust for the Company. In terms of Section 309 (5B), in case the Company is desirous of waiving the recovery of the said excess amount from the directors, the Company is required to obtain approval of the Central Government. The Company has decided to waive the recovery and has accordingly, applied to the Central Government vide application dated August 26, 2010 for permission under Section 309 (5B).

There cannot be any assurance that the Central Government will grant approval(s) as requested and/or condone/compound the non-compliances on the part of the Company as prayed for. The Company cannot envisage whether any penalty will be levied and if so, what will be the amount of such penalty. The issuer company is awaiting the response from the Central Government.

7. *We have availed a loan from CITI Bank and as per the terms of the loan, we are required to and have accordingly applied for a no objection certificate from the CITI Bank. However, CITI Bank has instead advised us to foreclose the loan and this foreclosure would adversely affect the financial position and results of operations.*

We have availed a secured loan from CITI Bank and outstanding amount of the loan as on November 20, 2010 was ₹92.51 lakhs. As per the terms of the said loan, we have applied for a no objection certificate from CITI Bank. However, CITI Bank has advised us to foreclose the loan. Accordingly, we have taken all necessary steps to foreclose the loan or transfer the said the loan either in the name of the Promoter or to replace with debt facilities that may be availed by the Company from other banks/financial institutions. If any of these steps do not materialize, our financial position and results of operations would be adversely affected. However, we undertake to complete the required actions before filing of the Red Herring Prospectus.

8. *Delay in realization of proceeds collected on our behalf by our franchisees may adversely affect our cash flows, revenues and results of operations.*

As per the business model adopted by the Company, majority of the salons are run under the franchise system. In terms of the agreed understanding with the franchisees, the franchisees collect the revenues from the customers and the same are collected on behalf of the Company. The franchisees pass on the entire collection to the Company and on receipt the Company pays over the agreed share of revenues to the concerned franchisee. Since the Company's franchised outlets are located throughout the Country, there are delays in remitting the said revenue amounts to the Company and there may be loss/embezzlement of the amounts.

Though the franchisees are required to report the collections in prescribed formats, there is no foolproof mechanism to verify and ascertain the accuracy of reporting.

There is no assurance that in future the Company will be able to put in place the mechanism to avoid/mitigate the leakages in the current business model. There may be loss/embezzlement of the amounts may adversely affect our cash flows, revenues and results of operations.

9. *There exist persons and groups who operate their businesses under the same or similar name and which can claim the history of our brand. Further, any deficiency in the quality of services, advice,*

equipments, training, etc. provided by these persons and groups may adversely affect our brand image and thereby our business and our results of operations / financial condition.

It has recently come to the knowledge of the Company that there are some unscrupulous persons and groups within and outside India who by using the name Jawed Habib as their trade name, business name or domain name are selling hair care products and/or rendering advice on hair care. Such business competes with us. The interests of these persons and groups may conflict with the Company's interests. There may be other persons and groups, who may be directly or indirectly using our name, brand name and intellectual property right but are not within our knowledge.

We do not have any agreement or arrangements with these persons and groups. To protect our interest and our intellectual property rights, we are in the process of taking appropriate actions against such persons and groups. In the meantime, any deficiency in the quality of services, advice, equipments, training, etc. provided by these persons and groups may adversely affect our brand image as they operate under the same or similar name and thereby affecting our business and our results of operations / financial condition.

10. We have in the past entered into related party transactions and may continue to do so in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations

We have, in the course of our business, entered into transactions with related parties that include entities forming part of our Promoter Group. The cumulative figure of related party transactions for the last four financial years ending March 31, 2007, 2008, 2009, 2010 and for the period ended November 20, 2010 is as follows:

(Amount in ₹ Lakhs)

Sr. No	Particulars	For the Year / Period Ended				
		Nov 20,	March 31,			
		2010	2010	2009	2008	2007
1	Transactions with Key Management Personnel & Shareholder's having substantial interest	383.51	398.14	526.14	98.40	146.57
2	Transactions with Relatives of Key Management Personnel	-	-	-	10.13	11.82
3	Transactions with Subsidiary	13.81	-	-	-	-
4	Transactions with Enterprise Owned or Controlled by Key Management Personnel / Relatives	81.45	98.55	169.82	62.46	115.9
	TOTAL	478.77	496.69	695.96	170.99	274.29

While we believe that all such transactions have been conducted on an arms-length basis and contain commercial terms, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will continue to enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.

For further details please refer to Annexure G forming part of the section titled "Financial Information" on page 142 of the Draft Red Herring Prospectus.

11. Our Group Companies have incurred losses and have had negative Net Worth in the past.

Some of our group companies have incurred losses and also have negative net worth in the past. There can be no assurance such losses and negative net worth will not continue in future.

(Amount in ₹ Lakhs)

Name of Group Companies	Profit/(Loss) for the year ended March 31,		
	2010	2009	2008
Habibs Hair & Beauty Studio Private Limited	(4.12)	(31.31)	(14.11)
Jawed Habib's Hair Xpreso Private Limited	(0.19)	-	-
	Networth as on March 31,		
	2010	2009	2008
Habibs Hair & Beauty Studio Private Limited	(27.50)	(23.38)	-

12. Our funds requirements are based on agreements and on the basis of internal management estimates, quotations obtained, wherever possible, and have not been appraised by any bank or financial institution. We have not entered into definitive agreements to utilize part of our Issue proceeds. Any increase in the actual deployment of funds may cause an additional burden on our finance plans which will have an adverse effect on our financial condition and results of operations

The fund requirements are based on agreements and on the basis of internal management estimates and quotations obtained, wherever possible, and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to change in light of changes in external circumstances or costs or in other financial conditions, business strategy, etc. With increase in costs, our actual deployment of funds may exceed our estimates and may cause us an additional burden on our finance plans. As on the date of the Draft Red Herring Prospectus, we have not entered into any definitive agreements for brand(s) acquisition and setting up of additional exclusive outlets nor have we incurred any expenses towards the same. For further details please refer to chapter titled “Objects of the Issue” beginning on page 57 of the Draft Red Herring Prospectus.

13. Our indebtedness and the conditions and restrictions imposed by our financing and other agreements could adversely affect our ability to conduct our business and operations.

We have an aggregate outstanding of ₹82.22 Lakhs secured loans as on November 20, 2010. These loans are secured by way of mortgage of hypothecation of credit card receivables, stock, book debts, and personal guarantee of directors. In case we are not able to pay our dues in time, the same may adversely impact our result of operations. Further, we are subject to the usual and customary restrictive covenants in agreements that we have entered into with banks like obtaining prior approval for undertaking any merger or demerger, issue of further capital, change in financial year, declaration of dividend, any substantial expansion and making investments, etc. For further details, please refer to Annexure J of section titled “Financial Information” on page 146 of the Draft Red Herring Prospectus.

14. We have availed unsecured loans from body corporates and financial institutions which, subject to the terms and conditions of relevant agreements, may be recalled at any time and this may affect our financial condition and results of operations

We have availed unsecured loans to the tune of ₹1723.95 lakhs as on November 20, 2010. Subject to the terms and conditions of relevant agreements, the same may be recalled at any time. For further details please refer Annexure K of section titled “Financial Information” on page 147. In the event the aforementioned loans are recalled by the lenders our financial condition and profitability could be adversely affected.

15. Our Promoter and one of our Directors have interests in the Company other than normal remuneration or reimbursement of expenses incurred or benefits.

Our Promoter and one of our Directors i.e Mrs. Shaheen Akhter are interested in the Company to the extent of their shareholding in the Company. Our Directors may also be regarded as interested in the Equity Shares, if any,

held by them, that may be subscribed by or allotted to the companies, in which they are interested as directors, members, and promoters, pursuant to the Issue. All of the Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares of the Company. For more details, see the chapters, “*Capital Structure*”, “*Our Management*” and “*Financial Statements*” beginning on pages 48, 108 and 125 respectively of the Draft Red Herring Prospectus.

16. We may face a potential conflict of interest as the Company and Group Companies have the main object of carrying on business in the Hair & Beauty Care Industry.

Mr. Jawed Habib Akhter is also a Promoter-Director of our Group Companies, Habibs Hair & Beauty Studio Private Limited and Jawed Habib’s Hair Xpreso Private Limited. These Companies have been incorporated for the purpose of providing hair care and allied activities. There may be a potential conflict of interest as the objects and business activities of these Companies are similar or complementary to that of the Company

Further, any deficiency in the quality of services, equipments, training, etc. provided by these Companies in future through their outlets may adversely affect our brand image as they shall operate under the same or similar name, thereby affecting our business and financial condition and our results of operations.

17. We have in the last 12 months, issued Equity Shares at a price that could be lower than the Issue Price.

We have issued 3,60,000 Equity Shares of ₹10 each at a premium of ₹100 per share on May 17, 2010 on preferential basis. We have also issued 10,45,000 Equity Shares of ₹10 each at a premium of ₹30 per share on October 07, 2010 on preferential basis. We have also issued 87,25,500 fully paid up Equity Shares of the face value of ₹10/- each as bonus in the ratio of 9:2, i.e. 9 fully paid up Equity Shares for every 2 fully paid up Equity Shares held on October 25, 2010. This price (after adjusting the issuance of Bonus on October 25, 2010 against these shares) may be lower than the issue price at which the proposed public offering is to be made. Except the above, we have in the last 12 months, not issued Equity Shares at a price that could be lower than the Issue Price. For details, please refer to the chapter titled “*Capital Structure*” beginning on page 48 of the Draft Red Herring Prospectus.

18. We may continue to be controlled by our Promoter and other principal shareholders i.e Greenfield Investments² following the Issue and our other shareholders may not be able to affect the outcome of shareholder voting.

After the completion of the Issue, our Promoter will collectively hold approximately [●] % of the fully diluted post-Issue equity capital. Consequently, our Promoter, and other principal shareholders, acting jointly, may exercise substantial control over us and may have the power to elect and remove a majority of our Directors and/or determine the outcome of proposals for corporate action requiring approval of our Board of Directors or shareholders, such as lending and investment policies, revenue budgets, capital expenditure, dividend policy and strategic acquisitions. Our Promoter and other principal shareholder will be able to influence our major policy decisions, including our overall strategic and investment decisions, by controlling the election of our Directors and, in turn, indirectly controlling the selection of our senior management, determining the timing and amount of any dividend payments, approving our annual budgets, deciding on increases or decreases in our share capital, determining our issuance of new securities, approving mergers, acquisitions and disposals of our assets or businesses, and amending our articles of association. This control could also delay, defer or prevent a change in control of the Company, impede a merger, consolidation, takeover or other business combination involving the Company, or discourage a potential acquirer from obtaining control of the Company even if it is in the best interests of the Company. While our promoter, being Director of the Company are required to act in the best interests of the Company, it is possible that they may not do so and further, the interests of our controlling shareholders may conflict with the interests of our other shareholders, including the holders of the Equity Shares,

and the controlling shareholders may make decisions that materially adversely affect your investment in the Equity Shares.

19. There can be delay in the schedule of setup of the exclusive owned brand outlets for which part of the funds are being raised in the Issue. This may affect our financial condition and results of operation.

We have expansion plans of adding 8 exclusive owned brand outlets during the fiscal year 2012, for which funds are being raised from the Issue. As on the date of the Draft Red Herring Prospectus, we have not initiated any activities towards this Object of the Issue and there can be a possibility of us delaying the schedule of rollout of the proposed outlets. Normally, there is a lead time involved in setup of an outlet that may extend up to 4-6 weeks after the planning phase, which involves finalisation of the location. If we are not able to identify a suitable location within the time and place that we desire or at all and considering the time schedule required for rollout, we cannot guarantee that all the 8 outlets will be rolled out in the fiscal year 2012. This may adversely affect our financial condition and results of operation.

20. The utilisation of our Issue proceeds will not be monitored by any external, independent or a Monitoring Agency but through our Board of Directors.

There will be no external, independent or a Monitoring Agency, which would monitor the utilization of our Issue proceeds. However, our Board or Audit committee authorized in this behalf will monitor the utilization of the proceeds of the Issue. We will disclose the details of the utilisation of the Issue proceeds, including interim use, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilized or otherwise disclose as per the disclosure requirements of our listing agreements with the Stock Exchanges and in particular Clause 49 of the listing agreement.

21. There are 32 trademark applications pending with the Trademark office for registration. Our success depends on our trademarks and proprietary rights and any failure to protect our intellectual property rights may adversely affect our competitive position.

The Company's business might be affected due to our inability to protect our existing and future intellectual property rights. We own intellectual property rights, in particular, trademarks, which are fundamental to our brand, which gives us a competitive advantage. We use our intellectual property rights to promote and protect the goodwill of our brand, enhance our competitiveness and otherwise support our business goals and objectives. As on the date of the Draft Red Herring Prospectus, 32 of our marks are pending registration under various classes of the Trademarks Act, 1999. Any delay or refusal to register these trademarks could adversely affect our business. We cannot guarantee that all the pending applications will be decided in the favour of the Company. If any of our trademarks are not registered it can allow any person to use a deceptively similar mark and market its product which could be similar to the products offered by us. Such infringement will hamper our business as prospective clients may go to such user of mark and our revenues may decrease. For more details please refer to the paragraph titled "Intellectual Property" beginning on page 196 of the Draft Red Herring Prospectus.

22. There are 4 approvals and licenses which we are yet to receive. Non-issuance or non-renewal of the said approvals and licenses would adversely affect the Company's operations, thereby having a material adverse effect on our business, results of operations and financial condition

We require certain statutory and regulatory approvals, licenses, registrations and permissions to operate our business, some of which the Company has either received, applied for or is in the process of applying. Such approvals, licenses, registrations and permits may be granted for a fixed period of time. If we fail to obtain some or all of these approvals or licenses, or renewals thereof, in a timely manner or at all, it would adversely affect the Company's operations, thereby having a material adverse effect on our business, results of operations and financial condition.

Following is the list of the pending licenses:

Sr. No.	Particulars
1.	Shops and Establishment License for Academy and Salon situated at 8-2-293, K/153, Plot 153, Phase3, Kamalapuri, Srinagar Colony, Hyderabad
2.	Shops and Establishment License for Academy and Salon situated at 5 – 1 – 681 / 1 & 2, Aiyanagar Plaza, Bank Street, Hyderabad
3.	Shops and Establishment License for Academy situated at 184, Central Market, Lajpat Nagar - 2, New Delhi
4.	Shops and Establishment License for Academy and Salon situated 154-F, Kitchlu Nagar, Civil Lines, Ludhiana

23. Our franchises also require approvals and licenses to operate and any non receipt of the same would adversely affect the Company's operations, thereby having a material adverse effect on our business, results of operations and financial condition

Our franchises require certain statutory and regulatory approvals, licenses, registrations and permissions to operate business. Such approvals, licenses, registrations and permits may be granted for a fixed period of time. If they fail to obtain some or all of these approvals or licenses, or renewals thereof, in a timely manner or at all, it would adversely affect the Company's operations, thereby having a material adverse effect on our business, results of operations and financial condition.

24. Our registered office premises and premises from where we operate our own outlets, are not owned by us. The lease / leave and licence agreements for some of our premises from where we operate our own outlets are not registered and in case of any disputes, the same can be challenged in the court of law. Further, we may not be able to renew these agreements in terms favourable to us or at all.

We do not own the premises of our current registered office and the premises from where we operate our own outlets. These premises have been acquired by the Company on lease/ leave and license basis for different terms. There is no assurance that we will be able to comply with the requirements as may be contained in the agreements of lease or leave and license as the case may be. Any non-compliance by us with the terms of the said agreements may result in the termination of the agreements and may render our investments towards setting up and operating such premises as futile. There can be no assurance that the Licensors or Lessors will not terminate these agreements, which would have a material adverse effect on conducting our business and our commercial operations.

For further details on all of our leased premises please refer to paragraph titled "Properties" on page 94 of the Draft Red Herring Prospectus.

25. Majority of our franchises, both present and proposed, are located in places not owned by us but are taken on contractual agreement basis by the Franchisees themselves. The non-renewal of lease or any deficiency in the title / ownership rights / development rights of the owners may impede the operation of our franchises' outlets.

The salons and academies operated by our franchisees are not owned by us. These premises are owned by the Franchisees or acquired by them on a contractual basis. Any non-renewal of lease or any deficiency in the title / ownership rights of such third parties may lead to legal implications which can result in us having to vacate the premises or increase our cost of operations, thus affecting our profits.

26. Our growth will depend on our ability to sustain our brand and failure to do so will have a negative impact on our ability to compete in this industry.

We believe that our brand "Jawed Habib" is well recognised in the industry in which we operate and has significantly contributed to the success of our business. We believe that our success depends on our ability to

maintain the Brand name through ace quality and customer service. Continuing efforts towards building and sustaining our brand will be critical for the recognition of our services. Promoting and positioning our brand will depend largely on the success of our marketing efforts and our ability to back that with high quality services. Brand promotion activities may /may not result in incremental revenue, and even if they do, any incremental revenue may not offset the expenses we incur in building our brand. If we fail to promote and maintain our brand, our business, financial condition and results of operations could be adversely affected.

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

A principal component of our strategy is to continue growing by expanding the size and geographical scope of our business either through organically or inorganically. Although we plan to continue to expand our scale of operations through organic growth and investments in other entities, there could be a possibility that we may not grow at a rate comparable to our growth rate in the past, either in terms of income or profit. Further, such growth strategy will 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 and more importantly adhering to quality and high standards that meet customer expectations. 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.

28. There can be no assurance that we will be able to secure adequate financing in the future on acceptable terms, in time, or at all. We have, in the past, relied on body corporates and banks to assist us in funding which may not necessarily be available in the future.

We may require additional funds in connection with future business expansion and development initiatives. In addition to the proceeds of this offering and our internally generated cash flow, we may need additional sources of funding to meet these requirements, which may include entering into new debt facilities with lending institutions or raising additional debt in the capital markets. If we decide to raise additional funds through the incurrence of debt, our interest obligations will increase, and we may be subject to additional covenants. Such financings could cause our debt to equity ratio to increase or require us to create charges or liens on our assets in favour of lenders. There can be no assurance that we will be able to secure adequate financing in the future on acceptable terms, in time, or at all. Our failure to obtain sufficient financing could result in the delay or abandonment of any of our business development plans and this may affect our business and future results of operations. We have historically depended on the financial assistance provided by body corporates and banks in order to help fund us, as well as improvements to our existing infrastructure and other business requirements. Although we expect that in the future such forms of credit support will be unnecessary in light of our improved liquidity due to the completion of the Issue, as well as increased income from operations as our existing business matures. However, we may be unable to obtain future funds from lenders on favorable terms or at all without such support, and without such support our expansion plans may not be realized.

29. The staffs in the salons we operate are trained internally and placed with our own outlets and franchisees through our training academies. We may fail to attract and retain enough sufficiently trained employees needed to support our operations and growth.

In the beauty and hair care industry the success, to a significant extent, depends on one's ability to provide quality services to its clients on a continuous basis. To deliver this, it is necessary to attract, hire, train and retain qualified employees. All the general hair-stylists and salon managers in our salons are mainly sourced from our academies. Besides, there is significant need for professionals with skills necessary to perform the services we offer to our clients. Thus, if we are unable to attract candidates to our training academies we may fail to provide enough sufficiently trained employees needed to support our operations and growth. This could result in poor service quality and lead to a material adverse effect on our business, results of operations, financial condition and cash flows.

- 30. Our success depends significantly upon our management team. Any inability on our part to attract and retain our key managerial personnel may adversely affect our business and results of operations. Further, our existing strength of management team may face limitation in managing growth in the future.***

We are highly dependent on our executive promoter directors and our key managerial personnel for our business. Our business model is reliant on the efforts and initiatives of our senior level management and our key managerial personnel. Our ability to successfully function and meet future business challenges depends on our ability to attract and retain them. Our future performance will depend upon the continued services of these persons. In this regard, we cannot assure you that we will be able to retain our skilled senior management or managerial personnel or continue to attract new talents in the future. Further, our existing strength of management team may face limitation in managing growth in the future which may materially and adversely impact our business and results of operations.

- 31. Our Brand name has been derived and is heavily dependent on our Promoter Mr. Jawed Habib Akhter. In the event of disassociation with our promoter for whatsoever reasons, our business will be adversely affected.***

The Company believes that “Jawed Habib” brand commands strong brand recall among clients and our revenues are majorly depends on association of the promoter with the Company. The Company’s success depends on its ability to maintain the brand image. There can be no assurance that this brand name will not be adversely affected in the future by events such as actions that are beyond the Company’s control and also its business, financial condition and results of operations may be adversely affected. Though we have standardised our training methodology and the franchisee operation, there cannot be any assurance that in the event of disassociation with our promoter for whatsoever reasons, our business will not be adversely affected.

- 32. We may face claims / liabilities / suits from our clients should they perceive any deficiency in our services or in the event of bodily harm / injury to them while in our salons.***

We believe in providing quality client service and due care is taken while providing services. We attempt to mitigate the associated risks which may happen due to factors beyond our control. However we may not be able to cover all such risks and may face financial liabilities or loss of reputation, in the event of accidents / mishaps in our salons and academies. While we endeavour to take maximum possible precautions, any mishap, accident during training and/ or hair and beauty care procedures, which may or may not lead to personal injuries, may take place due to factors which are beyond our control. Occurrence of such events may have an adverse impact on our business.

- 33. We operate in a highly competitive and fragmented market***

We operate in a highly competitive market and face stiff competition from other players operating both in organized and un-organized sectors. Some foreign players have also entered the Indian market. Pricing is one of the factors that plays an important role in our client’s selection of our services. There are several strategies adopted by our competitors to increase their market share i.e. through advertising, pricing, service and new product and service introductions among others. This increased competition by both traditional and new players may affect our margins. In order to protect our existing market share or capture market share, we may be required to increase expenditure for advertising and promotions and to introduce and establish new products and services. Due to inherent risks in the marketplace associated with advertising and new product and service introductions, including uncertainties about consumer response, increased expenditure may not prove successful in maintaining or enhancing our market share and could result in lower profitability. Stiff competition from a variety of competitors in the organized and un-organised sectors adversely impacts our operations and profitability.

34. We have not identified any alternate source of financing the ‘Objects of the Issue’. If we fail to mobilize resources as per our plans, our growth plans may be affected

We have not identified any alternate source of funding and hence any failure or delay on our part to raise money from the Issue or any shortfall in the issue proceeds may delay the implementation schedule and could adversely affect our growth plans. For further details please refer to the chapter titled “Objects of the Issue” beginning on page 48 of the Draft Red Herring Prospectus.

35. Our growth strategy to expand into new geographic areas exposes us to certain risks

We intend to expand our presence both geographically and inorganically in terms of number of outlets. Tier-I, Tier-II, Tier-III and other fast developing smaller towns are currently under-served and provide a greater scope for our services. Pursuance of such a growth strategy may expose us to risks, which may arise due to lack of understanding / economic conditions and culture of these areas. If we are not able to manage the risk of such expansion, it could have a material adverse affect on our operations.

36. We may not be able to find ideal locations to open and operate outlets and may not be able to commercially exploit all the territories for our Franchises.

We are in the business of hair care and beauty salons and operate through highly modernized centers. Success of our business is highly dependent on optimizing the locations of our outlets and franchises at a competitive cost. We cannot assure you that we will be able to expand and grow at the rate at which we may desire to, as we may not be able to find locations that we believe will be necessary for implementing our expansion plans. If we are not able to find the locations at the time and place that we desire, the same may have a material adverse impact on our results of operation.

37. Our insurance cover may be inadequate to fully protect us from all losses which in turn would adversely affect our financial condition and results of operations.

We have a corporate insurance policy covering standard fire, earthquake, terrorism, burglary, cash, glass breakage and public liability. However, our insurance policies may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. There can be no assurance that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. Further, we are not covered by business interruption policy. Interruption of our business operations for any reasons including on account of fire, flood, any natural calamities etc. may have a material and adverse impact on our business operations and profitability

38. Our business is highly dependent on consumer spending patterns and any downward movement in the same would adversely affect our business and results of operations.

We are in the business of hair and beauty salons. The growing middle and upper class of Indian population is our main target business segment. Hence our business is highly dependent on their spending pattern, which again depends on the general economic conditions in the country and the surplus available with consumers for spending on matters of hair and beauty care.

39. Negative covenants in our Shareholders’ Agreement with Greenfield Investments² and Debenture Subscription Agreement with Brand Equity Treaties Limited, may adversely affect our business operations.

We have entered into a Share Subscription Agreement with Greenfield Investments 2 and Debenture Subscription Agreement with Brand Equity Treaties Limited, which have several covenants in relation to various aspects of business operations of the Company. Certain covenants may impede our decision-making ability and lead to adverse impact on our business operations. However, the said Agreements cease to be operative upon listing of the Company's shares on stock exchange(s). For details please refer chapter "*History and Certain Corporate Matters*" on page 102 of the Draft Red Herring Prospectus.

40. Ineffective execution of marketing programs could have an adverse effect on our revenues and brand image.

Primary factors in determining customer decisions in the industry sector which we operate include customer confidence, price points for our services, together with the level and quality of customer service. The ability to differentiate our services and our Existing outlets from competitors by its branding, marketing and advertising programs is an important factor in attracting consumers. As a result, from time to time we undertake brand building exercise and marketing programs to enhance our brand visibility. If these programs are ineffectively executed or the level of support for them is reduced, it could affect our ability to attract customers.

Further, we cannot assure you that we will be able to accurately estimate our marketing expenditure for our business. In case our marketing expenses are lesser than market standards, our marketing programs may be perceived ineffective. However, if our marketing expenses are higher than the market standards, it may adversely affect our revenues and results of operations.

41. Our top ten franchisee accounted for 17.10% of our total income so far in Fiscal 2010. We cannot assure you that revenues from this franchisee will continue; if not, our revenue will likely decline.

Although we operate through a large number of franchisee across various geographies, we are dependent on top ten franchisee for significant part of our revenues. For Fiscal 2010, these franchisees have accounted approximately 17.10% and of our total revenue. Although we have maintained good and longstanding relationships with these franchisees, we do not have any long-term contract with them. The loss of these franchises or a significant reduction in their performance would have a materially adverse effect on our revenues.

As a result of significant reliance on these franchisees, we may face certain issues including pricing pressures because of competition. Our contracts with these franchisees are typically for a limited period, ranging between one and two years, and the terms of such contracts normally allow the franchisees to terminate the contracts without cause by giving notice as per the terms of the agreement. In addition, we have no guarantee of income under these agreements. The loss or significant decrease in the volume of business from one or more of our significant franchisee would have an adverse effect on our business, financial condition and cash flows.

42. The Company has unsecured loans which may be recalled by the relevant lenders at any time.

The Company have availed unsecured loans. Unsecured loans are repayable on demand and may be recalled by the lenders at any time without notice, or with short notice, upon default or otherwise. If the lenders exercise their right to recall a loan, it could have a material adverse affect on the financial position of the Company.

43. Significant differences exist between Indian GAAP and other accounting principles, such as IFRS, which may be material to investors' assessments of our financial condition.

Our financial statements, including the restated consolidated financial statements provided in the Draft Red Herring Prospectus, are prepared in accordance with Indian GAAP. US GAAP and IFRS differ in significant respects from Indian GAAP.

As a result, our standalone and consolidated financial statements and reported earnings could be different from those which would be reported under IFRS or US GAAP. Such differences may be material. We have not attempted to quantify the impact of US GAAP or IFRS on the financial data included in the Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of US GAAP or IFRS. Accordingly, the degree to which the Indian GAAP financial statements included in the Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Had the financial statements and other financial information been prepared in accordance with IFRS or US GAAP, the results of operations and financial position may have been materially different. Because differences exist between Indian GAAP and IFRS or US GAAP, the financial information in respect of the Company contained in the Draft Red Herring Prospectus may not be an effective means to compare us with other companies that prepare their financial information in accordance with IFRS or US GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in the Draft Red Herring Prospectus should accordingly be limited. In making an investment decision, investors must rely upon their own examination of the Company, the terms of the Issue and the financial information relating to the Company. Potential investors should consult their own professional advisers for an understanding of these differences between Indian GAAP and IFRS or US GAAP, and how such differences might affect the financial information contained herein.

44. We will be required to prepare our financial statements in accordance with IFRS effective from April 1, 2011. There can be no assurance that our adoption of IFRS will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt IFRS by April 1, 2011 could have an adverse effect on the price of the Equity Shares.

The Institute of Chartered Accountants of India, the accounting body that regulates the accounting firms in India, has announced a road map for the adoption of and convergence with the IFRS, pursuant to which some public companies in India will be required to prepare their annual and interim financial statements under IFRS beginning with the fiscal period commencing April 1, 2011. Based on current timeline announced for IFRS convergence for Indian companies, the Company estimates that the earliest that it would need to prepare annual and interim financial statements under IFRS would be the financial period commencing from April 1, 2011.

There is currently a significant lack of clarity on the adoption of and convergence with IFRS and we currently do not have a set of established practices on which to draw on in forming judgments regarding its implementation and application, we have not determined with any degree of certainty the impact that such adoption will have on our financial reporting.

There can be no assurance that our financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under IFRS than under Indian GAAP. As we transition to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Moreover, there is increasing competition for the small number of IFRS-experienced accounting personnel as more Indian companies begin to prepare IFRS financial statements. There can be no assurance that our adoption of IFRS will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt IFRS by April 2011 could have an adverse effect on the price of the Equity Shares.

Risks related to our Shareholders and Equity Shares***45. Any further issuance of Equity Shares by the Company or sales of Equity Shares by any significant shareholders may adversely affect the trading price of the Equity Shares.***

Any future issuance of Equity Shares by the Company could dilute your shareholding. Any such future issuance of Equity Shares or sales of Equity Shares by any of our significant shareholders may also adversely affect the trading price of the Equity Shares, and could impact our ability to raise capital through an offering of our securities. In addition, any perception by investors that such issuances or sales might occur, could also affect the trading price of the Equity Shares.

In terms of Regulation 37 of the SEBI ICDR Regulations, our entire pre-Issue equity share capital (consisting of [●] Equity Shares) will be locked in for a period of one year from the date of Allotment in the Issue.

46. Our ability to pay dividends in future will depend upon future earnings, financial conditions, cash flows, working capital requirements and capital expenditures.

The Company has not paid any dividends in the past to its shareholders. The amount of our future dividend payments, if any, will depend upon our future earnings, financial conditions, cash flows, working capital requirements and capital expenditures. There can be no assurance that we will be able to continue paying dividends in future.

47. You may not be able to sell immediately on an Indian stock exchange any of the Equity Shares you purchase in the Issue until the Issue receives the appropriate trading approvals.

Under the ICDR Regulations, the Company is permitted to list the Equity Shares within 12 working days of the Bid/Issue Closing Date. Consequently, the Equity Shares you purchase in the Issue may not be credited to your demat account with Depository Participants until approximately 12 working days after the Bid/Issue Closing Date. You can start trading in the Equity Shares only after they have been credited to your demat account and final listing and trading approvals are received from the Stock Exchanges. There can be no assurance that final listing and trading approvals will be obtained from the Stock Exchanges on time or at all. Further, there can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time periods.

48. There is no existing market for our Equity Shares and we cannot assure you that such a market will develop. The stock price may be volatile, and you may be unable to resell your shares at or above the Issue price or at all.

Prior to the Issue, there has been no public market for our Equity Shares. The trading price of our Equity Shares may fluctuate after the Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, volatility in the Indian and global securities markets, the performance of the Indian and global economy, significant developments in India's fiscal regime and other factors. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after the Issue, or that the price at which our Equity Shares are initially offered will correspond to the prices at which they will trade in the market subsequent to the Issue.

49. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.

Subsequent to listing, we will be subject to a daily circuit breaker imposed on listed companies by all stock exchanges in India, which does not allow transactions beyond certain volatility in the price of the Equity Shares.

This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges are not required to inform us of the percentage limit of the circuit breaker from time to time, and may change it without our knowledge. This circuit breaker would effectively limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

50. The market price of our Equity Shares may fluctuate due to the volatility of the Indian securities market.

The Indian securities markets are smaller than securities markets in more developed economies. Further, 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 the US and Europe. In the past, Indian stock exchanges have experienced temporary exchange closures, broker defaults and settlement delays which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares. A closure of, or trading stoppage on, the stock exchanges could adversely affect the trading price of the Equity Shares. In the past, the stock exchanges have experienced substantial fluctuations in the prices of listed securities. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, from time to time, disputes have occurred between listed companies and the stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. Similar problems could occur in the future and, if they do, they could harm the market price and liquidity of the Equity Shares.

EXTERNAL RISK FACTORS

51. Third party statistical and financial data in the Draft Red Herring Prospectus may be incomplete or unreliable

We have not independently verified data from industry publications and other sources and therefore cannot assure you that they are complete or reliable. Discussions of matters relating to India, its economy in the DRHP are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable.

52. Political, Economic and Social developments in India and acts of violence or war could adversely affect our business.

The Government of India has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, and the market price and liquidity of our shares, may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Since 1991, successive Indian governments have pursued policies of economic liberalisation and financial sector reforms. The Government of India has announced its general intention to continue India's current economic and financial sector liberalisation and deregulation policies. However, there can be no assurance that such policies will be continued and a significant change in the Government of India's policies in the future could affect business and economic conditions in India and could also adversely affect our business, prospects, financial condition, results of operations and prospects and the price of our Equity Shares. Any changes to Government policy or to law may affect our business and financial condition. The rate of economic liberalisation could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. A significant change in India's economic liberalisation and deregulation policies could disrupt business and economic conditions in India generally and our business in particular.

53. A slowdown in economic growth in India and other unfavourable changes in political and economic factors may adversely affect our business and results of operations.

All our business facilities are located in India. The Company, the market price and liquidity of our Equity Shares, may be adversely affected by fluctuations in foreign exchange rates and controls, interest rates, changes in Government policy, taxation, social and civil unrest and other negative political developments like any abrupt change in the Central or any State Government wherever we have business interests, *etc.*, economic developments like very high rate of inflation, slow down in growth, decrease in foreign investments, *etc.* or other developments in or affecting India. Particularly slow down in economic growth may make the Governments spend relatively less on agriculture and agricultural growth is also linked to overall economic growth, which may ultimately be unfavourable to the Company's business. During the past decade, the Government has pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Nevertheless, the role of Government and State Governments in the Indian economy in relation to producers, consumers and regulators has remained significant. It cannot be assured that the liberalization policies will continue in future. For example, because of the change in Central Government certain liberalization policies like disinvestment in public sector enterprises, capital account convertibility *etc.* have been put on hold. The Government may also pursue other policies which could have a material adverse effect on our business. The rate of economic liberalization could change, and specific laws and policies affecting our business, suppliers, foreign investment, currency exchange rates and other matters affecting our business are also subject to change. A significant change in the Government's or Indian State Governments' economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally and our business and financial condition and prospects in particular.

54. Any downgrading of India's debt rating by an international rating agency could have an unfavorable impact on our business.

Any adverse revisions to India's credit rating for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures and the trading price of our Equity Shares.

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

Our operations, including our franchise network, may be damaged or disrupted as a result of natural calamities such as earthquakes, a tsunami, floods heavy rainfall, epidemics, drought and other events such as protests, riots and labour unrest in the past few years. Such events may lead to the disruption of transportation systems and telecommunication services for sustained periods. Damage or destruction that interrupts our provision of services could adversely affect our reputation, our senior management team's and franchises' ability to administer and supervise our business or it may cause us to incur substantial additional expenditure to repair or replace damaged infrastructure. Natural calamities could have a negative impact on the Indian economy and may cause suspension, delays or damage to our current business plans and operations, which may adversely affect our business and our results of operations.

56. An outbreak of an infectious disease or any other serious public health concerns in Asia or elsewhere could adversely affect our business.

The outbreak of an infectious disease in Asia or elsewhere or any other serious public health concern, such as swine influenza, could have a negative impact on the global economy, financial markets and business activities worldwide, which could adversely affect our business. Although, we have not been adversely affected by such outbreaks in the past, we can give you no assurance that a future outbreak of an infectious disease or any other serious public health concern will not have a material adverse effect on our business.

Prominent Notes:

- i. Investors may contact the BRLM or the Compliance Officer for any complaints, information or clarifications pertaining to the Issue.
- ii. The net worth of the Company based on consolidated and standalone restated financial statements of the Company.

As on	Net Worth ₹ in Lakhs
November 20, 2010 (on consolidated basis)	1,587.71
November 20, 2010 (on standalone basis)	1,494.34
March 31, 2010 (on standalone basis)	232.73

- iii. Issue is of [●] Equity Shares of the face value ₹10 each at a price of [●] per Equity Share for cash at a premium aggregating up to ₹6000 Lakhs. The Issue will constitute [●] % of the post-issue paid up capital of the Company.
- iv. The average cost of acquisition of the Equity Shares held by our Promoter, Mr. Jawed Habib Akhter is ₹4.74 per Equity Share. This average cost of acquisition per Equity Share has been calculated by taking the total amount paid by the Promoter to acquire the Equity Shares, including bonus shares, divided by the total number of Equity Shares.
- v. The net asset values per Equity Share as on November 20, 2010 were ₹16.58 and ₹15.61 based on consolidated and standalone restated financial statements respectively of the Company.
- vi. Except as disclosed in the Draft Red Herring Prospectus, none of the Directors have any interest in the Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, member, partner and/or trustee and to the extent of the benefits arising out of such shareholding. Further, the Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by them with any company in which they hold directorships or any partnership firm in which they are partners.
- vii. We have not changed the name of the Company since incorporation.
- viii. There has been no financing arrangements whereby the Promoter, his relatives, promoter group, the directors of the Company and their relatives have financed the purchase by any other person of securities of the Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing the Draft Red Herring Prospectus with SEBI.
- ix. Investors are advised to refer to the section titled “*Basis of Issue Price*” beginning on page 65 of the Draft Red Herring Prospectus.
- x. Except as disclosed in the DRHP none of the Group Companies have any interest in the Company. The following table lists the aggregate value of all transactions entered into with our related party entities as per our restated standalone financial Statements for the period and years ended November 20, 2010, March 31, 2010, 2009, 2008 and 2007.

(₹ in Lakhs)

Sr. No	Particulars	For the Year / Period Ended				
		Nov 20,	March 31,			
		2010	2010	2009	2008	2007
1	Transactions with Key Management Personnel & Shareholder's having substantial interest	383.51	398.14	526.14	98.40	146.57
2	Transactions with Relatives of Key Management Personnel	-	-	-	10.13	11.82
3	Transactions with Subsidiary	13.81	-	-	-	-
4	Transactions with Enterprise Owned or Controlled by Key Management Personnel / Relatives	81.45	98.55	169.82	62.46	115.9
	TOTAL	478.77	496.69	695.96	170.99	274.29

For further details please refer to the notes to the financial statements relating to related party transactions in the section titled “*Related Party Transactions*” beginning on page 142 of the Draft Red Herring Prospectus.

- xi. All information shall be made available by the BRLM and the Company to the public and investor at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.
- xii. No part of the Issue proceeds will be paid as consideration to the Promoter, Promoter Group, Directors, key management employee, or Group Companies.
- xiii. Trading in Equity Shares of the Company for all the Investors shall be in dematerialised form only.
- xiv. Except as disclosed in the Draft Red Herring Prospectus, the Company has not capitalized its reserves till date.

SECTION III: INTRODUCTION

SUMMARY OF INDUSTRY OVERVIEW

OVERVIEW OF WELLNESS INDUSTRY

Wellness industry took shape in very recent years. Wellness industry is very much in demand as more and more people are getting aware with importance of wellness. Now a days, consumers are started using new wellness related products and services.

The global Wellness industry is estimated at US\$ 1.9 trillion in 2010 as per recent exercise study released at the Global Spa Summit in Turkey in May 2010.

Wellness industry caters to the human need for wellness-an antithesis to the concept of illness. The Indian Wellness industry was roughly sized at ₹28,000 Crore in 2008, and which is growing at around 20% annually.

❖ Wellness Products Industry

In 2008, the Wellness Products industry segment was sized at roughly ₹ 16,500 crore, constituting 60% of the overall industry. The segment is growing at a compounding annual growth rate (CAGR) of 11-14%.

❖ Wellness Services Industry

In 2008, the Wellness Services industry segment size was roughly ₹11,500 crore, forming the balance 40% of the overall Wellness industry. This segment is growing rapidly at a projected five-year CAGR of 30-35%.

Wellness Services is constituted of:

- Hair/Beauty Salons
- Spas
- Ayurveda Treatment Centres
- Alternative Treatments
- Slimming Centres
- Gyms
- Cosmetic Surgery
- Non-surgical cosmetics procedures

The focus in Wellness industry is shifting from consumption of products to services. The far higher growth rate of Wellness services is expected to propel this category to a 55% share of Wellness industry in 2012 overtaking the product category by 2011. Wellness Service is expected to be ₹34,000 crore in 2012.

Hair & Beauty Industry in India

The Hair & Beauty Salon (H&BS) industry in India is today at ₹6,900 crore, up from ₹1,500 crore in 2005. It is expected to reach ₹29,800 crore in 2015, and get to ₹98,500 crore in 2020.

Indian per capita spend will grow from US\$ 0.3 in 2005 to US\$ 1.2 in 2010, and is conservatively expected to reach US\$ 5 by 2015, and thereon to a US\$ 15 by 2020. This translates to an overall CAGR of 35% till 2015, and a lower CAGR of 26% thereon till 2020.

For further details, please see the section “Industry Overview” beginning on page 77 of the Draft Red Herring Prospectus.

SUMMARY OF BUSINESS OVERVIEW

Investors should note that this is only a summary of our business and does not contain all the information that should be considered before investing in the Equity Shares. Before deciding to invest in the Equity Shares, prospective investors should read the entire Draft Red Herring Prospectus, including the information in the sections “Risk Factors” and “Financial Information” beginning on pages 11 and 125, respectively, of the Draft Red Herring Prospectus.

An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with an investment in the Equity Shares, please see the section “Risk Factors” beginning on page 11 of the Draft Red Herring Prospectus.

Overview

We are one of the leading hair and beauty salon companies in India. The Company is promoted by Mr. Jawed Habib Akhter who is a renowned hair expert, following in the footsteps of his father and grandfather has started JHHBL with a vision to provide quality hair styling and beauty grooming services to the wider population of India. Habib's ancestors were working with Indian hair since before the subcontinent's independence. His grandfather was barber to both the last British viceroy, Lord Mountbatten, and Jawaharlal Nehru, India's first Prime Minister.

Mr. Jawed Habib Akhter established himself as one of the leading recognized persons of the industry. He has the world record of performing 410 non-stop haircuts in 25 hours and 42 minutes. Further, with his passion and relentless efforts, he established an effective system which is self sufficient in terms of providing quality services to clients across various parts of the country.

Hair and beauty care services are provided through our owned and franchised outlets across the country. We also run academies for hair styling & beauty with an objective to provide quality training to the aspirants in the profession of cosmetology.

With 37 outlets in the year of incorporation, we have grown rapidly and as of date, we have 8 owned and 176 franchised outlets in 62 cities across India and we run 6 academies on our own and 35 through franchised outlets across 36 cities.

The following is the number of total outlets

Particulars	Brand	No. of Outlets
Salons – own	Hair & Beauty	08
	HairXpreso	-
Salons- franchised	Hair & Beauty	120
	HairXpreso	56
Academies – own	-	06
Academies – franchised	-	35
TOTAL		225

Competitive Strengths

We believe that the following are our competitive strengths which have been contributing to our consistent growth and our current position in the industry.

- Strong brand and geographic presence
- Wide network of Exclusive Brand Outlets
- Quality training methodology
- Experienced and efficient management team

Growth Strategies

We intend to pursue the following strategies in order to consolidate our position and grow further:

- Increase our share in the industry
- Brand promotion
- Process optimization
- Increase geographic penetration by spreading the network of exclusive brand outlets and academies
- Pursuing potential strategic acquisitions to complement our existing brand portfolio

Our service offerings

We offer hair and beauty care services under two different salon brands viz. **Jawed Habib Hair & Beauty** and **Jawed Habib HairXpreso**. We also run academies for hair styling & beauty with an objective to provide quality training to the aspirants in the profession of cosmetology.

Our entire range of services include Haircut, Shave, Hair Styling, Blow dries, Hair Straightening, Chemical hair treatments, Hair Colouring, Head Massage, SPA Treatment, Facial treatments (Gold, Bio Marine and Herbal, etc.), Bleaching, Threading, Waxing, Manicures, Pedicures, Make up (Simple, Bridal, Reception, etc.), etc.

THE ISSUE

Issue #	[●] Equity Shares
Of which:	
Qualified Institutional Buyers portion	At least [●] Equity Shares constituting 50% of the Issue
Of which:	
Reservation for Mutual Funds	[●] Equity Shares constituting 5% of QIB Portion
Balance for all QIBs including Mutual Funds	[●] Equity Shares
Non Institutional portion	Not less than [●] Equity Shares constituting 15% of the Issue
Retail portion	Not less than [●] Equity Shares constituting 35% of the Issue
Equity Shares outstanding as on the date of the Draft Red Herring Prospectus	1,06,64,500 Equity Shares
Equity Shares outstanding after the Issue	[●] Equity Shares
Objects of the Issue:	
Use of Proceeds of the Issue	For information, please refer to the chapter titled “Objects of the Issue” beginning on page 57 of the Draft Red Herring Prospectus

If at least 50% of the Issue cannot be allotted to QIBs, then the entire application money will be refunded. Under-subscription, if any, in the Non- Institutional Portion or Retail Portion would be allowed to be met with spill-over from any other category or a combination of categories at the discretion of the Company, in consultation with the BRLM and the Designated Stock Exchange.

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth summary financial information extracted from the restated audited summary statements for period ended November 20, 2010 and for fiscals 2007, 2008, 2009, 2010. Financial information have been extracted out of audited financial statements for the respective years prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") and the Companies Act, and restated in accordance with the ICDR Regulations.

The restated summary financial information presented below should be read in conjunction with the Restated Summary Statements included in the section "Financial Statements" beginning on page 125 of the Draft Red Herring Prospectus. Please also see the section "Management's Discussion and Analysis of Financial Conditions and Results of Operations" beginning on page 175 of the Draft Red Herring Prospectus.

Standalone Summary Statement of Assets and Liabilities, As Restated

(Figures in Lakhs Rupees)

Particulars	As at				
	November 20, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
A. Tangible assets					
Fixed Assets					
Gross Block	219.99	196.28	210.44	130.90	138.99
Less: Accumulated Depreciation	86.96	74.63	55.04	33.56	17.96
Net block	133.03	121.65	155.40	97.34	121.03
Less: Revaluation Reserve	-	-	-	-	-
Net Block after adjustment of revaluation reserve	133.03	121.65	155.40	97.34	121.03
Capital Work in progress including capital advances	-	-	-	-	-
Total	133.03	121.65	155.40	97.34	121.03
B. Intangible Assets					
Gross Block	86.05	86.05	86.05	-	-
Less: Amortization	49.17	38.14	20.93	-	-
Net Block	36.88	47.91	65.13	-	-
Total	36.88	47.91	65.13	-	-
C. Investments	5.00	-	10.00	5.00	-
D. Deferred Tax Asset	120.17	142.34	129.34	1.57	4.29
E. Current Assets, Loans and Advances					
Sundry debtors	1,458.01	515.15	281.84	70.38	42.03
Cash & Bank Balances	129.99	27.86	21.25	17.86	168.26
Loans & Advances	2,598.48	699.73	570.86	341.75	775.71
Total	4,186.47	1,242.73	873.95	429.99	986.01
F. Liabilities & Provisions					
Current Liabilities & Provisions	1,181.04	875.23	549.46	236.54	139.64
Share Application Money	-	-	-	-	756.00
Secured Loan	82.22	95.15	131.99	116.06	7.08
Unsecured Loan	1,723.95	351.53	388.69	75.00	95.00
Total	2,987.21	1,321.91	1,070.15	427.60	997.72
G. Net Worth (A+B+C+D+E-F)	1,494.34	232.73	163.67	106.29	113.61
Net Worth represented by:					
H. Equity Share Capital	1,066.45	53.40	53.40	53.40	49.80
I. Reserves and Surplus					
Share Premium	-	104.40	104.40	104.40	-
Profit and Loss Account	427.89	74.93	5.87	(51.51)	63.81
Total	427.89	179.33	110.27	52.89	63.81
J. Less: Miscellaneous Expenditures to extent not written off or adjusted	-	-	-	-	-
K. Net Worth (H+I-J)	1,494.34	232.73	163.67	105.59	113.61

Standalone Summary Statement of Profit and Losses, As Restated
(Figures in Lakhs Rupees)

Particulars	For the year / period ended				
	November 20, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
I. Income					
Operating Income	2,238.50	1,958.02	1,916.87	1,303.82	930.11
Other Income	14.96	3.93	2.30	4.82	1.53
Total-A	2,253.46	1,961.95	1,919.17	1,308.64	931.64
II. Expenditure					
Operating Expenses	851.48	1,183.33	550.69	471.92	293.57
Administration & Other Expenses	537.40	408.83	765.75	499.15	286.38
Employee Remuneration & benefits	120.90	134.32	427.60	403.80	218.24
Finance Charges	65.53	80.16	76.23	23.71	1.94
Depreciation	23.36	41.03	42.40	19.86	17.96
Amortization of Deferred Revenue Expenditure	-	-	-	-	7.50
Total-B	1,598.67	1,847.68	1,862.69	1,418.44	825.60
III. Profit before taxation (A-B)	654.79	114.28	56.49	(109.80)	106.04
Less: Provision for taxation					
-Current	185.00	58.23	123.38	0.11	44.52
-Fringe benefit tax	-	-	3.50	2.69	2.00
-Deferred	22.17	(13.01)	(127.77)	2.72	(4.29)
IV. Profit After Taxation as per audited statement of accounts (C)	447.61	69.06	57.38	(115.32)	63.81
V. Profit After Taxation & Minority Interest as per audited statement of accounts / Adjusted Profit (Loss) (D)	447.61	69.06	57.38	(115.32)	63.81
Surplus/(Deficit) brought forward from the Previous year	74.93	5.87	(51.51)	63.81	-
VI. Profit available for appropriation	522.54	74.93	5.87	(51.51)	63.81
Issue of Bonus shares	94.65	-	-	-	-
VII. Adjusted Available Surplus/(Deficit) carried forward	427.89	74.93	5.87	(51.51)	63.81

Standalone Summary Statement of Cash Flows, from the Restated Financial Statements
(Figures in Lakhs Rupees)

Particulars	For the Period Ended	For the year ended	For the year ended	For the year ended	For the Period Ended
	November 20, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
A. CASH FLOW FROM OPERATING ACTIVITIES					
Net Profit Before Taxation and Extraordinary Items:	654.79	114.28	56.49	(109.80)	106.04
Adjustments for:					
Depreciation	23.36	41.03	42.40	19.86	17.96
Amortization of Deferred Revenue Expendediture	-	-	-	-	7.50
Loss on Sale of Fixed Assets (net)	-	14.52	-	5.17	-
Loss on Investment Activity (net)	-	24.49	4.09	-	-
Provision - Expenses / (Income) for Employee Benefit Scheme	0.27	(5.37)	9.30	1.76	2.39
Finance Charges	65.53	80.16	76.23	23.71	1.94
Interest Received	(2.96)	(3.93)	(2.30)	(4.82)	(1.53)
Cash generated from operations before Working Capital Changes	740.99	265.18	186.22	(64.12)	134.31
Adjustments for:					
Changes in Trade and Other Receivables	(942.87)	(233.30)	(211.46)	(28.34)	(42.03)
Changes in Trade Payables	125.19	272.91	221.41	92.35	90.73
Changes in Advance and Deposits	(1,887.55)	(83.10)	(265.22)	478.44	(756.01)
Cash generated from/(used in) Operations	(1,964.24)	221.69	(69.05)	478.32	(573.00)
Taxes Paid	(15.85)	(45.77)	(8.55)	(44.48)	(19.71)
Net Cash Flow from /(used in) Operating Activities	(1,980.09)	175.92	(77.60)	433.84	(592.71)
B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES					
Purchase of Fixed Assets	(23.71)	(11.08)	(165.60)	(14.43)	(138.99)
Sale of Fixed Assets	-	6.49	-	13.09	-
(Purchase)/Sale of Investments (net)	(5.00)	(14.49)	(9.09)	(5.00)	-
Change in Capital Work in Progress	-	-	-	-	-
Interest Received	2.96	3.93	2.30	4.82	1.53
Net Cash from / (used in) Investing Activities	(25.75)	(15.14)	(172.38)	(1.52)	(137.46)
C. CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES					
Proceeds from Issue of Shares/Share Application Money	814.00	-	-	-	805.80
Refund of Share Application Money	-	-	-	(648.00)	-
Proceeds in Secured Loan	(12.93)	(36.84)	15.93	108.98	7.08
Proceeds in Unsecured Loan	1,372.42	(37.16)	313.69	(20.00)	95.00
Share Issue Expenses	-	-	-	-	(7.50)
Finance Charges Paid	(65.53)	(80.16)	(76.23)	(23.71)	(1.94)
Dividend Paid (including dividend distribution tax)	-	-	-	-	-
Net Cash from / (used in) Financing Activities	2,107.97	(154.16)	253.38	(582.73)	898.43
Net increase / (decrease) in Cash and Cash Equivalents	102.12	6.61	3.40	(150.40)	168.26
Cash and Cash Equivalents at the beginning of the year	27.86	21.25	17.86	168.26	-
Cash and Cash Equivalents at the end of the year	129.99	27.86	21.25	17.86	168.26
Components of cash and cash equivalent					

- Cash and cheques on hand	7.65	25.78	11.35	15.50	4.77
- With banks					
- On current account	89.83	0.08	7.91	0.36	59.31
- On deposit account	32.50	2.00	2.00	2.00	104.18

Note: Figures in Brackets represent the outflow of cash.

Cash Flow Statement has been prepared using indirect method as per Accounting Standard 3 - Cash Flow Statements issued by ICAI

Consolidated Summary Statement of Assets and Liabilities, As Restated
(Figures in Lakhs Rupees)

Particulars	For the year / period ended
	November 20, 2010
A. Tangible assets	
Fixed Assets	
Gross Block	381.98
Less: Accumulated Depreciation	98.24
Net block	283.74
Less: Revaluation Reserve	-
Net Block after adjustment of revaluation reserve	283.74
Capital Work in progress including capital advances	10.93
Total	294.67
B. Intangible Assets	
Gross Block	86.05
Less: Amortization	49.17
Net Block	36.88
Total	36.88
C. Investments	-
D. Deferred Tax Asset	120.22
E. Current Assets, Loans and Advances	
Sundry debtors	1,678.26
Cash & Bank Balances	163.64
Loans & Advances	2,665.32
Total	4,507.21
F. Liabilities & Provisions	
Current Liabilities & Provisions	1,565.10
Share Application Money	-
Secured Loan	82.22
Unsecured Loan	1,723.95
Total	3,371.28
G. Deferred Tax Liability	-
H. Minority Interest	0.00
I. Net Worth (A+B+C+D+E-F-G-H)	1,587.71
Net Worth represented by:	
J. Equity Share Capital	1,066.45
K. Reserves and Surplus	
Share Premium	-
Profit and Loss Account	521.26
Total	521.26
L. Less: Miscellaneous Expenditures to extent not written off or adjusted	-
L. Net Worth (J+K-L)	1,587.71

Consolidated Summary Statement of Profit and Loss, As Restated
(Figures in Lakhs Rupees)

Particulars	For the year / period ended
	November 20, 2010
I. Income	
Operating Income	2,858.07
Other Income	14.96
Total-A	2,873.03
II. Expenditure	
Operating Expenses	857.66
Administration & Other Expenses	952.07
Employee Remuneration & benefits	171.58
Finance Charges	65.67
Depreciation	34.64
Amortization of Deffered Revenue Expenditure	-
Total-B	2,081.62
III. Profit before taxation (A-B)	791.41
Less: Provision for taxation	
-Current	228.30
-Fringe benefit tax	-
-Deferred	22.12
IV. Profit After Taxation as per audited statement of accounts (C)	540.99
Less: Minority Interest	0.00
V. Profit After Taxation & Minority Interest as per audited statement of accounts / Adjusted Profit (Loss) (D)	540.99
Surplus/(Deficit) brought forward from the Previous year	74.93
VI. Profit available for appropriation	615.91
Issue of Bonus shares	94.65
VII. Adjusted Available Surplus/(Deficit) carried forward	521.26

Consolidated Summary Statement of Cash Flows, from the Restated Financial Statements
(Figures in Lakhs Rupees)

Particulars	For the Period Ended November 20, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit Before Taxation and Extraordinary Items:	791.41
Adjustments for:	
Depreciation	34.64
Amortization of Deffered Revenue Expendediture	-
Minority Interest	(0.00)
Loss on Sale of Fixed Assets (net)	-
Loss on Investment Activity (net)	-
Provision - Expenses / (Income) for Employee Benefit Scheme	0.27
Finance Charges	65.67
Interest Received	(2.96)
Cash generated from operations before Working Capital Changes	889.03
Adjustments for:	
Changes in Trade and Other Receivables	(1,163.11)
Changes in Trade Payables	465.95
Changes in Advance and Deposits	(1,954.39)
Cash generated from/(used in) Operations	(1,762.52)
Taxes Paid	(15.85)
Net Cash Flow from /(used in) Operating Activities	(1,778.38)
B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES	
Purchase of Fixed Assets	(185.70)
Sale of Fixed Assets	-
(Purchase)/Sale of Investments (net)	-
Change in Capital Work in Progress	(10.93)
Interest Received	2.96
Net Cash from / (used in) Investing Activities	(193.67)
C. CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES	
Proceeds from Issue of Shares/Share Application Money	814.00
Minority Interest	0.00
Refund of Share Application Money	-
Proceeds in Secured Loan	(12.93)
Proceeds in Unsecured Loan	1,372.42
Share Issue Expenses	-
Finance Charges Paid	(65.67)
Dividend Paid (including dividend distribution tax)	-
Net Cash from / (used in) Financing Activities	2,107.83
Net increase / (decrease) in Cash and Cash Equivalents	135.78
Cash and Cash Equivalents at the beginning of the year	27.86
Cash and Cash Equivalents at the end of the year	163.64
Components of cash and cash equivalent	
- Cash and cheques on hand	14.31
- With banks	
- On current account	116.83
- On deposit account	32.50

Note: Figures in Brackets represent the outflow of cash.

Cash Flow Statement has been prepared using indirect method as per Accounting Standard 3 - Cash Flow Statements issued by ICAI

GENERAL INFORMATION

The Company was incorporated as 'Jawed Habib Hair and Beauty Limited' on April 3, 2006 under the Companies Act, 1956, as amended, (the "Companies Act") with the Registrar of Companies, Maharashtra, Mumbai. The Company's corporate identification number as allotted by the Registrar of Companies, Maharashtra, Mumbai is U93020MH2006PLC160931 and registration number is 160931.

Registered Office of the Company:

Jawed Habib Hair and Beauty Limited

Unit No. 546, 5th Floor, Laxmi Plaza,
Laxmi Industrial Estate,
Off New Link Road,
Andheri (West),
Mumbai – 400053,
Maharashtra, India
Tel: +91-22-4099 5000
Fax: +91-22-4099 5065
E-mail: investors@jawedhabib.co.in
Website: www.jawedhabib.co.in

Address of Registrar of Companies

The Registrar of Companies, Maharashtra, Mumbai

100, Everest, Marine Drive,
Mumbai- 400002,
Maharashtra, India.
Tel: +91-22-22812627/45
Fax: +91-22-22811977
E-mail: roc.mumbai@mca.gov.in

Board of Directors

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

Name and Designation	DIN	Age (years)	Address
Mr. Jawed Habib Akhter Designation: Managing Director Occupation: Business	01101635	47	203 A - Anupam Garden, Sainik Farm, New Delhi - 110063
Mrs. Shaheen Akhter Designation: Whole Time Director Occupation: Business	02237614	40	203 A - Anupam Garden, Sainik Farm, New Delhi - 110063
Mr. Rohit Arora Designation: Whole Time Director Occupation: Service	02748270	32	B-302, Juhu Rose Appartment, Juhu church Road, Juhu, Mumbai – 400 049
Mr. Kapil Gupta Designation: Independent Director Occupation: Business	00631036	48	B-12, Sector - 14, Noida, Uttar Pradesh
Mr. Sudhir Tailang Designation: Independent Director Occupation: Professional	03268104	50	252-E, Mayur Vihar, Phase - II, Delhi - 110 091

Name and Designation	DIN	Age (years)	Address
Mr. Ashutosh Satchidanand Designation: Independent Director Occupation: Service	03340017	42	D-69, Tarapore Gardens, Oshiwara, Andheri – West, Mumbai – 400 053.

For more details on the Directors, please refer to the chapter titled “Our Management” beginning on page 108 of the Draft Red Herring Prospectus.

Company Secretary and Compliance Officer

Mr. Gaurav Raghuvanshi

Jawed Habib Hair and Beauty Limited
Unit No. 546, 5th Floor, Laxmi Plaza,
Laxmi Industrial Estate,
Off New Link Road,
Andheri (West),
Mumbai – 400053,
Maharashtra, India
Tel: +91-22- 4099 5000
Fax: +91-22-4099 5065
E-mail: investors@jawedhabib.co.in
Website: www.jawedhabib.co.in

Investors are requested to contact the above-mentioned Compliance Officer or Registrar in case of any pre-issue or post- issue related clarification such as non-receipt of letters of allotment/ share certificates/ credit of securities in depository beneficiary account/ refund orders etc.

All grievances relating to ASBA may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number and the Designated Branch where the ASBA Bid-cum-Application Form was submitted.

For all Issue related queries and for redressal of complaints, Bidders may also write to the BRLM. All complaints, queries or comments received by SEBI shall be forwarded to the BRLM, who shall respond to such complaints.

Book Running Lead Manager

BOB CAPITAL MARKETS LIMITED

3rd Floor, South Wing, UTI Tower,
Gn Block, Bandra-Kurla Complex,
Bandra –East, Mumbai-400 051,
Maharashtra, India.
Tel: +91-22-6138 9300
Fax: +91-22-6671 8535
E-mail: ipo.jh@bobcaps.in
Investor Grievance ID: investor grievance@bobcaps.in
Website: www.bobcaps.in
Contact Person: Mr. Venkata Raveendra R/ Mr. Harshal Desai
SEBI Registration No: INM 000009926

Syndicate Members

[●]

Self-certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on <http://www.sebi.gov.in/pmd/scsb.pdf>. For details on designated branches of SCSBs collecting the ASBA Bid cum Application Form, please refer the above mentioned SEBI link.

Registrar to the Issue**Sharepro Services (India) Pvt. Ltd.**

607/608, Sagar Tech Plaza, A-Wing,
Sakinaka Junction,
Andheri – East, Mumbai-400 072
Tel: +91-22-61915402/5404
Fax: +91-22-61915444
E-mail: jawed.ipo@shareproservices.com
Website: www.shareproservices.com
Contact Person: Mr. Subhash Dhingreja/ Mr. Kumaresan V.
SEBI Registration No: INR000001476

Legal Advisors to the Issue**Kanga and Co.**

Readymoney Mansion,
43, Veer Nariman Road
Mumbai 400 001,
Maharashtra, India
Tel: +91-22-6623 0000
Fax: +91-22- 6633 9656
E-mail: jawedhabib.ipo@kangacompany.com

Auditors to the Company**M/s Bharat Shah & Associates**

Chartered Accountants.
512, Vyapar Bhavan,
49, P. D'Mello Road,
Carnac Bunder,
Mumbai – 400 009
Tel: +91-22-2348 3536
Fax: +91-22-2348 1027
E-mail: bharatshah23@gmail.com
Membership no: 32281

Banker(s) to the Issue and Escrow Collection Bank

[•]

Bankers to the Company**ICICI Bank**

Samarth Vaibhav,
Lokhandwala Complex
Off K W Marg, Near Adarsh Nagar,
Andheri (West),
Mumbai – 400 058.
Tel: +91-22-32908444
Fax: +91-22-26347519
E-mail: anjana.virmani@icicibank.com
Contact Person: Ms. Anjana Virmani

Credit Rating

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

IPO grading

The IPO has been graded [●] by [●], indicating [●].

The rationale furnished by the grading agency for its grading will be updated at the time of filing the Red Herring Prospectus with the RoC.

Trustees

As this is an issue of equity shares, the appointment of trustees is not required.

Monitoring Agency

There is no requirement for a monitoring agency to be appointed for the Issue in terms of Regulation 16(1) of the SEBI (ICDR) Regulations. As required under the listing agreements with the Stock Exchanges, the Audit Committee appointed by our Board of Directors will monitor the utilization of the Issue proceeds. We will disclose the utilization of the proceeds of the Issue, including interim use, under a separate head in our quarterly financial disclosures and annual audited financial statements until the Issue proceeds remain unutilized, to the extent required under the applicable law and regulation.

Statement of inter se allocation of Responsibilities for the Issue

BOB Capital Markets Limited is the sole Book Running Lead Manager to the Issue and all the responsibilities relating to co-ordination and other activities to the Issue shall be performed by them.

Appraising Agency

The proceeds being raised through the Issue are intended to be utilised for purposes as detailed in the chapter titled “Objects of the Issue” beginning on page 57 of the Draft Red Herring Prospectus. The proposed activities and expenditure for which the proceeds are being raised through the Issue have not been appraised by any bank or financial institution and the requirement of proceeds are based primarily on management estimates.

Experts

Except the report of [●] in respect of the IPO grading of the Issue, the Company has not obtained any expert opinions.

BOOK BUILDING PROCESS

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

- The Company;
- The Book Running Lead Manager;
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. The Syndicate Members are appointed by the Book Running Lead Managers;
- Registrar to the Issue;
- Escrow Collection Bank(s) and
- Self Certified Syndicate Banks

The Issue is being made through the Book Building Process where at least 50% of the Issue to the public shall be allocated on a proportionate basis to eligible Qualified Institutional Buyers (“QIBs”). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB Portion

shall be available for allocation on a proportionate basis to all other eligible QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue to the public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue to the public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. The Company will complete the issuance, if any, of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC.

QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date. Allocation to QIBs will be on a proportionate basis. For details please see the chapter titled “Issue Structure” beginning on page 215 of the Draft Red Herring Prospectus.

The Company shall comply with the SEBI (ICDR) Regulations and any other ancillary directions issued by SEBI for the Issue. In this regard, we have appointed BOB Capital Markets Limited as the Book Running Lead Manager to manage the Issue and procure subscriptions to the Issue.

The process of Book Building under the SEBI (ICDR) Regulations is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue.

Illustration of Book Building and Price Discovery Process

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

Bidders can bid at any price within the price band. For instance, assuming a price band of ₹ 40 to ₹ 48 per share, issue size of 6,000 equity shares and receipt of nine bids from bidders, details of which are shown in the table below, the illustrative book would be as below. A graphical representation of the consolidated demand and price would be made available at the bidding centres’ during the bidding period. The illustrative book as shown below indicates the demand for the shares of the company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (₹)	Cumulative Quantity	Subscription
500	48	500	8.33%
700	47	1,200	20.00%
1,000	46	2,200	36.67%
400	45	2,600	43.33%
500	44	3,100	51.67%
200	43	3,300	55.00%
2,700	42	6,000	100.00%
800	41	6,800	113.33%
1,200	40	8,000	133.33%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e. ₹42 in the above example. The Issuer, in consultation with the BRLM will finalize the issue price at or below such cut-off price i.e. at or below ₹42. All bids at or above the issue price and cut-off bids are valid bids and are considered for allocation in respective category.

Steps to be taken by the Bidders for Bidding

1. Check eligibility for making a Bid (see chapter titled “Issue Procedure - Who Can Bid?” beginning on page 220 of the Draft Red Herring Prospectus);
2. Ensure that you have a dematerialized account and the dematerialized account details are correctly mentioned in the Bid cum Application Form or the ASBA Bid cum Application Form, as the case may be;
3. Ensure that you have mentioned your PAN (see “Issue Procedure – PAN” beginning on page 233 of the Draft Red Herring Prospectus); and

4. Ensure that the Bid cum Application Form/ASBA Bid cum Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid cum Application Form/ASBA Bid cum Application Form and submitted to SCSBs;
5. Ensure the correctness of your demographic details (as defined in the “Issue Procedure-Bidders Depository Account and Bank Account Details” beginning on page 228) given in the Bid cum Application Form or the ASBA Bid cum Application Form, as the case may be, with the details recorded with your Depository Participant.
6. Bids by QIBs will only have to be submitted to the BRLM and / or its affiliates or to the Syndicate Member(s), other than Bids by QIBs who Bid through the ASBA process who shall submit the Bids to the Designated Branch of the SCSBs; and
7. Bids by ASBA Bidders will have to be submitted to the Designated Branches of the SCSBs. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that the ASBA Bid cum Application Form is not rejected.

Withdrawal of the Issue

The Company, in consultation with the BRLM, reserves the right not to proceed with the Issue after the Bid/Issue Opening Date but before the Allotment of the Equity Shares, and if so, the reason thereof shall be given as a public notice within two days of the closure of the Issue. The public notice shall be issued in the same newspapers where the pre-issue advertisement had appeared. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day of receipt of such notification. The stock exchanges where the specified securities were proposed to be listed shall also be informed promptly. If the Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI.

Bid/Issue Period

Bidding Period/Issue Period

BID/ISSUE OPENS ON	[●]
BID / ISSUE CLOSES (EXCEPT FOR QIB BIDDERS) ON	[●]
BID / ISSUE CLOSES (FOR QIB BIDDERS) ON	[●]

Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form or in case of bids submitted through ASBA, the designated branches of the SCSBs except that on the Bid/ Issue Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time). On the Bid/Issue Closing Date, Bids (excluding the ASBA Bidders) shall be uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders, Non- Institutional Bidders and (ii) until 5.00 p.m. or such extended time as permitted by the BSE and the NSE, in case of Bids by Retail Individual Bidders. It is clarified that Bids not uploaded in the book, would be rejected. Bids will be accepted only from Monday to Friday (excluding any public holiday). Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the BSE and the NSE.

The Registrar to the Issue shall only look at the data entered in the electronic records and will not conduct any verification of data in the electronic book *vis a vis* the data contained in any physical Bid Cum Application Form for a particular Bidder.

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 the times mentioned above on the Bid/Issue Closing Date. All times are Indian Standard Time. 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, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Issuer, BRLM and Syndicate members will not be responsible. Bids will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holidays).

On the Bid/ Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids submitted by Retail Individual Bidders after taking into account the total number of Bids received up to the closure of time period for acceptance of Bid cum Application Forms as stated herein and reported by the BRLM to the Stock Exchanges within half an hour of such closure.

The Company, in consultation with the Book Running Lead Managers, reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI (ICDR) Regulations provided that the Cap Price is less than or equal to 120% of the Floor Price. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price advertised at least one day before the Bid /Issue Opening Date.

In case of revision of the Price Band, the Issue Period will be extended for three additional Business Days after revision of the Price Band subject to the total Bid /Issue Period not exceeding 10 Business Days. Any revision in the Price Band and the revised Bid/Issue, if applicable, will be widely disseminated by notification to the SCSBs and the Stock Exchanges, by issuing a press release and also by indicating the changes on the web sites of the BRLM and at the terminals of the Syndicate.

Underwriting Agreement

After the determination of the Issue Price but prior to filing of the Prospectus with the ROC, the Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and not joint, and are subject to certain conditions as specified in such agreement.

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 before filing of the Prospectus with the ROC.)

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (₹ in Lakhs)
[•]	[•]	[•]
[•]	[•]	[•]
Total	[•]	[•]

The above-mentioned amount is an indicative underwriting and would be finalized after pricing and actual allocation. The above underwriting agreement is dated [•]. In the opinion of the Board of Directors of the Company (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the stock exchanges.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM and the Syndicate Members shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default, the respective underwriter in addition to other obligations to be defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount. For further details about allocation please refer to “Other Regulatory and Statutory Disclosures” beginning on page 200 of the Draft Red Herring Prospectus.

CAPITAL STRUCTURE

The share capital of the Company as on the date of filing of the Draft Red Herring Prospectus with SEBI is set forth below:

(in ₹)

Sr. No.	Particulars	Aggregate Value at Face value	Aggregate Value at Issue Price
(A)	AUTHORISED SHARE CAPITAL:	17,00,00,000	
	1,70,00,000 Equity Shares of ₹10/- each.		
(B)	ISSUED, SUBSCRIBED AND PAID UP EQUITY SHARE CAPITAL BEFORE THE ISSUE[#]		
	1,06,64,500 Equity Shares of ₹10/- each.	10,66,45,000	
(C)	PRESENT ISSUE IN TERMS OF THE DRAFT RED HERRING PROSPECTUS*		
	[●] Equity Shares of face value of ₹10 each	[●]	[●]
(D)	ISSUED, SUBSCRIBED AND PAID UP EQUITY SHARE CAPITAL AFTER THE ISSUE		
	[●] Equity Shares of ₹10 each fully paid up shares assuming conversion convertible debentures	[●]	[●]
(E)	SECURITIES PREMIUM ACCOUNT		
	Before the Issue		NIL
	After the Issue		[●]

**The Issue has been authorized by a resolution passed by our Board on December 15, 2010 and by a special resolution passed pursuant to Section 81(1A) of the Companies Act, at the EGM of the shareholders of the Company held on December 24, 2010.*

Pursuant to the Convertible Debenture Subscription Agreement dated September 16, 2010 entered into among the Company, our Promoter and Brand Equities Limited, the Company has issued and allotted one 0% fully convertible debenture of the face value of ₹12,00,00,000 (Rupees Twelve Crore only) which will convert into 10,52,556 Equity Shares at a conversion price to be determined in accordance with the terms of the Agreement, prior to the filing of the Red Herring Prospectus. Further, Brand Equity Treaties Limited has agreed and confirmed through their letter dated January 13, 2011 that they would convert the debenture into equity shares on or before 7 business days before the date of filing of the Red Herring Prospectus. The terms of Debenture Subscription Agreement are detailed in Section- "History & Certain Corporate Matters" beginning on page 102 of the Draft Red Herring Prospectus.

All Equity Shares issued by the Company are fully paid-up.

Changes in Authorised Share Capital

The Company has increased its authorized share capital from time to time in accordance with the provisions of the Companies Act 1956.

Date of Shareholders' meeting	Authorised Capital pursuant to change
Incorporation	The Authorized capital of the Company was ₹ 9,00,00,000/- divided in to (Rupees Nine Crores) divided in to 90,00,000 (Ninty lakhs only) Equity Shares of ₹10/- (Rupees Ten only) each.
May 17, 2010	The Authorized capital of the Company was increased from ₹ 9,00,00,000/- (Rupees Nine Crores) divided into 90,00,000 (Ninty lakhs only) Equity Shares of ₹10/- (Rupees Ten only) each to ₹ 15,00,00,000/- (Rupee Fifteen Crores) divided in to 1,50,00,000 (One Crore and fifty lakhs only) Equity Shares of ₹10/- (Rupees Ten

Date of Shareholders' meeting	Authorised Capital pursuant to change
	only) by an addition of ₹ 6,00,00,000/- (Rupees Six Crores) divided into 60,00,000 (Sixty lakhs only) Equity Shares of ₹ 10/- (Rupees Ten only).
December 24, 2010	The Authorized capital of the Company was increased from ₹ 15,00,00,000/- (Rupees Fifteen Crores) divided in to 1,50,00,000 (One crore and fifty lakhs only) Equity Shares of ₹ 10/- (Rupees Ten only) each to ₹ 17,00,00,000/- (Rupee Seventeen Crores) divided in to 1,70,00,000 (One Crore and seventy lakhs only) Equity Shares of ₹ 10/- (Rupees Ten only) by an addition of ₹ 2,00,00,000/- (Rupees Two Crores) divided into 20,00,000 (Twenty lakhs only) Equity Shares of ₹ 10/- (Rupees Ten only).

Notes to Capital Structure

1. Share Capital History

(a) The following is the history of the equity share capital and securities premium account of the Company:

Date of allotment of Equity Shares*	No. of Equity Shares	Face Value (₹)	Cumulative no. of shares	Issue Price (₹)	Consideration	Reasons for allotment	Cumulative Paid-up Capital (₹)	Cumulative Securities Premium Account (₹)	Individuals/Entities to whom Equity Shares Allotted
Incorporation	30,000	10	50,000	10	cash	Subscription to Memorandum	5,00,000	Nil	Mr. Jawed Habib Akhter
	20,000								Others ⁽¹⁾
24.03.2007	4,39,500	10	4,98,000	10	cash	Preferential allotment	49,80,000	Nil	Mr. Jawed Habib Akhter
	8,500								Others ⁽²⁾
12.04.2007	18,000	10	5,34,000	300	cash	Preferential allotment	53,40,000	1,04,40,000	Silgo Properties & Investment Pvt. Ltd.
	9,000								Mr. Arvind Desai
	9,000								Mr. Kamini Desai
17.05.2010	3,60,000	10	8,94,000	110	cash	Preferential allotment	89,40,000	4,64,40,000	Sparrow Hill Advisory Pvt. Ltd.
07.10.2010	5,45,000	10	19,39,000	40	cash	Preferential allotment	1,93,90,000	7,77,90,000	Mr. Jawed Habib Akhter
	5,00,000								Sparrow Hill Advisory Pvt Ltd
25.10.2010	87,25,500	10	1,06,64,500	-	Bonus**	Bonus Issue in the ratio of 9:2	10,66,45,000	Nil	Existing Shareholders of the company

***All of the equity shares issued by the Company were fully paid up when issued and allotted**

** Pursuant to Extra-ordinary general meeting held on October 20, 2010, the Company has issued 87,25,500 bonus shares at the rate of nine fully paid Bonus Equity Shares of ₹10.00 (Rupees Ten) each, for every two existing Equity Shares of ₹10.00 (Rupees Ten) each, out of capitalisation of free reserves.

(1) Allotment of 1,000 Equity Shares to Mr. Vinit Kumar Gupta, 1000 Equity Shares to Mr. Arjun Singh, 17,997 Equity Shares to Ms Dimple Dalia, 1 Equity Share to Mr. Kamal Dalia, 1 Equity Share to Mrs. Shalini Kapu and 1 Equity Share to Mrs. Nishigandha Krishnagiri.

(2) Allotment of 5000 Equity Shares to Mr. Vinit Kumar Gupta, 500 Equity Shares to Mrs. Hashin Begam, 500 Equity Shares to Mr. Habib Ahmed, 500 Equity Shares to Ms. Surinder Kaur, 500 Equity Shares to Mr. Harcharan Samlok, 500 Equity Shares to Mrs. Shaheen Akhter, 500 Equity Shares to Mr. Parvez Akhter and 500 Equity Shares to Mr. Amjad Ali.

Shares allotted for consideration other than cash

No shares have been allotted by the Company for consideration other than cash.

Share allotted as Bonus Issue

Date of allotment	Number of Equity Shares	Face Value per Equity Share (₹)	Nature of Consideration (cash, bonus, other than cash)	Reasons for Allotment	Persons to whom Equity Shares Allotted	Benefit to the Issuer
25.10.2010	87,25,500	10	Bonus	Bonus Issue in the ratio of 9:2	Existing Shareholders	NA

Shares issued during the last one year from the date of filing of DRHP with the SEBI

Date of allotment of Equity Shares	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Consideration	Reasons for allotment	Individuals/Entities to whom Equity Shares Allotted
17.05.2010	3,60,000	10	110	Cash	Preferential allotment	Sparrow Hill Advisory Pvt Ltd
07.10.2010	5,45,000	10	40	Cash	Preferential allotment	Mr. Jawed Habib Akhter
	5,00,000					Sparrow Hill Advisory Pvt Ltd
25.10.2010	87,25,500	10	-	Bonus	Bonus Issue in the ratio of 9:2	Existing Shareholders of the company

2. Build up of Promoter's shareholding, Promoter's Contribution and Lock – in

Pursuant to the SEBI (ICDR) Regulations, an aggregate of 20% of the post-Issue Equity share capital of the Company held by the promoters shall be locked in for a period of three years from the date of Allotment.

a) Details of the build up of the Promoter's shareholding in the Company:

Date of Transfer/Allotment	No of Equity Shares allotted/transferred	Face Value	Nature of consideration	Reasons for Acquisition	Acquisition Price	Cumulative No. of equity shares	% of pre-Issue paid-up capital*	% of post-Issue paid-up capital
Mr. Jawed Habib Akhter								
03.04.2006	30,000	10	Cash	Subscription to Memorandum	10	30,000	0.28	[•]
24.03.2007	4,39,500	10	Cash	Preferential allotment	10	4,69,500	4.12	[•]
05.10.2010	500	10	Gift	Transfer from Mr. Harcharan Samlok	-	4,70,000	Negligible	[•]
05.10.2010	1000	10	Cash	Transfer from Mr. Arjun Singh	80	4,71,000	0.01	[•]
05.10.2010	500	10	Gift	Transfer from Mrs. Surinder Kaur	-	4,71,500	Negligible	[•]
05.10.2010	500	10	Gift	Transfer from Mr. Parvez Akhter	-	4,72,000	Negligible	[•]
05.10.2010	500	10	Gift	Transfer from Mr. Amjad Ali	-	4,72,500	Negligible	[•]
05.10.2010	490	10	Gift	Transfer from Mrs. Hasim Begam	-	4,72,990	Negligible	[•]

05.10.2010	500	10	Gift	Transfer from Mr. Habib Ahmed	-	4,73,490	Negligible	[●]
07.10.2010	5,45,000	10	Cash	Preferential allotment	40	10,18,490	5.11	[●]
25.10.2010	45,83,205	10	Bonus	Bonus Issue	-	56,01,695	42.98	[●]

**Would be subject to change after the conversion of convertible debenture*

The aggregate shareholding of the Promoter & Promoter Group as of the date of filing the Draft Red Herring Prospectus

Particulars	Pre –Issue	
	No of Shares	% of pre-Issue paid-up capital
Promoter		
Mr. Jawed Habib Akhter	56,01,695	52.53
Promoter Group		
Mrs. Shaheen Akhter	2,750	0.03
Mrs. Hashmi Begam	55	Negligent
Total	56,04,500	52.55

b) Details of Promoter Contribution and Lock-in:

Our Promoter has by a written undertaking dated January 20, 2011, consented for [●] Equity Shares held by him, constituting 20% of the post-issue equity share capital of the Company to be considered as Promoter's contribution and locked-in for a period of three years from the date of Allotment. The details of the Equity Shares, which shall be locked-in for a period of three years from the date of Allotment, are set forth in the table below:

Name of the Promoter	Date of Allotment/Transfer and made fully paid	Nature of Allotment (Bonus, Rights etc.)/Transfer	No. of Equity Shares	Face Value (₹)	Issue/ Transfer Price (₹)	Nature of Consideration	% of Post Issue paid up capital	Lock in period (years)**
Mr. Jawed Habib Akhter	03.04.2006	Incorporation	30,000	10	10	Cash	[●]	Three Years
	24.03.2007	Further Allotment	4,39,500	10	10	Cash	[●]	Three Years
	25.10.2010*	Bonus	21,12,750	10	-	Bonus	[●]	Three Years
	07.10.2010	[●]#	[●]#	10	[●]	Cash	[●]	Three Years
	25.10.2010	Bonus	[●]	10	-	Bonus	[●]	Three Years
Total			[●]				[●]	

*Bonus shares were allotted on eligible shares

In terms of Regulation 33(1)(b)(i) of the SEBI (ICDR) Regulations, Mr. Jawed Habib Akhter, Promoter of the Company shall bring in the difference between the higher end of price band and the price at which equity shares were allotted to him on October 07, 2010 towards the amount of the Promoters' contribution, at least one day prior to the Bid / Issue Opening Date in compliance with provisions of the Companies Act 1956 and the amount shall be kept in an Escrow Account to be opened with a Scheduled Commercial Bank and the said contribution / amount shall be released to the Company along with the public issue proceeds. A copy of the resolution taking note of the same along with a Chartered Accountants' Certificate certifying that the Promoters' contribution has been brought in shall be filed with the Board before the Bid / Issue Opening Date.

**Our Promoter shall contribute Equity Shares in the Issue constituting not less than 20% of the post-Issue shareholding, which shall be locked in for a period of three years from the date of Allotment in the Issue. The Equity Shares constituting Promoter's contribution shall be eligible in terms of the SEBI (ICDR) Regulations. As of the date of the Draft Red Herring Prospectus, the Promoter holds [●] Equity Shares which constitutes [●] % of the pre-Issue paid-up equity share capital of the Company.

Pursuant to Regulation 36 of the ICDR Regulations, at least an aggregate of 20% of the post-Issue paid-up equity share capital of the Promoter shall be locked-in for a period of three years from the date of Allotment. The minimum Promoter contribution will be brought to the extent of not less than the specified minimum lot and from the persons defined as Promoters under the SEBI (ICDR) Regulations.

The Equity Shares that are being locked-in are not ineligible for computation of minimum Promoter's contribution under Regulation 33 of the SEBI (ICDR) Regulations. In this regard, the Company confirms that the Equity Shares being locked-in do not consist of:

- (i) Equity Shares acquired during the preceding three years (a) for consideration other than cash and revaluation of assets or capitalization of intangible assets or (b) arising from bonus issue by utilization of revaluation reserves or unrealized profits of the Company or from a bonus issue against Equity Shares which are otherwise ineligible for computation of Promoter's contribution;
- (ii) Equity Shares acquired by the Promoter during the one year preceding the date of the Draft Red Herring Prospectus, at a price lower than the price at which Equity Shares are being offered to the public in the Issue;
- (iii) Equity Shares issued to the Promoter upon conversion of a partnership firm; and
- (iv) Equity Shares held by Promoter pledged with any creditor.

Our Promoter has pursuant to their undertaking dated January 20, 2011, agreed not to sell or transfer or pledge or otherwise dispose of in any manner, the Equity Shares forming part of the Promoter's contribution from the date of filing of the Draft Red Herring Prospectus until the commencement of lock-in period specified above.

a) Details of pre-Issue Equity Share capital locked in for one year:

In addition to the 20% of the post-Issue equity shareholding of the Company held by the Promoter and locked in for three years as specified above, the entire pre-Issue equity share capital will be locked-in for a period of one year from the date of Allotment.

b) Other requirements in respect of lock-in:

Pursuant to Regulation 39 of the SEBI (ICDR) Regulations, the Equity Shares held by the Promoter which are locked-in for a period of three years from the date of Allotment in the Issue can be pledged with any scheduled commercial bank or public financial institution as collateral security for loans granted by such banks or institution, provided that (a) if the specified securities are locked-in in terms of clause (a) of regulation 36, the loan has been granted by such bank or institution for the purpose of financing one or more of the objects of the issue and pledge of specified securities is one of the terms of sanction of the loan; (b) if the specified securities are locked-in in terms of clause (b) of regulation 36 and the pledge of specified securities is one of the terms of sanction of the loan.

Pursuant to Regulation 40 of the SEBI (ICDR) Regulations, the Equity Shares held by the Promoter, which are locked in as per Regulation 36 of the SEBI (ICDR) Regulations, may be transferred to and amongst the Promoter Group or to a new promoter or persons in control of the Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI Takeover Regulations as applicable.

Further, pursuant to Regulation 40 of the SEBI (ICDR) Regulations, the Equity Shares held by person other than the Promoter, which are locked in as per Regulation 37 of the SEBI (ICDR) Regulations, may be transferred to any other person holding Equity Shares which are locked-in along with the Equity Shares proposed to be transferred, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI Takeover Regulations, as applicable.

(3) The shareholding pattern of the Company

The shareholding pattern of the Company as on the date of filing the Draft Red Herring Prospectus:

Category code	Category of shareholder	No of shareholders	Total number of shares	No of shares held in dematerializ ed form	Total shareholding as a % of total no of shares		Shares pledged or otherwise encumbered	
					AS a % of (A+B)	As a % of (A+B+C)	No of shares	AS a %
(A)	PROMOTER AND PROMOTER GROUP							
(1)	INDIAN							
(a)	Individual /HUF	3	5604500	0	52.55	52.55	0	0.00
(b)	Central Government/State Government(s)	0	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	0		0	0.00	0.00	0	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0.00	0	0.00
(e)	Others	0	0	0	0.00	0.00	0	0.00
	Sub-Total A(1) :	3	5604500	0	52.55	52.55	0	0.00
(2)	FOREIGN							
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0.00	0	0.00
(b)	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
(c)	Institutions	0	0	0	0.00	0.00	0	0.00
(d)	Others	0	0	0	0.00	0.00	0	0.00
	Sub-Total A(2) :	0	0	0	0.00	0.00	0	0.00
	Total A=A(1)+A(2)	3	5604500	0	52.55	52.55	0	0.00
(B)	PUBLIC SHAREHOLDING							
(1)	INSTITUTIONS							
(a)	Mutual Funds /UTI	0	0	0	0.00	0.00	-	-
(b)	Financial Institutions /Banks	0	0	0	0.00	0.00	-	-
(c)	Central Government / State Government(s)	0	0	0	0.00	0.00	-	-
(d)	Venture Capital Funds	0	0	0	0.00	0.00	-	-
(e)	Insurance Companies	0	0	0	0.00	0.00	-	-
(f)	Foreign Institutional Investors	0	0	0	0.00	0.00	-	-
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00	-	-
(h)	Others	1	4730000	0	44.35	44.35	-	-
	Sub-Total B(1) :	1	4730000	0	44.35	44.35	-	-
(2)	NON-INSTITUTIONS							
(a)	Bodies Corporate	2	297000	0	2.78	2.78	-	-
(b)	Individuals							
	(i) Individuals holding nominal share capital upto ₹1 lakh	0	0	0	0.00	0.00	-	-
	(ii) Individuals holding nominal share capital in excess of ₹1 lakh	1	33000	0	0.31	0.31	-	-
(c)	Others							
	Non resident Indians	0	0	0	0.00	0.00	-	-
	Clearing Members	0	0	0	0.00	0.00	-	-
	Sub-Total B(2) :	1	330000	0	3.09	3.09	-	-
	Total B=B(1)+B(2) :	4	5060000	0	47.45	47.45	-	-
	Total (A+B) :	7	10664500	0	100.00	100.00	-	-
(C)	Shares held by custodians, against which Depository Receipts have been issued							
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-
(2)	Public	-	-	-	-	-	-	-
	GRAND TOTAL (A+B+C):		10664500	0	100.00	100.00	0	0.00

(4) Equity Shares held by top 10 shareholders

- (a) Our top ten shareholders and number of Equity Shares held by them as of the date of the Draft Red Herring Prospectus:

Sr. No	Name of the Shareholder	No of Shares held	Percentage
1	Mr. Jawed Habib Akhter	56,01,695	52.53
2	M/s Greenfield Investment 2	47,30,000	44.35
3	M/s DKIT Soft Solutions Private Limited	1,98,000	1.86
4	M/s Silgo Properties & Investment Private Limited	99,000	0.93
5	Mr. Vinesh Jain	33,000	0.31
6	Mrs. Shaheen Akhter	2,750	0.03
7	Mrs. Hashmi Begam	55	0.00
	Total	1,06,64,500	100.00

- (b) Our top ten shareholders and number of Equity Shares held by them as of ten days prior to the date of filing of the Draft Red Herring Prospectus

Sr. No	Name of the Shareholder	No of Shares held	Percentage
1	Mr. Jawed Habib Akhter	56,01,695	52.53
2	M/s Greenfield Investment 2	47,30,000	44.35
3	M/s DKIT Soft Solutions Private Limited	1,98,000	1.86
4	M/s Silgo Properties & Investment Private Limited	99,000	0.93
5	Mr. Vinesh Jain	33,000	0.31
6	Mrs. Shaheen Akhter	2,750	0.03
7	Mrs. Hashmi Begam	55	0.00
	Total	1,06,64,500	100.00

- (c) Our top ten shareholders and number of Equity Shares held by them as of two years prior to the date of filing of the Draft Red Herring Prospectus

Sr. No	Name of the Shareholder	No of Shares held	Percentage
1	Mr. Jawed Habib Akhter	4,69,500	87.92
2	M/s Silgo Properties & Investment Private Limited	18,000	3.37
3	Mrs. Dimple Dalia	17,997	3.37
4	Mr. Arvind Desai	9000	1.69
4	Mrs. Kamini Desai	9000	1.69
5	Mr. Vinit Kumar Gupta	6,000	1.12
6	Mr. Arjun Singh	1,000	0.19
7	Mrs. Hashin Begam	500	0.09
7	Mr. Habib Ahmed	500	0.09
7	Ms. Surinder Kaur	500	0.09
7	Mr. Harcharan Samlok	500	0.09
7	Ms. Shaheen Akhter	500	0.09
7	Mr. Parvez Akhter	500	0.09
7	Mr. Amjad Ali	500	0.09
8	Mr. Kamal Dalia	1	Negligent
8	Mrs. Shalini Kapu	1	Negligent
8	Mrs. Nishigandha Krishnagiri	1	Negligent
	Total	5,34,000	100.00

- (5) The Company does not have any Employee Stock Option Scheme / Employee Stock Purchase Scheme for our employees and we do not intend to allot any Equity Shares to our employees under Employee Stock Option Scheme / Employee Stock Purchase Scheme. As and when options are granted to our employees under any ESOS/ESPS, the Company shall comply with the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999.

- (6) The Company, our Directors, and the BRLM have not entered into any buy-back arrangements and/or safety net facility for the purchase of Equity Shares from any person.
- (7) Except as stated in the chapter titled “Our Management” beginning on page 108 of the Draft Red Herring Prospectus, none of our Directors or Key Managerial Personnel holds any Equity Shares in the Company.
- (8) The Company has not entered into any financing arrangements whereby our Promoter, Promoter Group and Directors and their immediate relatives have financed the purchase by any other person of the Equity Shares of the Company other than in the normal course of business of financing the entity, during the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus. Other than as set out in this chapter titled “Capital Structure”, as of the date of the Draft Red Herring Prospectus, no Equity Shares have been pledged by our Promoter or the Promoter Group.
- (9) Under subscription, if any, in the Non-Institutional Portion or Retail Portion shall be allowed to be met with spill over from the other categories or combination of categories by the Company and the BRLM in consultation with the Designated Stock Exchange and in accordance with applicable laws, rules, regulations and guidelines, subject to valid bids being received at or above the Issue Price. In case of under subscription in the QIB Portion the same shall not be available to other categories and full subscription monies shall be refunded. ***The Issuer undertakes to allot at least 50% of the Issue to Qualified Institutional Buyers and to refund full subscription monies if it fails to make allotment to the Qualified Institutional Buyers.***
- (10) Any oversubscription to the extent of 10% of the Issue can be retained for the purpose of rounding off and making allotments in minimum lots, while finalising the Basis of Allocation. Consequently, the Allotment may increase by a maximum of 10% of the Issue, as a result of which the post-Issue paid-up capital would also increase by the excess amount of Allotment so made. In such an event, the Equity Shares to be locked-in towards the Promoter’s contribution shall be suitably increased, so as to ensure that 20% of the post-Issue paid-up capital is locked in.
- (11) The Equity Shares are fully paid up and there are no partly paid up Equity Shares as on the date of filing of this Red Herring Prospectus.
- (12) The Equity Shares issued pursuant to the Issue shall be fully paid-up.
- (13) Our Promoter and members of our Promoter Group will not subscribe to or apply for Equity Shares in the Issue.
- (14) An investor cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
- (15) The Company does not propose to undertake any further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Draft Red Herring Prospectus to SEBI until the Equity Shares issued pursuant to the Issue have been listed except for conversion of one 0% convertible debenture into equity shares before filing of the Red Herring Prospectus.
- (16) The Company presently does not intend or propose to alter the capital structure for a period of six months from the Bid/Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or issue of Equity Shares (including any issue of securities convertible into or exchangeable, directly or indirectly, for Equity Shares) on a preferential basis or issue of bonus or rights or further public issue of Equity Shares or qualified institutions placement or otherwise. However, if the Company enters into acquisitions, joint ventures or other arrangements, the Company may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.
- (17) No person connected with the Issue including, but not limited to, the BRLM, the members of the Syndicate, the Company, our Directors, our Subsidiaries, our Promoter, the Promoter Group and our Group Companies of the Promoter shall offer any incentive, whether direct or indirect, in any manner, whether in cash, kind, services or otherwise, to any Bidder.

- (18) As of the date of the Draft Red Herring Prospectus, the BRLM and their associates do not hold any Equity Shares in the Company.
- (19) The Company has not issued any Equity Shares out of revaluation reserves or for consideration other than cash. The Company has not issued any Equity Shares in terms of any scheme approved under Sections 391-394 of the Companies Act.
- (20) The Company has not raised any bridge loan against the proceeds of the Issue. For details on use of proceeds, please see the chapter titled “Objects of the Issue” beginning on page 57.
- (21) There will be only one denomination of the Equity Shares of the Company unless otherwise permitted by law and the Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
- (22) The Company has not made any public issue since its incorporation.
- (23) The Company has 7 members as of the date of the Draft Red Herring Prospectus.

OBJECTS OF THE ISSUE

The objects of the Issue are: (1) Acquisition of brand (s), (2) Acquisition of Integrated ERP-CRM-BI software, (3) Brand Building, (4) Setting up of own exclusive brand outlets, (5) Repayment of debt, (6) General Corporate Purposes and (7) Issue related expenses and (8) Achieve the benefits of listing on Stock Exchanges.

The Company believes that listing will enhance the Company's brand name further and create a public market for its Equity Shares in India. The main objects clause of our Memorandum of Association and objects incidental to the main objects enable us to undertake existing activities as well as the activities for which the funds are being raised through the Issue.

Requirement of Funds

The details of the utilization of proceeds of the Issue are as per the table set forth below:

(₹ Lakhs)

Sr. No	Particulars	Fund Requirement	Estimated utilisation of issue proceeds		
			FY-2012	FY-2013	FY-2014
1	Acquisition of brand (s)	1340.00	400.00	700.00	240.00
2	Acquisition of Integrated ERP-CRM-BI software	1260.00	479.48	408.52	372.00
3	Brand Building	1000.00	600.00	400.00	-
4	Setting up of own exclusive brand outlets	512.48	512.48	-	-
5	Repayment of debt	317.33	317.33	-	-
6	General Corporate Purposes*	[•]	[•]	[•]	[•]
7	Issue related expenses*	[•]	[•]	[•]	[•]
	Total	[•]	[•]	[•]	[•]

*will be incorporated at the time of filing of Prospectus

Our fund requirements and deployment thereof are based on internal management estimates of our current business plans and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to change in light of changes in external circumstances or costs or in other financial conditions, business strategy, as discussed further below.

Means of Finance

The aforementioned fund requirement will be met entirely from the proceeds of the Issue. In case of shortfall, if any, we may explore other sources of funds including internal accruals arising from our future operations and/or debt. In case of any variations in the actual utilization of funds earmarked for the objects mentioned above or in case of increased fund requirements for a particular object, the shortfall, if any, may be financed by surplus funds, if any, available for other objects and/or the Company's internal accruals and/or debt facilities that may be availed from the banks/financial institutions, to the extent of such shortfall.

In view of the unorganised nature of our industry, we may have to revise our business plans from time to time and consequently our fund requirements may also change, which may include rescheduling or re-working of our expansion. Any such change in our plans may require reworking/rescheduling of our expenditure programs, at the discretion of our management / Board. Our capital expenditure plans are subject to a number of variables, including possible cost overruns, acquisition cost, etc. and changes in management's views of the desirability of current plans, among others.

Since the entire fund requirement will be met entirely from the proceeds of the Issue, there is no requirement for any other firm arrangements of finance. Thus we are in compliance with the Regulation 4(2)(g) of the SEBI Regulations for firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through the proposed Issue, as the same does not apply to us.

Details of Objects of the Issue

1. Acquisition of brand (s)

We seek to further enhance our position as an established brand in our industry. In addition to continued investment in brand building and technology, we intend to take our capabilities and enhance our presence both in the domestic as well as overseas markets through strategic acquisition of brands by way of equity investment.

Towards this end, we intend to target companies/brands which are offering services in hair and beauty industry. We proposed to invest an amount of ₹1340 lakhs based on internal management estimates for making such acquisition. Any specific acquisition will be considered based on actual value estimates at that time.

We are in the process of identifying such brands/entities which fit our strategic requirement. Further, we have engaged Beaufort International Associates, London, as our corporate broker on January 06, 2011 for identifying suitable overseas acquisition opportunities, and Singhanian & Co, Solicitors and Indian Advocates, London, a renowned legal firm in merger and acquisition space on January 02, 2011 for advising us on evaluation of various brands available for acquisition and legal documentation.

We believe that we can expand or establish our presence in newer locations and/or markets through acquisition which will offer us attractive ready client base. Further, it will also provide us an impetus to exploit our strengths including our scientific training methodology. At the same time, we shall also be getting an advantage of knowing latest hair styling trends of different geographical regions and the same can be implemented at our outlets.

We have not yet decided form of investment for future acquisition of brand(s).

2. Acquisition of Integrated ERP-CRM-BI software

We operate as an organized player in a fragmented sector through franchise model as well as company owned outlets. Since, inception in 2006 we have grown from 37 outlets to 225 outlets as of date which is spread across the country. Therefore, we need to effectively optimise the processes to achieve the optimal operational efficiency. This can be achieved through proper technological integration of all our outlets. As of now, we have entered into a short term agreement with TCS for technological management of operations of our outlets (for further details of the agreement please refer to page 107 of the Draft Red Herring Prospectus).

However, going forward our strategy is to acquire robust home-grown software which will be completely customized to our requirements and we shall have intellectual property rights over this software asset. Towards this purpose we have entered into an agreement with Numantra Technologies Private Limited a company engaged in providing ERP, Business Intelligence, IT/ITES software solutions.

Rationale for acquiring this software

1. Integration of call center operations, front office, finance operations and location can be achieved
2. High customization is made possible that will support the growth in number of outlets
3. Over a longer period outsourcing could prove to be very expensive
4. As of now, our franchises have to bear the cost of using the outsourced software. This new software product can be offered free of cost to our franchises and thereby monitoring of outlets would become hassle free.

The detailed break up of cost the software as per the proposal is below

Phases	Key Deliverables	Timelines	Budgeted Cost (₹ in lakhs)
Phase 1	Project planning, Architecture, Technical documentation, Business Analysis Phase	3 months	65.40
Phase 2	Select modules to get the business operations up and running. To empower central monitoring system and core modules to set the business rolling like product, services, users, customers, appointments, etc.	4 months	145.2
Phase 3	Advanced modules empowering business nitigrities to be implemented like employee monitoring, performance, reporting, etc. Phase 2 maintenance and bug resolving	4 months	154.4
Phase 4	Documentation & help center, Customer care online portability features, SMS integration, Marketing modules, etc. Phase 3 maintenance and bug resolving	4 months	149.20
Phase 5	Mobile portability and integrations, Advanced back up features. Phase 4 maintenance and bug resolving	3 months	108.60
Maintenance	Continuous system maintenance (upfront payment)	36 months	446.40
	Total Software Development and Maintenance	54 months	1069.20
	Total Hardware (all the servers/mobiles/testing applications/hardware/equipment required to create/maintain/develop/support the system)		190.80
	TOTAL COST		1260.00

The software with all the functionality is expected to go live within a span of 18 months.

Features in brief of this software product

- The software would keep a complete Customer Database which can be utilized to keep track of our client's preferences in terms of preferred stylist, products that they would like to be used on them, their appointment and billing history, etc. This would help us give better service to our loyal customers.
- Employee/Workforce Management system will keep track of the salon staff. This can be utilized for assigning shifts, to track which stylist had serviced which client and also the incentives due to him/her.
- Appointment Management System, with an advance reminder facility built in to enable the Salon manager to call up the client 1 or 2 days in advance and remind him/her of the scheduled appointment. The software will also have features like appointment cancellations, re-schedule appointments, no-show, customer appointment history, etc.
- There will be a system to generate Gift Coupons (specifically the coupon numbers and validity dates) and also will assist in identifying a valid coupon number with an invalid one when a client walks in to the salon with one.
- The system will have security features which should prevent deletion of bills. Bills can only be cancelled.
- The entire software should be based on 2 instances. One of which will be a Local Instance of the software, i.e. the Point-of-Sale system will be installed on the salon computer and will function independently. The other will be a Central Instance this will be used for Remote Salon Management, by which the corporate office can track the business each salon makes. The changes, additions, modifications in services/products, their rates, etc will be done only on the Central Instance and will then be remotely pushed to the local instance.

- The software will have a component whereby it can be linked with web service providers like Google Maps. This feature is critically important for plotting stores specifically for selecting areas for a new salon. Once any area in any city, town, etc, has been reserved for a particular salon. The software should automatically freeze all regions in 2 kilometers radius of the reserved area. This reserved area will then be marked “unavailable” for future new salons. Colour coding can be used to represent reserved and unreserved areas, for eg. All reserved areas can be marked in “red” and the unreserved ones can be marked in “green”.

3. Brand Building

We believe that our branding initiative which we have engaged in over a period of time is substantially attributed to our promoter Mr. Jawed Habib Akhter. His contribution whether by way of becoming a brand ambassador or writing books or conducting seminars is immense and has significantly contributed to the brand recognition and name recall enjoyed by us in our industry.

Towards our aim of becoming a preferred hair and beauty destination, we believe that it will be critical to further expand our reach and visibility by advertising. To achieve this, we initiated the process by entering into an advertising agreement dated September 16, 2010 with Brand Equity Treaties Limited wherein BETL will provide us the advertising services through different media (for further details of the agreement please refer page 105 of the Draft Red Herring Prospectus). As per this agreement, we propose an expenditure of ₹1800 lakhs out of which one third i.e ₹ 600 lakhs is to be paid by way of cash and the rest of the amount is to be adjusted through issue of convertible debentures.

To further strengthen our brand building exercise through other creative modes of advertising including the print media, we have entered into an agreement dated December 24, 2010 with Katha Mediatix India Limited, a 360 degree marketing and communication agency (for further details of the agreement, please refer page 107 of the Draft Red Herring Prospectus) for providing us advertising services which will include the creative execution, film production, planning, programming implementation and reviewing campaign that will be built around the objective of promoting our brand.

	Print	Outdoor	TV	Events & BTL	Ad Film	Creative	Digital	Total
Fiscal 2012	600.00	150.00	100.00	115.00	50.00	30.00	25.00	1070.00
Fiscal 2013	680.00	150.00	100.00	100.00	45.00	30.00	25.00	1130.00
Total	1280.00	300.00	200.00	215.00	95.00	60.00	50.00	2200.00

(₹. in Lakhs)

Katha Mediatix India Limited shall act as our advertising agent even for executing our advertising exercise with Brand Equity Treaties Limited. Out of the above targeted expenditure of ₹ 2200 lakhs, we propose to raise an amount ₹ 1000 lakhs towards the total cash component (of which ₹ 600 lakhs as agreed under agreement with BETL and ₹ 400 lakhs is towards additional spend on advertising)

4. Setting up of additional Jawed Habib Hair & Beauty salons

A key factor in the growth of our business is our ability to increase our client base and number of outlets. As on date, we have grown our number of outlets at an annualised rate of over 35% since inception. As per our current business plans we will be adding 8 owned full service Jawed Habib Hair & Beauty salons end of fiscal 2012 respectively in following cities.

1. Mumbai, 2. Chandigarh, 3. Hyderabad, 4. Chennai, 5. Bengaluru, 6. Kolkata, 7. Delhi and 8. Gurgaon

We intend to use the proceeds of the Issue to fund our setting up of 8 owned full service Jawed Habib Hair & Beauty salons during the fiscal 2012. The estimated cost break-up of a salon is given below:

	Particulars (cost per salon)	Amount in ₹ lakhs
1	Interior Costs (for an average area of 5000 square feet)	20.00
2	Cost of salon Equipment	5.77
3	Deposit and Brokerage	28.38
4	Working capital	7.91
5	Software and Hardware	0.50
6	Launch promotion expenses	1.50
	Total estimated cost involved for setting up a Hair & Beauty Salon	64.06
	Number of salons planned for the fiscal 2012	8
	Total	512.48

Based on the above estimates the total cost involved in setting up of 8 owned Hair & Beauty salons during the fiscal 2012 is ₹512.48 lakhs which will be met out of proceeds from the Issue.

All the costs to be incurred and equipment required to be purchased pursuant to this object of the Issue will be sourced either through domestic market or will be imported. The requirement of equipment is based on internal management estimate. We have relied for cost estimates on the quotations / purchase orders of manufacturers / suppliers of equipment, prevailing market prices and / or our internal estimates.

1. Interior Costs

The interior cost involved in setting up of a Hair & Beauty salon for approximately an average floor space of 2000 square feet and at an estimated rate of ₹ 1000/- per square feet translates to ₹ 20 lakhs for a salon. The cost of interior involves civil works, wooden flooring, electrical, air conditioning, mirror panelling on wall, luster paint, plumbing, painting and other infrastructure related costs including architect's professional fees.

The above cost is based on the quotation dated January 06, 2011 obtained from Deep Enterprises, Mumbai, interior contractors with whom we regularly deal.

2. Cost of salon equipment

Equipment required for a salon comprises of chairs, folding beds, shampoo stations, clippers, hooder steamers, hair driers, Cardio, steamers, pedicure tub, sterilisers, etc. The above costs are based on the quotation from Beauty Planet, Mumbai dated January 6, 2011.

3. Deposit and brokerage

Deposit and brokerage for a floor space of 2000 square feet salon for the period of 12 months approximately translate to ₹28.38 lakhs.

4. Working Capital

Working capital for a salon consists of consumables, rent, salary for hair stylists, training and induction, travelling and other preliminary expenses prior to commencement of its operations which, based on our estimates, approximates to ₹7.91 lakhs.

5. Software and Hardware

These include cost of computer, CCTV and a printer.

6. Launch promotion expenses

We need to incur promotional expenses like inviting media people, press conference, hair shows, pamphlets.

5. Repayment of debt

We have from time to time availed secured and unsecured loans from various body corporates, banks and others. These loans were primarily used for the purpose of financing capital expenditure for expansion of our salons over the years and towards the working capital requirements.

We operate 225 outlets as on the date of the Draft Red Herring Prospectus. We have grown our number salons at an annualized growth rate of over 35 % since inception. To continuously grow ourselves we have made investments in the form of either the capital expenditure or the working capital.

In this context, we have availed secured and unsecured loans from following body corporates and banks from time to time. We have historically depended on the financial assistance provided by them in order to help fund our expansion plans, as well as improvements to our existing infrastructure and other business requirements. These financial assistances have been instrumental to our growth over the years but the average cost of this debt is on higher side.

Following are the details of the loans availed from body corporate and banks to whom we propose to repay from the proceeds of the Issue:

Name of the Entity	Outstanding Amount* (in ₹ Lakhs)	Repayable by	Applicable rate of interest
Body Corporates			
India Bulls Financial Services Ltd.	18.33	July, 2012	18.64%
S E Investments Ltd.	144.00	March, 2013	10.75%
S E Investments Ltd.	120.00	March, 2013	10.75%
Golden M P Chit Fund- New (34/12)	11.78	On Demand	-
Banks			
Standard Chartered Bank	23.22	February, 2015	17.66%
Total	317.33		

*as on November 20, 2010

As on November 20, 2010 we have unsecured loans of ₹1723.95 lakhs of which ₹317.33 lakhs pertain to these entities. For details of our outstanding loans as on November 20, 2010 please refer to Annexure K in the chapter titled “Financial Statements” beginning on page 125 of the Draft Red Herring Prospectus.

We may either fully or partly repay the above loans when due, before we obtain proceeds from the Issue, through other means and source of financing, including bridge loan or other financial arrangements, which then will be repaid from the proceeds of the Issue. We believe our repayment of debt will help us to reduce our costs towards ‘Interest and Finance Charges’ and will improve our net earnings in the future. Further, it will help us to improve our ability to leverage equity for our future needs towards any of our existing operations and towards further expansion.

6. General Corporate Purposes

Surplus from the proceeds of the Issue after meeting the objects mentioned above, if any, will be used for our general corporate purposes including but not restricted to, meeting operating expenses, working capital, initial development costs for purposes other than the identified ones, payment of taxes, partnerships, joint ventures, strategic initiatives and acquisitions, and meeting exigencies, which the Company in the ordinary course of business may not foresee or any other purposes as approved by our Board of Directors, subject to compliance with the necessary provisions of the Companies Act.

Our management, in accordance with the policies of the Board, will have flexibility in utilizing any amounts for general corporate purposes under the overall guidance and policies of our Board.

7. Meeting Issue related Expenses

The Issue related expenses includes, lead management fees, underwriting fees, selling commission, printing and distribution expenses, etc. The break- up of the estimated expenses of the Issue is as follows:

(in ₹ Lakhs)

Activity	Expenses*	As a % of Total Issue Expenses	As a % of Total Issue Size
Issue Management Fees (Lead Management, Underwriting & Selling Commission)	[•]	[•]	[•]
Advertisement & Marketing Expenses	[•]	[•]	[•]
Printing, Stationery & Distribution Expenses	[•]	[•]	[•]
IPO Grading Expenses	[•]	[•]	[•]
Others (including Legal Advisors Fee, Auditors Fee, Registrars Fee, SCSB commission, Regulatory Fees including filing fees paid to Stock Exchanges)	[•]	[•]	[•]
Total estimated Issue expenses	[•]	[•]	[•]

*will be completed after finalisation of the Issue price

Funds Deployed

As of the date of the Draft Red Herring Prospectus, we have incurred an expenditure of ₹ 20.40 lakhs as on January 19, 2011 towards issue expenses as certified by our statutory auditors, Bharat Shah and Associates, Chartered Accountants *vide* certificate dated January 20, 2011.

Proposed Deployment of Funds

We may make payments toward our Objects of the Issue, before we obtain proceeds from the Issue, through other means and source of financing, including bridge loan or other financial arrangements, which then will be repaid from the proceeds of the Issue.

Appraisal

The funds requirement and funding plans are our own estimates and have not been appraised by any bank/ financial institution or appraising agency.

Working capital requirement

The Proceeds of the Issue will not be used to meet our working capital requirements as we expect sufficient internal accruals and availability of working capital facilities to meet our existing working capital requirements. However, in the event that there is surplus of funds after deployment from the Proceeds of the Issue, the funds may be utilized towards reducing our reliance on working capital facilities.

Interim Use of Proceeds

Pending utilization for the purposes described above, we intend to temporarily invest the funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks, for the necessary duration as permitted under the SEBI Regulations or we may temporarily utilize the proceeds for reducing our outstanding overdrafts. Such investments and other utilizations would be in accordance with investment policies approved by our Board or any committee thereof duly empowered, from time to time. The Company confirms that pending utilization of the Issue proceeds; it shall not use the funds for any investments in the equity markets.

Monitoring of Utilisation of Funds

We have not appointed a monitoring agency to monitor the utilization of the proceeds of the Issue. We will disclose the utilization of the proceeds of the Issue under a separate head along with details, for all such proceeds of the Issue that have not been utilized. We will indicate investments, if any, of unutilized proceeds of the Issue in our Balance Sheet for the relevant Financial Years subsequent to our listing.

Pursuant to clause 49 of the Listing Agreement, the Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the proceeds of the Issue. On an annual basis, the Company shall prepare a statement of funds utilised for purposes other than those stated in this Red Herring Prospectus and place it before the Audit Committee. Such disclosure shall be made only until such time that all the proceeds of the Issue have been utilised in full. The statement will be certified by the statutory auditors of the Company.

The Company shall be required to inform material deviations in the utilisation of the Net Proceeds of the Issue to the Stock Exchanges and shall also be required to simultaneously make the material deviations/adverse comments of the Audit committee/monitoring agency public through advertisement in newspapers.

No part of the proceeds from the Issue will be paid by us as consideration to our Promoter, Directors, Group Companies or Key Managerial Personnel, except in the normal course of our business.

BASIS OF ISSUE PRICE

The Issue Price has been determined by the Company, in consultation with the BRLM on the basis of the demand from investors for the Equity Shares through the Book Building Process and is justified based on the below accounting ratios. Please see the section “Risk Factors” beginning on page 11 of the Draft Red Herring Prospectus and the Restated Summary Statements as set out in the section “Financial Statements” beginning on page 125 of the Draft Red Herring Prospectus to have a more informed view. The trading price of the Equity Shares of the Company could decline due to the factors mentioned in the section “Risk Factors” and you may lose all or part of your investment. The face value of the Equity Shares is ₹10 and the Issue Price is [●] times the face value.

Qualitative Factors

We believe that we have the following principal competitive strengths:

- Strong brand and geographic presence
- Wide network of Exclusive Brand Outlets
- Quality training methodology
- Experienced and efficient management team

For more details on qualitative factors, refer to section “Business Overview” beginning on page 89 of the Draft Red Herring Prospectus.

Quantitative Factors

Information presented in this section is derived from the Restated Summary Statements included in the Draft Red Herring Prospectus. Some of the quantitative factors which may form the basis for computing the Issue Price are as follows:

1. Earning Per Share (EPS)⁽¹⁾⁽²⁾:

As per the Company’s restated standalone summary statements:

Particulars	Face value per share (₹10 per share)	
	Rupees	Weight (shares)
Year ended March 31, 2008	(3.93)	1
Year ended March 31, 2009	1.95	2
Year ended March 31, 2010	2.35	3
Weighted Average	1.17	

⁽¹⁾ Earnings per share represents both basic and diluted earnings per share calculated as net profit attributable to equity shareholders as restated divided by a weighted average number of shares outstanding during the year.

⁽²⁾ Face value per share is ₹10.

Note:

- a) The earning per share has been calculated on the basis of the restated profits and losses of the respective years.
- b) The earning per share calculations have been done in accordance with Accounting Standard 20- “Earning per share” notified by the Companies (Accounting Standards) Rules, 2006, [as amended].

2. Price Earning Ratio (P/E ratio)

The Price/Earning (P/E) ratio, on the basis of an Issue Price of ₹ [●] per share is as set forth below:

As per the Company's restated standalone summary statements:

- (i) for the period ended November 20, 2010: [●]
- (ii) for the year ended March 31, 2010: [●]
- (iii) for the year ended March 31, 2009: [●]

There are no comparable listed companies in the same business as the Company and hence Industry PE is not available.

3. Return on Net Worth⁽¹⁾

Return on net worth as per the Company's restated standalone summary statements:

Particulars	RONW %	Weight
Year ended March 31, 2008	-108.49	1
Year ended March 31, 2009	35.06	2
Year ended March 31, 2010	29.67	3
Weighted Average	8.44	

⁽¹⁾Return on Net Worth = Profit after tax as restated/ Net Worth at the end of the year

4. Minimum Return on Increased Net Worth required to maintain pre-issue earning per share for the year ended March 31, 2010:

At the Floor Price: [●]% based on the restated standalone summary statements;

At the Cap Price: [●]% based on the restated standalone summary statements;

5. Net Asset Value per Equity Share

As on March 31, 2010 (Standalone) : ₹ 7.92

Issue Price : ₹ [●]*

As of March 31, 2010(Standalone) after the Issue : ₹ [●]

*Issue Price per Share will be determined on conclusion of the Book Building Process.

Net asset value per Equity Share represents the net worth, as restated, divided by the number of Equity Shares outstanding at the end of the period.

6. Comparison with Industry Peers

As the Company is one of the organized players in the hair & beauty care industry and since there are no Indian listed entities, there are no comparable figures available with us.

The Issue Price has been determined by the Company in consultation with the BRLM and on the basis of assessment of market demand for the Equity Shares through the Book Building Process. The BRLM believe that the Issue Price of ₹ [●] is justified in view of the above qualitative and quantitative parameters. Investors should read the above mentioned information along with "Risk Factors" and "Financial Statements" beginning on pages 11 and 125, respectively, of the Draft Red Herring Prospectus, to have a more informed view.

STATEMENT OF TAX BENEFITS

The Board of Directors
Jawed Habib Hair & Beauty Ltd.
Unit No 546, 5th floor, Building No. 9,
Laxmi Industrial Estate,
Off New Link Road,
Andheri (W),
Mumbai 400 053

We hereby report that the enclosed statement, prepared by Jawed Habib Hair & Beauty Ltd. [hereinafter referred to as the “Issuer”], states the possible tax benefits available to the Issuer and its shareholders under the provisions of the Income Tax Act, 1961 and the Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the Issuer or its shareholders fulfilling the conditions prescribed under the relevant provisions of the respective tax laws. Hence, the ability of the Issuer or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Issuer may or may not choose to fulfil. The benefits discussed in the Annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Issuer’s management. We are informed that this statement is only intended to provide general information to the investors and hence 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 Issuer or its shareholders will continue to obtain these benefits in future; or
- (ii) the conditions prescribed for availing the benefits, where applicable have been/ would be met

The contents of the enclosed statement are based on the information, explanations and representations obtained from the Issuer and on the basis of the understanding of the business activities and operations of the Issuer and the interpretation of the current tax laws in force in India.

For Bharat Shah & Associates
Chartered Accountants
(Firm Registration Number - 101249W)

Bharat A. Shah
Proprietor
Membership No. 32281

Place: Mumbai
Date: 20/01/2011

TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS:

As per the existing provisions of the Income Tax Act, 1961 (“the I.T. Act”) and other laws as applicable for the time being in force, the following Tax Benefits and deductions are and will, *inter alia* will be available to Company and its Shareholders. These benefits are available after fulfilling certain conditions as required in the respective acts.

1) Under the Income-tax Act, 1961 (‘the Act’)**A) To the Company****General Tax Benefits**

1. Subject to Compliance of certain conditions laid down in Section 32 of the I.T. Act the Company will be entitled to a deduction for depreciation in respect of
 - (i) buildings, machinery, plant or furniture, being tangible assets;
 - (ii) know-how, patents, copyrights, trademarks, licences, franchises or any other business or commercial rights of similar nature, being intangible assets acquired on or after the 1st day of April, 1998, at the rates prescribed under the Income Tax Rules, 1962;
2. Dividend income from shares or units of mutual funds specified under section 10(23D) of the I.T. Act, is exempt from income tax in accordance with and subject to the provisions of section 10(34) read with Section 115-O or section 10(35), respectively, of the I.T. Act. As per the provisions of Section 14A of the I.T. Act, no deduction is allowed in respect of any expenditure incurred in relation to such dividend income to be computed in accordance with the provisions contained therein. Also, Section 94(7) of the I.T. Act provides that losses arising from the sale/transfer of shares or units purchased within a period of three months prior to the record date and sold/transferred within three months or nine months respectively after such date, will be disallowed to the extent dividend income on such shares or units are claimed as tax exempt.
3. Under section 10(38) of the I.T. Act, the Long-Term Capital Gains arising on transfer of securities, which are chargeable to Securities Transaction Tax, are exempt from tax in the hands of the company. However, with effect from 1st April 2007 i.e. for the Assessment Year 2007- 2008 onwards such Long Term Capital Gain shall be taken into account in computing the book profit and income tax payable under section 115JB.
4. The Company will be entitled to amortise preliminary expenditure, being expenditure incurred on public issue of shares under section 35D(2)(c)(iv) of the I.T. Act, subject to the limit specified in Section 35D(3). The deduction is allowable for an amount equal to one-fifth of such expenditure for each of five successive assessment years.
5. Under section 35DD of the I.T. Act, for any expenditure incurred wholly and exclusively for the purposes of amalgamation or demerger, the Company is eligible for deduction of an amount equal to one-fifth of such expenditure for each of the five successive years beginning with the year in which amalgamation or demerger takes place.
6. The Company will be entitled to claim expenditure incurred in respect of voluntary retirement scheme under scheme 35DDA of the I.T. Act in five equal annual installments.
7. As per the provisions of Section 112(1)(b) of the I.T. Act, other Long-Term Capital Gains arising to the company are subject to tax at the rate of 20% (plus applicable surcharge, education cess and secondary & higher education cess). However, as per the Proviso to that section, the Long-Term Capital Gains resulting from transfer of listed securities or units [not covered by section 10(38) of the I.T. Act], are subject to tax at the rate of 20% on Long-Term Capital Gains worked out after considering indexation benefit (plus applicable surcharge, education cess and secondary & higher education cess), which would be restricted to 10% of Long-Term Capital Gains worked out without considering indexation benefit (plus applicable surcharge, education cess and secondary & higher education cess).

8. As per the provisions of section 111A of the I.T. Act, Short-Term Capital Gains arising to the company from transfer of Equity Shares in any other company through a recognized Stock Exchange or from sale of units of any equity-oriented mutual fund are subject to tax at the rate of 15% (plus applicable surcharge, education cess and secondary & higher education cess), if such a transaction is subjected to Securities Transaction Tax.
9. In accordance with and subject to the conditions specified in Section 54EC of the I.T. Act, the company would be entitled to exemption from tax on Long-Term Capital Gain [not covered by Section 10(38) of the I.T. Act] if such capital gain is invested in any of the long-term specified assets (herein-after referred to as the “new asset”) to the extent and in the manner prescribed in the said section. For investment made on or after 1st day of April 2007, the exemption would be restricted to the amount which does not exceed Rupees Fifty Lacs during the financial year. If the new asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of Capital Gains for which exemption is availed earlier would become chargeable to tax as Long-Term Capital Gains in the year in which such new asset is transferred or converted into money. If only a portion of capital gain is so invested, the exemption is available proportionately. The bonds presently specified within this section are bonds issued by National Highway Authority of India (NHAI) and Rural Electrification Corporation Ltd (REC).
10. The corporate tax rate shall be 30% (plus applicable surcharge, education cess and secondary & higher education cess).
11. As provided under section 115JB, the Company is liable to pay income tax at the rate of 15% [proposed to be increased to 18% in the Finance Bill, 2010 with effect from Assessment Year 2011-12 (plus applicable surcharge, education cess and secondary & higher education cess) on the Book Profit as per the provisions of section 115JB if the total tax payable as computed under the I.T. Act is less than 15% of its Book Profit as computed under the said section.
12. Under Section 115JAA (1A) credit shall be allowed of any MAT paid under Section 115JB of the I.T. Act. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the I.T. Act. However, no interest shall be payable on the tax credit under this sub-section. Such MAT credit shall be available for set-off up to 10 years succeeding the year in which the MAT credit initially arose. The Finance Bill 2010 has proposed that, with effect from Assessment Year 2011-12, in case of conversion of a private company or unlisted public company into a limited liability partnership under the Limited Liability Partnership Act, 2008, the provisions of this section shall not apply to the successor limited liability partnership.
13. Under section 24(a) of the I.T. Act, the Company is eligible for deduction of thirty percent of the annual value of the property (i.e. actual rent received or receivable on the property or any part of the property which is let out).
14. Under section 24(b) of the I.T. Act, where the property has been acquired, constructed, repaired, renewed or reconstructed with borrowed capital, the amount of interest payable on such capital shall be allowed as a deduction in computing the income from house property. In respect of property acquired or constructed with borrowed capital, the amount of interest payable for the period prior to the year in which the property has been acquired or constructed shall be allowed as deduction in computing the income from house property in five equal installments beginning with the year of acquisition or construction.
15. Under Section 35 in respect of expenditure on scientific research, the following deductions shall be allowed subject to the provisions contained in the section:- (i) any revenue expenditure expended on scientific research related to the business; (ii) an amount equal to one and one fourth times of any sum paid to a scientific research association which has as its object the undertaking of scientific research or to a university, college or other institution to be used for scientific research; (iii) an amount equal to one and one-fourth times of any sum paid to a company to be used by it for scientific research; (iv) an amount equal to one and one-fourth times of any sum paid to a university, college or other institution to be used for research in social science or statistical research; (v) in respect of capital expenditure on scientific research related to the business carried on by the assessee. [As per the Finance Bill 2010, with effect from Assessment Year 2011-12, the term “scientific research association” is proposed to be replaced with the term “research association”, and the deduction allowable is proposed to be “one and three-fourth times” of sums paid instead of “one and one-fourth times”]

16. Under Section 72 any unabsorbed business loss is allowed to be carried forward for a period of eight assessment years; and under section 32(2) any unabsorbed depreciation is allowed to be carried forward indefinitely. However, since the Company is availing the benefits of deduction u/s 80-IA, the benefits of carry forward of business losses & depreciation will not be available during the exemption period in respect of the 'eligible' business.

B) To the Shareholders of the Company

Special Tax Benefits

No special tax benefits are available to the shareholders of the Company

General Tax Benefits

Resident Members:

Dividend income of shareholders is exempt from income tax under section 10(34) read with Section 115-O of the I.T. Act. As per the provisions of Section 14A of the I.T. Act, no deduction is allowed in respect of any expenditure incurred in relation to such dividend income to be computed in accordance with the **provisions** contained therein. Also, Section 94(7) of the I.T. Act provides that losses arising from the sale/transfer of shares purchased up to three months prior to the record date and sold or transferred within three months after such date, will be disallowed to the extent dividend income on such shares are claimed as tax exempt by the shareholders.

Any income arising from the transfer of a long term capital asset (i.e. capital asset held for the period of 12 months or more) being an Equity Share in a company or a unit of an equity oriented fund is exempt u/s 10(38), where the transaction of sale of such equity share or unit is entered through recognized Stock Exchange on or after 1-10-2004 and such transaction is chargeable to Securities Transaction Tax.

In accordance with section 10(23D) of the I.T. Act, all mutual funds set up by public sector banks or public financial institutions or mutual funds registered under the Securities and Exchange Board of India (SEBI) or authorized by the Reserve bank of India subject to the conditions specified therein are eligible for exemption from income tax on their entire income, including income from investment in the shares of the company.

Under section 54EC of the I.T. Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gain (in case not covered under section 10(38) of the I.T. Act) arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by:-

- a. National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;
- b. Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956;

If only part of the capital gain 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 within three years from the date of their acquisition. For Investment made on or after 1st day of April 2007, the exemption would be restricted to the amount which does not exceed Rupees Fifty Lacs during the financial year.

Under Section 54F of the I.T. Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the I.T. Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gains tax subject to other conditions, if the net sales consideration from such shares are used for purchase of residential house property within a period of one year before or two year 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. If only a portion of capital gain is so invested, the exemption is available proportionately.

As per section 74 Short term capital loss suffered during the year is allowed to be set-off against short-term as well as long term capital gain of the said year. Balance loss, if any, could be carry forward for eight years for claiming set-off against subsequent years short-term as well as long term capital gains. Long term capital loss suffered during the year is allowed to be set-off against long term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's Long term capital gains.

Under section 111A of the I.T. Act, capital gains arising to a shareholder from transfer of short terms capital assets, being an equity share in the company or unit of an equity oriented Mutual fund, entered into in a recognized stock exchange in India will be subject to tax at the rate of 15% (plus applicable surcharge, education cess and secondary & higher education cess).

Under Section 112 of the I.T. Act and other relevant provisions of the I.T. Act, long term capital gains (not covered under section 10(38) of the I.T. Act) arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge, education cess and secondary & higher education cess) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge, education cess and secondary & higher education cess) (without indexation), at the option of the Shareholders.

Under Section 56(2) (vii) of the I.T. Act, where an individual or a Hindu undivided family receives from any person on or after the 1st day of October, 2009, any property, other than immovable property (which includes shares & securities [being capital asset of the assessee]),

- (i) without consideration, the aggregate fair market value of which exceeds fifty thousand rupees, the whole of the aggregate fair market value of such property shall be chargeable to income-tax under the head Income from other sources;
- (ii) for a consideration which is less than the aggregate fair market value of the property by an amount exceeding fifty thousand rupees, the aggregate fair market value of such property as exceeds such consideration shall be chargeable to income-tax under the head Income from other sources.

Provided that this clause shall not apply to any property received

- a) from any relative; or
- b) on the occasion of the marriage of the individual; or
- c) under a will or by way of inheritance; or
- d) in contemplation of death of the payer or donor, as the case may be; or
- e) from any local authority as defined in the Explanation to clause (20) of section 10 of the I.T. Act; or
- f) from any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in clause (23C) of section 10 of the I.T. Act; or
- g) from any trust or institution registered under section 12AA of the I.T. Act.

For this purpose, 'relative' means

- a) spouse of the individual;
- b) brother or sister of the individual;
- c) brother or sister of the spouse of the individual;
- d) brother or sister of either of the parents of the individual;
- e) any lineal ascendant or descendant of the individual;
- f) any lineal ascendant or descendant of the spouse of the individual;
- g) spouse of the person referred to in clauses (ii) to (vi);]

[Proposed changes in the Finance Bill 2010: With effect from 1st day of June 2010, the following shall also be chargeable to income tax under the head "Income from Other Sources"

Under Section 56(2) (viiia), where a firm or a company not being a company in which the public are substantially interested, receives, in any previous year, from any person or persons, on or after the 1st day of June, 2010, any property, being shares of a company not being a company in which the public are substantially interested,

- (i) without consideration, the aggregate fair market value of which exceeds fifty thousand rupees, the whole of the aggregate fair market value of such property;
- (ii) for a consideration which is less than the aggregate fair market value of the property by an amount exceeding fifty thousand rupees, the aggregate fair market value of such property as exceeds such consideration:

Provided that this clause shall not apply to any such property received by way of a transaction not regarded as transfer under clause (via) or clause (vic) or clause (vicb) or clause (vid) or clause (vii) of section 47.

Explanation.—For the purposes of this clause, “fair market value” of a property, being shares of a company not being a company in which the public are substantially interested, shall have the meaning assigned to it in the Explanation to clause (vii) of Sec 56(2)]

Non Resident Indians/Members other than FIIs and Foreign Venture Capital Investors:

Dividend income of shareholders is exempt from income tax under section 10(34) read with

Section 115-O of the I.T. Act. As per the provisions of Section 14A of the I.T. Act, no deduction is allowed in respect of any expenditure incurred in relation to such dividend income to be computed in accordance with the provisions contained therein. Also, Section 94(7) of the I.T. Act provides that losses arising from the sale/transfer of shares purchased up to three months prior to the record date and sold or transferred within three months after such date, will

be disallowed to the extent dividend income on such shares are claimed as tax exempt by the shareholders.

Any income arising from the transfer of a long term capital asset (i.e. capital asset held for the period of 12 months or more) being an Equity Share in a company or a unit of an equity oriented fund is exempt u/s 10(38), where the transaction of sale of such equity share or unit is entered through recognized Stock Exchange on or after 1-10-2004 and such transaction is chargeable to Securities Transaction Tax.

Tax on income from investment and Long Term Capital Gains (other than those exempt u/s 10(38):

A non-resident Indian (i.e. an individual being a citizen of India or person of Indian Origin) has an option to be governed by the provisions of Chapter XIIA of the I.T. Act viz. “Special Provisions Relating to certain incomes of Non-Residents”.

Under section 115E of the I.T. Act, where shares in the company are subscribed for in convertible Foreign Exchange by a non-resident Indian, capital gains arising to the non resident on transfer of shares held for a period exceeding 12 months shall (in cases not covered under section 10(38) of the I.T. Act) be concessionally taxed at a flat rate of 10% (plus applicable surcharge, education cess and secondary & higher education cess) without indexation benefit but with protection against foreign exchange fluctuation under the first proviso to section 48 of the I.T. Act.

Capital gain on transfer of Foreign Exchange Assets, not to be charged in certain cases:

Under provisions of section 115F of the I.T. Act, long term capital gains (not covered under section 10(38) of the I.T. Act) arising to a non-resident Indian 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 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 within three years from the date of their acquisition.

Return of income not to be filed in certain cases

Under provisions of section 115-G of the I.T. Act, it shall not be necessary for a non-resident Indian to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.

Under section 115-I of the Act, a non-resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income under section 139 of the I.T. Act declaring therein that the provisions of this Chapter shall not apply to him for that assessment year and if he does so the provisions of this Chapter shall not apply to him, instead the other provisions of the I.T. Act shall apply.

Other Provisions

Under the first proviso to section 48 of the I.T. Act, in case of a non resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control

regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.

Under section 54EC of the I.T. Act and subject to the conditions and to the extent specified therein, long term capital gain (in case not covered under section 10(38) of the I.T. Act) arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by –

- a. National Highways Authority of India constituted under Section 3 of The National Highways Authority of India Act, 1988;
- b. Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956;

If only part of the capital gain 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 within three years from the date of their acquisition. For Investment made on or after 1st day of April 2007, the exemption would be restricted to the amount, which does not exceed Rupees Fifty Lacs during the financial year.

Under Section 54F of the I.T. Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the I.T. Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gains tax subject to other conditions, if the sale proceeds from such shares are used for purchase of residential house property within a period of one year before or two year 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. If only a portion of capital gain is so invested, the exemption is available proportionately.

As per section 74 Short term capital loss suffered during the year is allowed to be set-off against short-term as well as long term capital gain of the said year. Balance loss, if any, could be carry forward for eight years for claiming set-off against subsequent year's short-term as well as long term capital gains. Long term capital loss suffered during the year is allowed to be set-off against long term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's Long term capital gains.

Under section 111A of the I.T. Act, capital gains arising to a shareholder from transfer of short terms capital assets, being an equity share in the company or unit of an equity oriented Mutual fund, entered into in a recognized stock exchange in India will be subject to tax at the rate of 15% (plus applicable surcharge, education cess and secondary & higher education cess).

Under section 112 of the I.T. Act and other relevant provisions of the I.T. Act, long term capital gains (not covered under section 10(38) of the I.T. Act) arising on transfer of shares in the company, if shares are held for a period exceeding 12 months shall be taxed at a rate of 20% (plus applicable surcharge & education cess and secondary & higher education cess) after indexation as provided in the second proviso to section 48. However, indexation will not be available if the investment is made in foreign currency as per the first proviso to section 48 stated above, or it can be taxed at 10% (plus applicable surcharge & education cess and secondary & higher education cess on income tax) (without indexation), at the option of assessee.

As per section 90(2) of the I.T. Act, the provisions of the I.T. 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.

Under Section 56(2) (vii) of the I.T. Act, where an individual or a Hindu undivided family receives from any person on or after the 1st day of October, 2009, any property, other than immovable property (which includes shares & securities[being capital asset of the assessee]),

- (i) without consideration, the aggregate fair market value of which exceeds fifty thousand rupees, the whole of the aggregate fair market value of such property shall be chargeable to income-tax under the head Income from other sources;
- (ii) for a consideration which is less than the aggregate fair market value of the property by an amount exceeding fifty thousand rupees, the aggregate fair market value of such property as exceeds such consideration shall be chargeable to income-tax under the head Income from other sources.

Provided that this clause shall not apply to any property received

- (a) from any relative; or
- (b) on the occasion of the marriage of the individual; or
- (c) under a will or by way of inheritance; or
- (d) in contemplation of death of the payer or donor, as the case may be; or
- (e) from any local authority as defined in the Explanation to clause (20) of section 10 of the I.T. Act; or
- (f) from any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in clause (23C) of section 10 of the I.T. Act; or (g) from any trust or institution registered under section 12AA of the I.T. Act.

For this purpose, 'relative' means

- (i) spouse of the individual;
- (ii) brother or sister of the individual;
- (iii) brother or sister of the spouse of the individual;
- (iv) brother or sister of either of the parents of the individual;
- (v) any lineal ascendant or descendant of the individual;
- (vi) any lineal ascendant or descendant of the spouse of the individual;
- (vii) spouse of the person referred to in clauses (ii) to (vi);]

[Proposed changes in the Finance Bill 2010: With effect from 1st day of June 2010, the following shall also be chargeable to income tax under the head "Income from Other Sources"

Under Section 56(2) (viia), where a firm or a company not being a company in which the public are substantially interested, receives, in any previous year, from any person or persons, on or after the 1st day of June, 2010, any property, being shares of a company not being a company in which the public are substantially interested,

- (i) without consideration, the aggregate fair market value of which exceeds fifty thousand rupees, the whole of the aggregate fair market value of such property;
- (ii) for a consideration which is less than the aggregate fair market value of the property by an amount exceeding fifty thousand rupees, the aggregate fair market value of such property as exceeds such consideration:

Provided that this clause shall not apply to any such property received by way of a transaction not regarded as transfer under clause (via) or clause (vic) or clause (vicb) or clause (vid) or clause (vii) of section 47.

Explanation.—For the purposes of this clause, "fair market value" of a property, being shares of a company not being a company in which the public are substantially interested, shall have the meaning assigned to it in the Explanation to clause (vii) of Sec 56(2)]

Foreign Institutional Investors (FIIs)

By virtue of section 10(34) of the I.T. Act, income earned by way of dividend income from another domestic company referred to in section 115O of the I.T. Act, are exempt from tax in the hands of the institutional investor.

In terms of section 10(38) of the I.T. Act, any Long Term Capital Gains arising to an investor from transfer of long-term capital asset being an equity shares in a company would not be liable to tax in the hands of the investor if the following conditions are satisfied:

- a) The transaction of sale of such equity shares is entered into on or after 1st October 2004.
- b) The transaction is chargeable to such securities transaction tax.

The income realized by FIIs on sale of shares in the company by way of short-term capital gains referred to in Section 111A of the I.T. Act would be taxed at the rate of 15% (plus applicable surcharge, educational cess & secondary & higher education cess on income tax) as per section 115AD of the I.T. Act.

The income by way of short term capital gains (not referred to in section 111A or long term capital gains (not covered under section 10(38) of the I.T. Act) realized by FIIs on sale of shares in the company would be taxed at the following rates as per section 115AD of the I.T. Act.

Short term capital gains – 30% (plus applicable surcharge, education cess & secondary & higher education cess on income tax)

Long term capital gains – 10% (without cost indexation) plus applicable surcharge , education cess and secondary & higher education cess on income tax) (Shares held in a company would be considered as a long-term capital asset provided they are held for a period exceeding 12 months).

Under section 54EC of the I.T. Act and subject to the conditions and to the extent specified therein, long term capital gain (in case not covered under section 10(38) of the I.T. Act) arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by –

- a. National Highways Authority of India constituted under Section 3 of The National Highways Authority of India Act, 1988;
- b. Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956;

If only part of the capital gain 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 within three years from the date of their acquisition. For Investment made on or after the 1st Day of April 2007, the exemption would be restricted to the amount, which does not exceed Rupees Fifty Lacs during the financial year.

As per section 74 Short term capital loss suffered during the year is allowed to be set-off against short-term as well as long term capital gain of the said year. Balance loss, if any, could be carry forward for eight years for claiming set-off against subsequent years" short-term as well as longterm capital gains. Long term capital loss suffered during the year is allowed to be set-off against long term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years" Long term capital gains.

As per section 90(2) of the I.T. Act, the provisions of the I.T. 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.

Venture Capital Companies/Funds

In terms of section 10(23FB) of the I.T. Act, income of:-

Venture Capital company which has been granted a certificate of registration under the Securities and Exchange Board of India Act , 1992 and notified as such in official Gazette; and

Venture Capital Fund, operating under a registered trust deed or a venture capital scheme made by Unit trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act , 1992 and fulfilling such conditions as may be notified in the official Gazette, set up for raising funds for investment in a Venture Capital Undertaking, is exempt from income tax,

As per section 90(2) of the I.T. Act, the provisions of the I.T. 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.

Under the Wealth-tax Act, 1957

To the Company

The Company is not liable to wealth tax except in respect of the specified assets mentioned in the Wealth Tax Act, and where net wealth is in excess of Rs.30,00,000.

To the Members

Shares of the company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth-tax Act, hence Wealth-tax Act will not be applicable.

Notes:

All the above benefits are as per the current tax laws as amended by the Finance Act (No.2), 2009. However benefits proposed by Direct Taxes Code Bill, 2009 (which becomes law only in 2011, if passed in the Parliament) have not been considered. The amendments proposed under the Finance Bill 2010 have been inserted at the relevant places within the relevant paragraphs.

We hereby give our consent to include our above referred opinion regarding the tax benefits available to the Company and to its shareholders in the offer document which the Company intends to submit to the Securities and Exchange Board of India, Mumbai.

In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements (DTAA), if any, between India and the country in which the non-resident has fiscal domicile.

Our views expressed herein are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

The stated benefit will be available only to the sole/first named holder in case the shares are held by Joint holders.

In view of the individual nature of tax consequence, each investor is advised to consult his/her own tax adviser with respect to specific tax consequences of his/her participation in the issue and we are absolved of any liability to the shareholder for placing reliance upon the contents of this material.

The possible Tax benefits listed above are not exhaustive and 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. All reasonable care has been taken in the preparation of this opinion.

SECTION IV: ABOUT THE COMPANY

INDUSTRY OVERVIEW

The information in this section is derived from various government and other public sources. Neither we nor any other person connected with the Issue have verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information.

In particular, we have relied upon a report by 2S Consulting called “Hair & Beauty Salon Industry Report” (the “Beauty Salon Report”). This Beauty Salon Report was commissioned by us in November 2010. Neither we nor any other person connected with the Issue has verified the information sourced from this Beauty Salon Report. Prospective investors are advised not to unduly rely on the information sourced from this report when making their investment decision.

Overview of the Indian Economy

India, the world’s largest democracy in terms of population had a GDP on a purchasing power parity basis estimated to be U.S. \$ 4.046 trillion in 2010. This makes it the fifth largest economy in the world after the European Union, United States of America, China and Japan (Source: CIA World Factbook).

In 2010, the Indian economy rebounded robustly from the global financial crisis - in large part because of strong domestic demand - and growth exceeded 8% year-on-year in real terms.

An industrial expansion and high food prices, resulting from the combined effects of the weak 2009 monsoon and inefficiencies in the government's food distribution system, fuelled inflation which peaked at about 11% in the first half of 2010, but has gradually decreased to single digits following a series of central bank interest rate hikes.

The growth rate has been spurred by the manufacturing sector, which has logged approximately 28.6% growth in 2009, agriculture sector’s share is approximately 16.1% of GDP and services sector share is relatively high for an emerging market at approximately 55.3% of GDP in 2009. (Source: CIA World Factbook).

OVERVIEW OF WELLNESS INDUSTRY

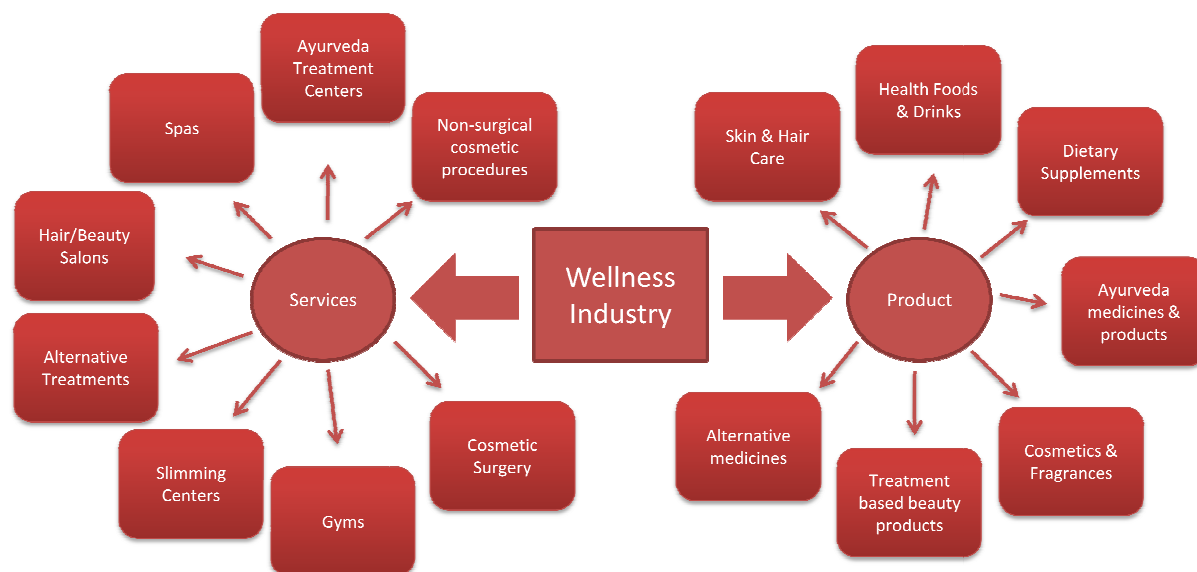
Wellness industry took shape in very recent years. Wellness industry is very much in demand as more and more people are getting aware with importance of wellness. Now a days, consumers are started using new wellness related products and services.

The global Wellness industry is estimated at US\$ 1.9 trillion in 2010 as per recent exercise study released at the Global Spa Summit in Turkey in May 2010.

The Beauty and Anti-Aging segment forms the largest constituent at US \$ 679.1 bn accounting for 35% of the overall Wellness industry.

Wellness industry caters to the human need for wellness-an antithesis to the concept of illness. The Indian Wellness industry was roughly sized at ₹28,000 Crore in 2008, and which is growing at around 20% annually.

STRUCTURE OF WELLNESS INDUSTRY IN INDIA



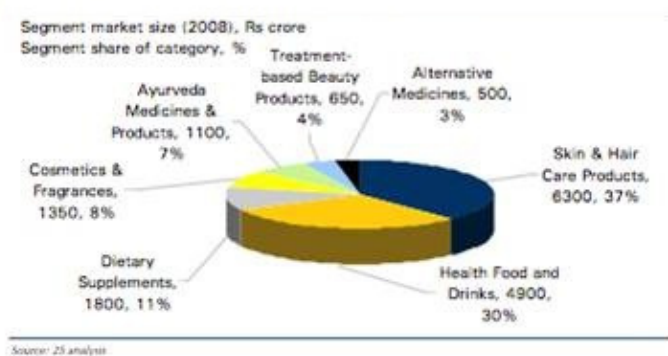
❖ Wellness Products Industry

In 2008, the Wellness Products industry segment was sized at roughly ₹16,500 crore, constituting 60% of the overall industry. The segment is growing at a compounding annual growth rate (CAGR) of 11-14%.

This industry segment is mainly constituted of:

- Skin and Hair Care products
- Health Foods and Drinks
- Dietary Supplements
- Cosmetics and Fragrances
- Ayurveda medicines and products
- Alternative medicines
- Treatment based Beauty products

Wellness Product Category Break-up



❖ Wellness Services Industry

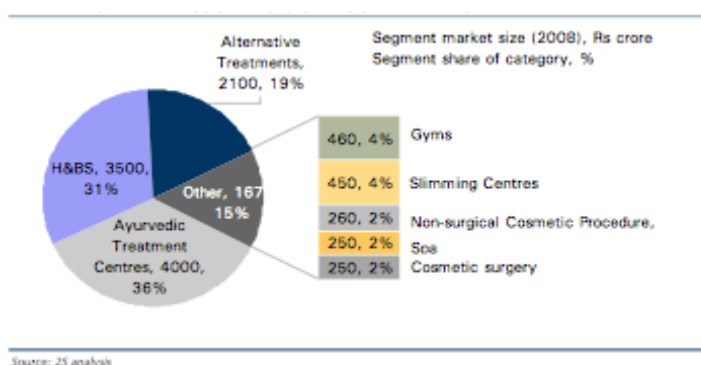
The Wellness services industry is highly interlinked with the demographics and lifestyle trends. As the market is more pronounced in the urban segment, analyzes of the various economic segments of the urban population and their expected evolution for the period 1995 – 2025 is important.

In 2008, the Wellness Services industry segment size was roughly ₹11,500 crore, forming the balance 40% of the overall Wellness industry. This segment is growing rapidly at a projected five-year CAGR of 30-35%.

Wellness Services is constituted of:

- Hair/Beauty Salons
- Spas
- Ayurveda Treatment Centres
- Alternative Treatments
- Slimming Centres
- Gyms
- Cosmetic Surgery
- Non-surgical cosmetics procedures

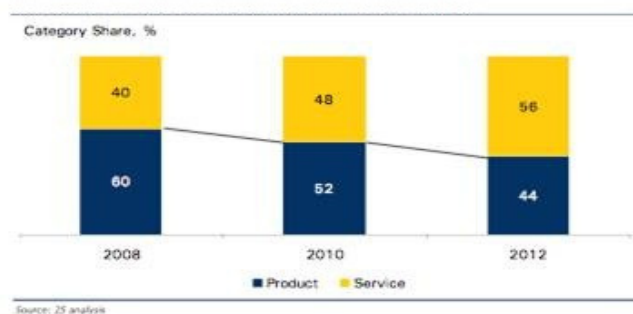
Wellness Services Category Break-up



Wellness service in India is largely dominated by the Ayurvedic Treatment Centres and Alternative Treatments that together account for 55% of the services category. But salons (or rather Hair & Beauty Salons) are a substantial ₹3,500 crore market accounting of over 30% of the category.

The focus in Wellness industry is shifting from consumption of products to services. The far higher growth rate of Wellness services is expected to propel this category to a 55% share of Wellness industry in 2012 overtaking the product category by 2011. Wellness Service is expected to be ₹34,000 crore in 2012.

Projected Break - up of Wellness Industry



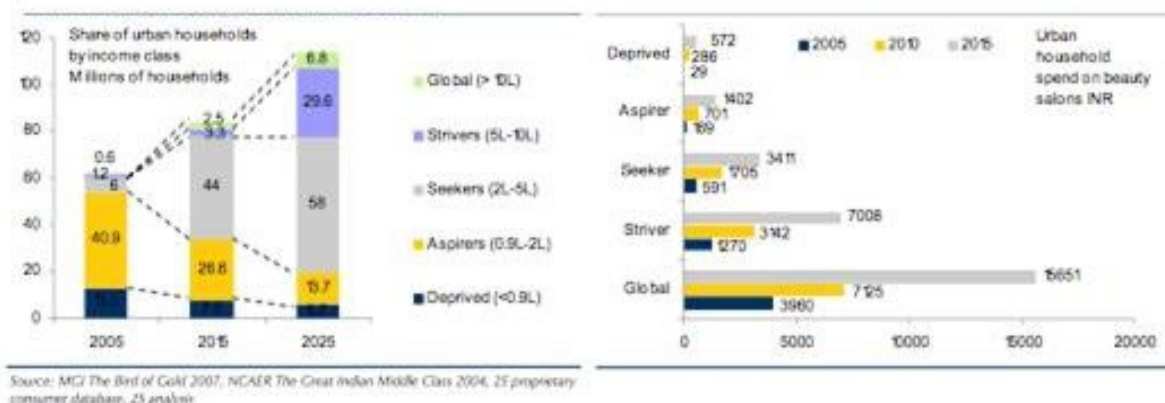
The estimated sizes of Wellness Products and Wellness Services currently (2010) are ₹21,000 crore and ₹19,500 crore respectively.

CLASSIFICATION OF URBAN HOUSEHOLD

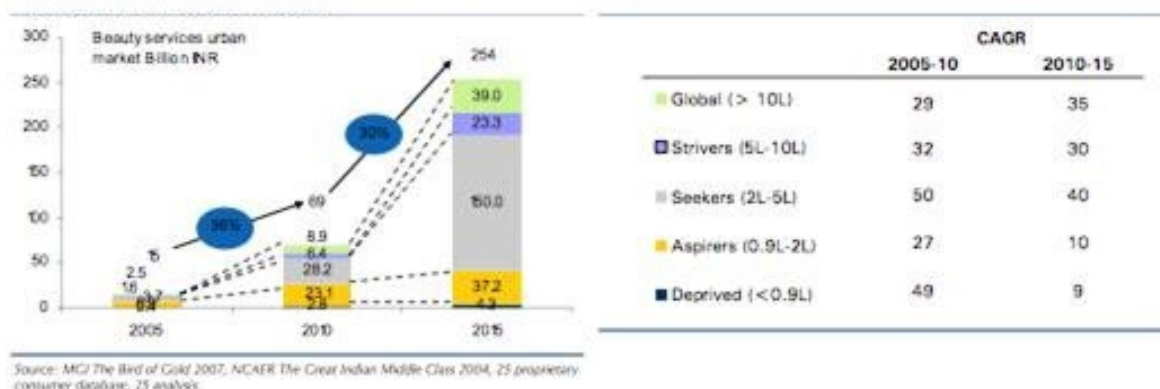
5 income categories were considered for classifying the urban households with distinctive consumption patterns. These categories are based on economic class classification developed by NCAER and outline the real annual disposable income for a household.

Globals	It constitute households with annual household income over INR 1 million and is the wealthiest segment. People in this bracket enjoy a high standard of living and have tastes and preferences of global standards. The main constituent in this group is senior corporate executives, large business owners, politicians, big agricultural land owners and top-tier professionals. Graduates from India's premier academic institutes who are commanding premium salaries from multinational and large corporate, are a new addition to this category.
Strivers	It constitute households with annual household incomes between INR 5 lakhs to 10 lakhs and are characterized by steady income sources and reasonable wealth. Typical profile contains businesspeople and traders in cities, established professionals, senior government officials, medium-scale industrialists in towns, rich farmers in villages.
Seekers	It constitute households with annual household income between INR 2 lakhs to 5 lakhs. This group represents a very diverse population set and is typically comprising of medium-scale traders and businesspeople, mid-level government officials and young college graduates starting their careers as white-collared employees.
Aspirers	It constitute households with annual household income between INR 90 thousand to 2 lakhs. These households constitute of small-time shopkeepers, small farmers, low skilled industrial and service workers. About half of their income is spent on basic needs.
Deprived	It constitute households with annual household income less than INR 90 thousand and represent the poorest income group. The main source of income is through unskilled or low-skilled activities. Many individuals in this group are engaged in part-time or seasonal employment.

Beauty Service usage across different Income Households



Expected Growth of Beauty Service Market in Urban India



The total urban market is ₹118 billion in 2010 and projected it to reach ₹434 billion by 2015. The key growth drivers will be an increase in penetration of beauty services and a large addition to the household size with income between ₹2 to 5 lakhs per annum.

Overview of Hair & Beauty Salon Industry

The Hair & Beauty Salon Industry is a constituent part of the overall Wellness Industry.

The global Hair and Beauty Salon (H&BS) industry is expected to be approx US\$ 80 – 110 billion. This translates to a per capita spend of US\$ 11.9 – 16.3 at the global level. There is well-established linkages between per capita spends on H&BS services and per capita incomes.

The global salon hair care market is at around US\$ 4.5 billion in 2009.

The long-term potential per capita spend on H&BS services is around US\$ 35. But this level will be achieved only on crossing per capita GDP levels of US\$ 25,000.

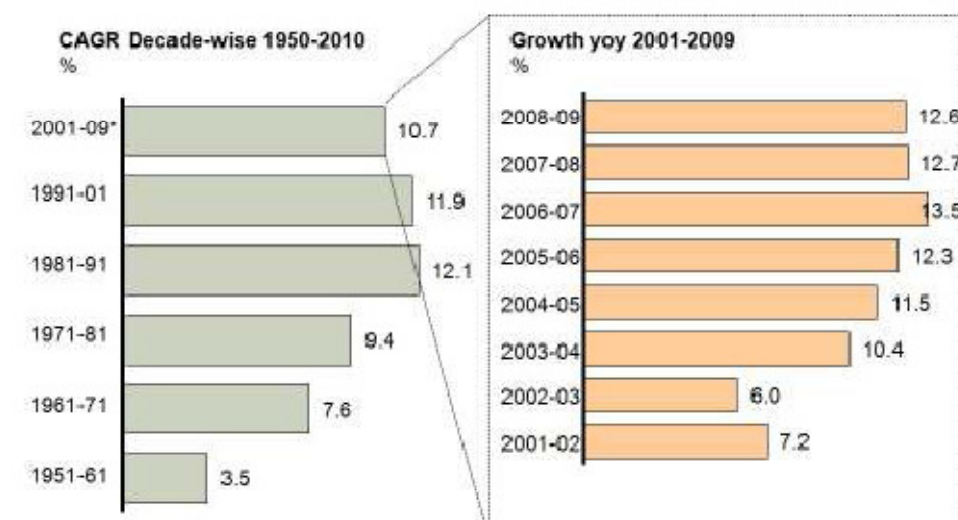
Hair & Beauty Industry in India

The Hair & Beauty Salon (H&BS) industry in India is today at ₹6,900 crore, up from ₹1,500 crore in 2005. It is expected to reach ₹29,800 crore in 2015, and get to ₹98,500 crore in 2020.

Indian per capita spend will grow from US\$ 0.3 in 2005 to US\$ 1.2 in 2010, and is conservatively expected to reach US\$ 5 by 2015, and thereon to a US\$ 15 by 2020. This translates to an overall CAGR of 35% till 2015, and a lower CAGR of 26% thereon till 2020.

Nominal per capita GDP has grown from ₹ 271 in 1950-51 to ₹ 42,749 in 2008-09. This constitutes a CAGR of 9.12% over this period of nearly six decades. The CAGR has not been uniform however over this period.

Growth in Nominal Per Capital GDP



* Only 8-year CAGR available for the latest decade

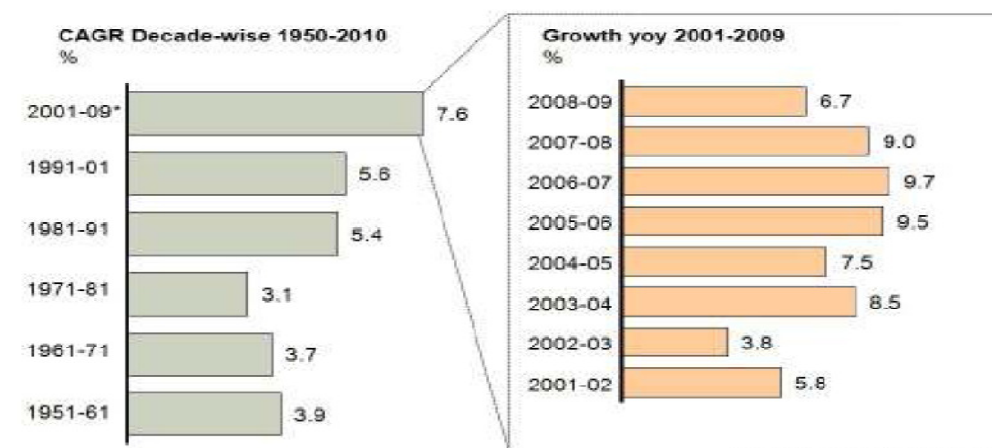
Sources: Economic Survey 2008-09, 25 analysis

Above graph shows the decadal CAGR from the fifties onto the current decade, with the current decade decomposed into year-on-year (y-o-y) growth for each year. The eighties, nineties and the current decade have seen CAGRs of over 10.5%. The last five years have seen consistent y-o-y growths in the range of 11.5 to 13.5%. These periods have seen rapid increase in individual incomes in rupee terms.

However the actual buying power of this nominal growth is tempered by inflation. The real GDP (GDP at constant prices) has grown over the period 1951 – 2009 at a CAGR of 4.76%.

Following graph shows the decadal CAGR from the fifties to the current decade, and y-o-y growths for the current decade.

Growth in Real GDP



* Only 8-year CAGR available for the latest decade

Sources: Economic Survey 2008-09, 25 analysis

Real GDP grew at a CAGR of a little over 3.5% in the thirty-year period covering the fifties, sixties and seventies when the economy was insular and heavily government-led. The gradual liberalization of the economy with improved product and service choices tapping into latent demand saw the CAGR jumping to 5.5% in the eighties and nineties. Post the worldwide slowdown in growth at the turn of the millennium, and greater liberalization of the economy, the real GDP has taken off and been growing at a CAGR of 8.5% since 2003. Such high growth

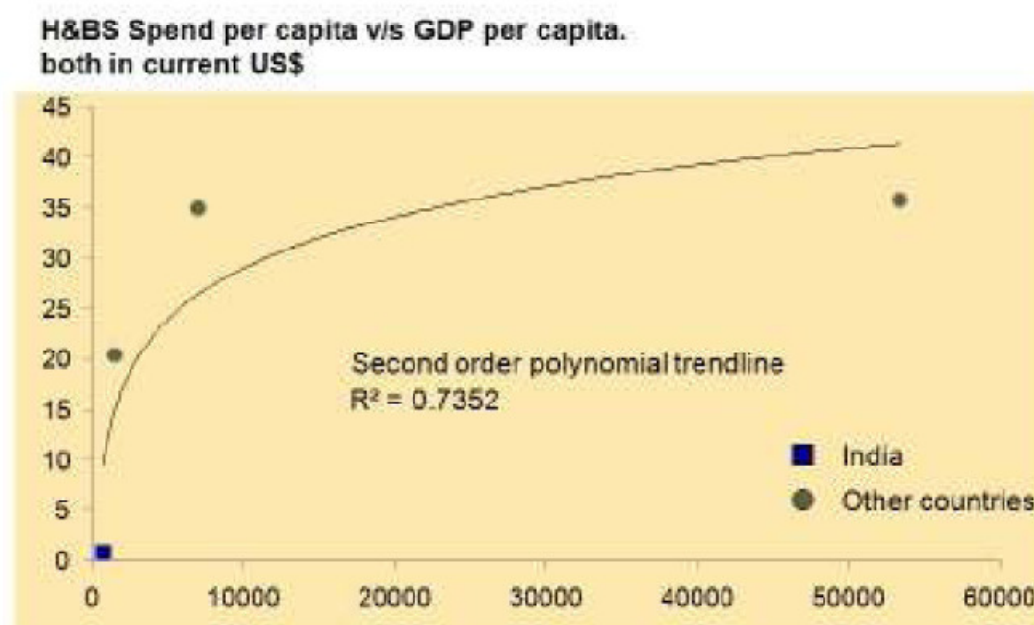
rates are sustainable even in the long term as evidenced by the sustained Chinese double-digit growth. The Indian economy chugged along albeit slower at 6.7% in 2008-09 despite the deep global recession.

PER CAPITA INCOME IN INDIA

Indian per capita income was US\$ 1,032 in 2009. The same is expected to cross US\$ 1,500 in 2013. At this level of per capita income, the per capita H&BS spend has the potential to reach US\$ 15. Taking even the lower estimate of US\$ 15 per capita, this translates to a CAGR of 63% at a per capita basis between 2005 and 2013. Adding on the 1.4% CAGR of the Indian population, the H&BS services has the potential to grow at a CAGR of 65%.

The Indian H&BS industry will actually underperform on this potential and reach a per capita spend of US\$ 1.2 in 2010, and will reach US\$ 5 by 2015, and US\$ 15 by 2020. This translates to a CAGR of 32% in the recent past (2005-2010), 33% moving forward till 2015, and 25% beyond 2015 till 2020 in per capita terms. When seen in absolute terms, these CAGRs translate to an industry CAGR of 34% in the recent past, 35% till 2015, and 26% for the subsequent five years till 2020.

Correlation between H&BS Spends and GDP per capita



*H&BS: Hair & Beauty Salon

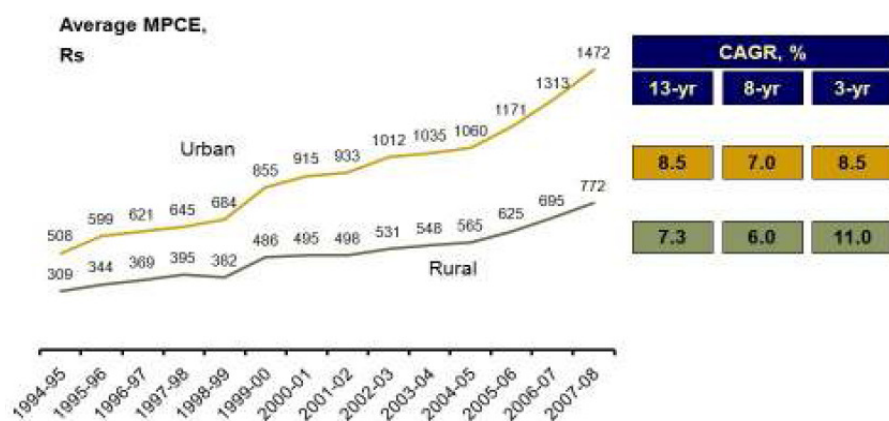
Source: IMF, CIA Factbook, 2S analysis

The above chart shows a reasonable correlation between per capita H&BS consumption and per capita GDP levels. The long-term potential per capita spends on H&BS services is around US\$ 35-40. But this level will be achieved only on crossing per capita GDP levels of US\$ 25,000. India will take a very long time to reach such levels. The trend line shows a rapid spurt in H&BS per capita spends in the US\$ 1,000 – 3,500 per capita income band.

MONTHLY PER CAPITA CONSUMER EXPENDITURE (MPCE)

The average MPCE in urban India has grown from a level of ₹508 in 1994-95 to ₹1472 in 2007-08, a growth of 190% over the period translating to a 13-year compounded annual growth rate (CAGR) of 8.52%. Rural India has also seen a 150% growth in average MPCE from ₹309 to ₹772. This translates to a CAGR of 7.29% for the period.

The trends in urban and rural MPCE can be seen below,



*Actual NSS surveys in various years may not coincide with and Apr-Mar fiscal year, and may actually lag or lead by a quarter. However the same has been used without any adjustments. For missing years, 1996-97 and 2003-04, the MPCE is interpolated from the adjacent years.

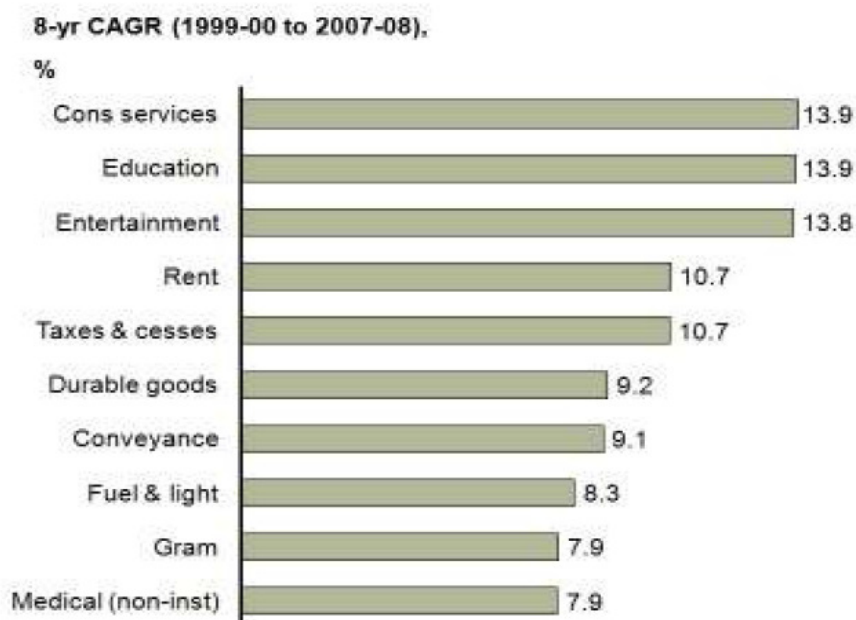
Source: NSS Reports on Household Consumption Expenditure for various years, 2S collation and analysis

In the current millennium, growth has been more subdued. The 8-year CAGRs (1999-00 to 2007-08) for average urban and rural MPCEs are 7.02% and 5.96% respectively. These are 1.50% and 1.33% lower than the 13-year CAGRs.

GROWTH OF H&BS INDUSTRY

The Hair & Beauty Salon industry will grow at a CAGR of 36% per annum till 2015 after which it will drop to 27.5% for the next 5 years.

Top 10 item categories in terms of % Growth



Source: NSS Reports on Household Consumption Expenditure for various years, 2S collation and analysis

The formal industries under Consumer Services are essentially the Communications industry, Hair & Beauty Salon industry, Tailoring, Laundry, Legal services and Pets. The Consumer Services industry topped the list at a 13.94% CAGR in the current millennium. The year-on-year growth in 2007-08 over 2006-07 for this item category was 16.5%.

The MPCE on Consumer services was ₹115 in 2007-08. The average spends on hair and beauty salon services are only around 10-15% of this figure. This provides the Hair & Beauty Salon industry the potential to grow substantially faster than the 14% growth in Consumer Services. The greater degree of organization seen in the Hair & Beauty Salon industry as compared to the other highly informal industries (other than Communications) under Consumer Services will see the industry easily outpace the rest, and corner a large share of the growth in Consumer Services.

GROWTH DRIVERS

❖ Macroeconomic Trends

- Increase in urban income and spends

The Indian nominal GDP has grown from ₹9,719 crore in 1950-51 to ₹49,33,183 crore in 2008-09 at a compounded annual growth rate (CAGR) of 11.34%. The surge in individual incomes had resulted in increased buying power at the hands of households. Increase in incomes has seen a higher rise in disposable incomes (income after taxes). This is due to the streamlining and progressive lowering of taxation rates.

Disposable incomes per capita grew at a CAGR of 7.93% from US\$ 663 in 2006 to US\$ 834 in 2009. This is almost a full percentage point ahead of the 6.95% CAGR for Real per capita GDP in the same period

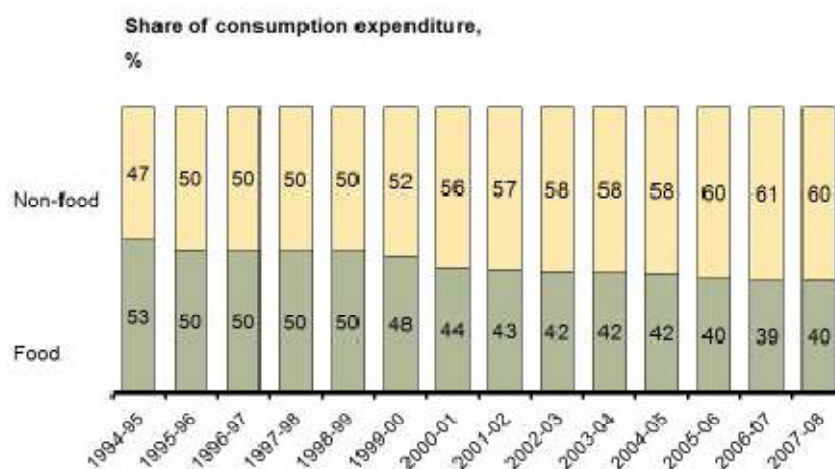
There is growth in spending by people over the years. Post 2004-05, both rural and urban average MPCEs have risen smartly. The CAGR for the average urban MPCE over the last three years (2004-05 to 2007-08) has increased to 11.55%. Average rural MPCE has also shown faster growth for the same period with a corresponding CAGR of 11.00%.

- Shift in spending focus from essentials to meeting lifestyle needs

Discretionary income is the amount of an individual's income available for spending after the essentials (such as food, clothing, and shelter) have been taken care of. Increase in discretionary incomes is generally accompanied by a shift in consumption patterns from these essentials to non-essential items, and from products to services.

The urban household consumption expenditure in India reveals a shift in the mix from essential food items to non-essential non-food items. Also seen is a shift away from products towards greater consumption of services.

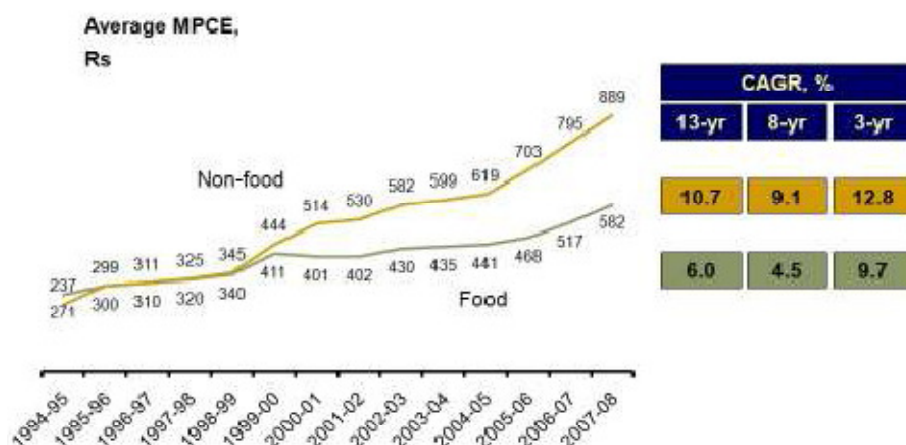
Following graph captures the food and non-food consumption expenditure in urban India,



Source: NSS Reports on Household Consumption Expenditure for various years, 25 analysis.

Food items constituted around 53.4% of the overall consumer spend in 1994-95. Non-food items overtook food items by 1996-97 itself. Food consumption expenditure has dropped nearly consistently every year since and in 2007-08 accounted for only 39.6% of the overall spends.

Following graph shows growth in Food and Non-food MPCEs in urban India,



Source: NSS Reports on Household Consumption Expenditure for various years, 2S collation and analysis

Over a thirteen year time frame, Food has grown at a CAGR of 6.05% while Non-food has bounded ahead at 10.72%. In the current millennium (1999-00 to 2007-08), Food has grown at 4.46% CAGR, while Non-food has maintained a 9.06% CAGR. In the first 5 years (1999-00 to 2004-05), Non-food managed a CAGR of 6.9% while Food was nearly flat at 1.4% CAGR.

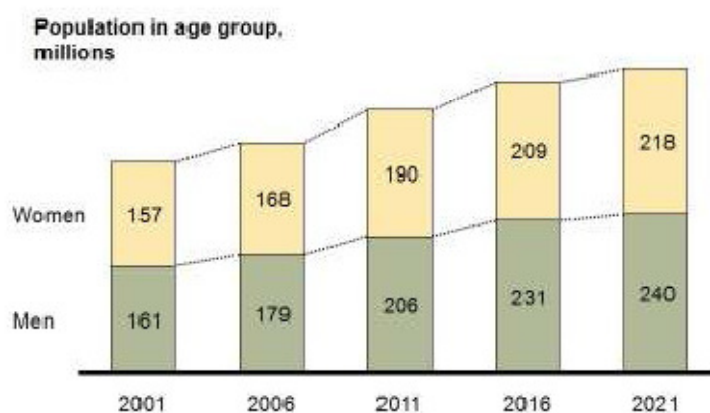
The last three years (2004-05 to 2007-08) have seen both categories recover. Food has grown at a CAGR of 9.68% while Non-food has seen a good growth at 12.85% CAGR.

❖ Demographic Trends

- Increasingly favourable demographic age profile

The 20-40 age group is seen to be the prime age segment that uses a dominant part of hair and beauty services. As can be seen the numbers joining this age band every five years till 2021 are more than the numbers rolling off.

Population trend in 20-40 age group



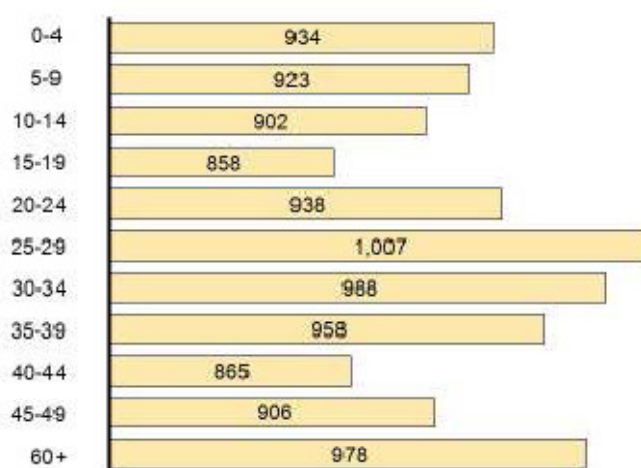
Source: Census 2001, 2S analysis

The 20-40 age group is expected to have grown 25% from 318 million in 2001 to 396 million in 2011. This translates to a CAGR of 2.2% over the period. Going ahead, the age-group will grow to 440 million in 2016 and 458 million in 2021. Accordingly, the CAGR is expected to decrease marginally to 2.1% for the period 2011-2016, and subsequently decline dramatically to 0.8% for the period 2016-2021.

A slightly adverse phenomenon is seen when we analysed the data at the gender level, attributable mainly to the drop in female to male ratio.

Female to Male ratio by age group in 2001

Females per 1000 Males,
ratio



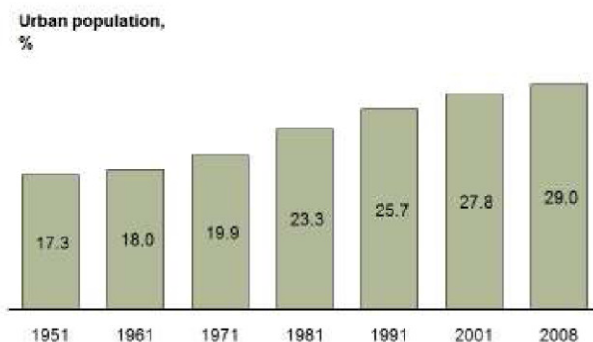
Source: Population census, 2001

The pattern across age-groups is mixed. There was a sharp drop going from the 25-29 age group (as of 2001) to the 15-19 age group. There has however been some recovery going further to the younger age groups. Each of the 9-19 age groups (as of 2001) have a lower female to male ratio as compared to the 20-39 age groups.

Women are greater consumers of Hair and Beauty Salon services as compared to men. Women in the 20-40 age group are expected to have grown at 1.9% CAGR in the period 2001-2011. This group is expected to continue to grow at this rate till 2016. As against this, men in the 20-40 age group are expected to have grown at 2.9% CAGR in the period 2001-2011. The CAGR is expected to drop to 2.3% going forward till 2016. From 2016 to 2021, both genders will grow equally at a 0.8% CAGR.

- Urbanization and increasing urban populations

India is home to around 18% of the world's population but accounts for only 2.42% of the total world area. This bulk of the population is in rural areas, but there is insufficient land to provide sustainable livelihoods. This is driving migration to urban centres in search of livelihoods, and economic mobility.



Source: Census reports, CIA, Facebook for 2008 data

Urban population accounted for 17.3% of overall population in 1951 progressively increasing to 27.8% by 2001. This has subsequently increased to 29% as of 2008. Against an estimated overall population growth of 1.407% in 2010, the urban population is estimated to be growing at a rate of 2.4% annually over the period 2005-2010. The progressive shift towards urbanization will benefit the Hair and Beauty Salon industry that is essentially an urban industry.

❖ Other Trends

- Increased looks-consciousness in men

While the average man earlier went in only for a simple haircut, he is now become more conscious about his appearance and is going for a wider range of services. This phenomenon is observed not just in the metros but also in Tier- 2 and Tier-3 cities. For the organized sector in the industry, this translates to an increase in male clients as also an increase in the average spends.

Men have started using fairness creams, visiting the salon for a facial, pedicure and manicure etc. The increased advertising to this segment on the high viewership national TV channels has also served to increase the beauty consciousness in men.

- Availability of world-class product brands

The range and choice of product brands available also drives the Hair & Beauty Salon industry. The availability of new products has spawned new services in the industry. For example, the introduction of various high quality and safe hair colouring products has triggered the growth of hair colouring services as against the earlier sedate hair dyeing for grey / white hair. The availability of trusted and safe branded products has also helped assuage consumer concerns on that front before going in for salon services.

It is also important to note that the product brands have highly differentiated positioning and target consumers, enabling consumers to identify products that better match their individual needs.

- Emergence of One-Stop-Shop

Industry players are finding that locating service outlets at malls helps despite the associated high realty costs. It aligns them with changing customer preferences. The location also provides a good atmosphere conducive to impulse purchase of their products and services. Very importantly, malls bring in footfalls that are better aligned with the players' target segments. It provides opportunities to the industry player to entice new customers through spot offers of makeovers and free consultations. Lastly, as mentioned the player is able to get high brand visibility.

Industry players are currently exploring multiple new channels from niche single service stores to complete one stop stores to offer a variety of wellness based products and services.

BUSINESS OVERVIEW

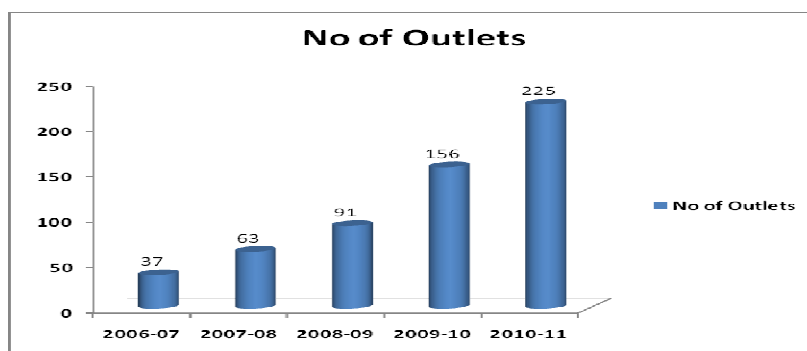
In this section, unless the context requires otherwise, any reference to the terms “we”, “us” “JHHBL” and “our” refers to the Company.

We are one of the leading hair and beauty salon companies in India. The Company is promoted by Mr. Jawed Habib Akhter who is a renowned hair expert, following in the footsteps of his father and grandfather has started JHHBL with a vision to provide quality hair styling and beauty grooming services to the wider population of India. Mr. Jawed Habib Akhter’s ancestors were working with Indian hair since before independence. His grandfather was barber to both the last British viceroy, Lord Mountbatten and Jawaharlal Nehru, India's first Prime Minister.

Mr. Jawed Habib Akhter established himself as one of the leading recognized persons of the industry. He has the world record of performing 410 non-stop hair cuts in a day. Further, with his passion and relentless efforts, he established an effective system which is self sufficient in terms of providing quality services to clients across various parts of the country.

Hair and beauty care services are provided through our owned and franchised outlets across the country. We also run academies for hair styling & beauty with an objective to provide quality training to the aspirants in the profession of cosmetology.

With 37 outlets in the year of incorporation, we have grown rapidly and as of date, we have 8 owned and 176 franchised outlets in 62 cities across India and we run 6 academies on our own and 35 through franchised outlets across 36 cities. The following diagram represents the growth in number of outlets since inception.



The following is the number of total outlets

Particulars	Brand	No of Outlets
Salons – own	Hair & Beauty	08
	HairXpreso	-
Salons- franchised	Hair & Beauty	120
	HairXpreso	56
Academies – own	-	06
Academies – franchised	-	35
TOTAL		225

The Company’s consolidated revenue for the period ending on November 20, 2010 and stand alone restated revenue for the year ending March 31, 2010 were ₹ 2873.03 lakhs and ₹ 1961.95 lakhs and adjusted net profits were ₹ 540.99 lakhs and ₹ 69.06 lakhs respectively.

Competitive Strengths

We believe that the following are our competitive strengths which have been contributing to our consistent growth and our current position in the industry.

Strong brand and geographic presence

Our brand is our promoter Mr. Jawed Habib Akhter, whose passion has been the driving force for the Company. He has worked extensively at grass root levels to grow as a professional organized player in this highly unorganized industry and established number of outlets across India which provides professional hair care and beauty care solutions. His achievements like entering into Limca Book of world records, association with sunsilk as a brand ambassador and association as a brand ambassador with Panasonic for its hair care products, etc. have spread recognition of our brand and hence, today, we are one of the few recognised brands in the country in our segment of industry. Our brand “Jawed Habib” known for consistent standardized quality offerings has a good brand recall which helps in breaking the competitive clutter within the industry.

Wide network of Exclusive Brand Outlets

We have an extensive network of exclusive brand outlets for our brands “Jawed Habib Hair & Beauty” and “Jawed Habib HairXpreso” which are spread across the metros, tier I, tier II and tier III towns of India. As of date the Jawed Habib brand provides hair cut and beauty services through 184 exclusive brand outlets. We have an established network in north/western/eastern India. We have also opened our exclusive outlets in southern India and are working towards expanding our presence there. We have executed letters of intent / MoU’s with a number of potential franchisees across various locations where we plan to open our exclusive brand outlets. The wide coverage of our exclusive brand outlets from metros to tier III towns and through the various regions in India allows us to exploit this highly unorganized market and strengthens our visibility.

Quality training methodology

We have over a period of time developed a scientific training methodology under the guidance of our founder Mr. Jawed Habib Akhter who personally trains the faculty who in turn train the aspirants in hair care and cosmetology. We believe systematic and scientific training is essential for success in this hair and beauty care industry as consumers are increasingly becoming quality conscious across all cities. We understand that in order to achieve success in this fiercely competitive and unorganised market, we need to have specific skill set to understand the ever changing customer requirement which should be acquired through a systematic training. We believe this training methodology plays a key role in providing skilled personnel to our franchisees and ensures smooth operations at each of our outlets. Our training indeed is a catalyst for transformation of hair and beauty services into a respected profession and this is evident from the growth in number of academies.

Experienced and efficient management team

The Company is managed by a team of experienced and professional managers, exclusively focused on different aspects of the hair and beauty care industry such as selection of a location and franchisee, developing of skilled manpower, provision of quality hair care and other cosmetic services, supervising the entire network of outlets logistics and finance. Our promoter and management have substantial experience in this sector. In our business, identification of optimal location for our outlets and managing logistics are the key growth drivers. The proactive and aggressive approach of our management team towards the above core factors has led to the growth of the Company from 37 exclusive brand outlets (as of March 31, 2007) to 225 exclusive brand outlets as of date.

Growth Strategies

We intend to pursue the following strategies in order to consolidate our position and grow further:

Increase our share in the industry

In a fragmented Hair and Beauty care industry, where the demand for quality services is high given increase in income levels, consumerist lifestyles, urbanization, etc. while the supply is largely unorganised and non-standardized, we believe there are opportunities available within the industry. Though majority of the industry is unorganized, the pie for organized players like us is growing as unorganized players lack the required resources to meet the rising demand. Therefore, we with our requisite systems in place would strive to further expand across the country to tap the highly unorganized segment.

Brand promotion

We are constantly looking for opportunities to promote our brand on a nationwide platform. We have entered into advertising agreement with Brand Equity Treaties Limited for promotional activities through different media. Further, we intend to pursue advertising activities vide creative execution, film production, planning, programming implementation and reviewing campaign with an objective of strengthening our brand. We believe by promoting our brand through various modes of advertisement will further enhance our brand visibility and revenues.

Process optimisation

Our wide network of salons and further expansion of the same requires a complete synchronization of processes, information, services, etc. on a regular basis. Adequate information and regulation of franchisees will enable us to achieve operational efficiency which we believe will fuel the growth and reduce leakages in the system. We have entered into a short term agreement with TCS for management of operations. However going forward, we believe that we should have ERP systems customized to our requirements, will help us in optimizing the processes in terms of activity flows. The proposed ERP system will have the features like remote salon management, plotting of locations for salons, non deletion of bills, employee/workforce management, etc. which can standardize the processes and enables smooth functioning the entire network.

Increase geographic penetration by spreading the network of exclusive brand outlets and academies

We intend to focus on maintaining and reinforcing the image of our existing exclusive brand outlets and also introduce our outlets to new geographic areas that are presently less familiar with our services. For the “Jawed Habib” brand, we have an established network in western /north/eastern India and are rapidly consolidating our network in southern India. We have also opened our exclusive outlets in southern India and are working towards expanding our presence there. Further, we have launched “Jawed Habib HairXpreso” brand which will cater to all segments of customers and who are brand as well as cost conscious. We plan to consolidate our presence across all regions in India and all segments of customers by customizing our services under different brands like “Jawed Habib Signature”, “Jawed Habib BeautyXpreso”, etc.

Pursuing potential strategic acquisitions to complement our existing brand portfolio

The Company believes that inorganic growth opportunities would be a “growth and value driver” in its future strategic plans. We believe that attractive opportunities exist to increase revenues and earnings in our core operations with acquisitions of similar and complementary service lines and businesses. In addition to our plans to expand our franchisees in existing network, we also look forward to acquiring businesses with synergetic possibilities for our services, operations and geographies. We intend to pursue these opportunities, in a disciplined manner, to the extent that they become available. As part of the active management of our brand, we will also continue to assess our brand portfolio and may choose to customize certain services over time.

Our service offerings

We offer hair and beauty care services under two different salon brands viz. Jawed Habib Hair & Beauty and Jawed Habib HairXpreso. We also run academies for hair styling & beauty with an objective to provide quality training to the aspirants in the profession of cosmetology. In addition to this we have entered into a MOU with MTPL for association of the Company with Barbie Salon at Hamleys Toy Store at Phoenix Mall, Lower Parel, Mumbai and through this, the Company manages complete operational running of the Barbie salon including managing personnel and training as required.

Our entire range of services include Haircut, Shave, Hair Styling, Blow dries, Hair Straightening, Chemical hair treatments, Hair Colouring, Head Massage, SPA Treatment, Facial treatments (Gold, Bio Marine and Herbal, etc.), Bleaching, Threading, Waxing, Manicures, Pedicures, Make up (Simple, Bridal, Reception, etc.), etc.

Jawed Habib Hair & Beauty

It's full service salon and entire range of services is offered under this brand. A typical Hair & Beauty salon will be spread over 500 sft and serviced by 7 competent and experienced personnel. Each salon has 4-8 styling stations, 2-4 shampoo stations and 1-3 beauty therapy rooms.

The salons are equipped with the state of the art apparatus. Moreover, they are manned by professionals trained at JHHBL's own institute.

Approximate foot falls at these salons 10 per day and the average billing is approximately around ₹ 850

Jawed Habib HairXpreso

Looking at the current trends and customer price awareness and preference towards branded services, we have come out with HairXpreso concept wherein we provide value for money dry and contemporary hairstyling services for just ₹ 99. A HairXpreso salon will be around 100 to 300 sq ft in size and serviced by 3 competent and experienced personnel. Each salon has 3-6 styling stations. We operate this brand through our subsidiary.

Approximate foot falls at these salons 50 per day

Operation Model

We operate through our own exclusive outlets and franchisee outlets. These salons are unisex catering to both males and females and located in high traffic commercial areas with a transparent facade. The equipment in these salons is at par with the best available in the market. The staff is thoroughly trained by professional technicians and is always abreast with the latest international fashion trends.

The Company started with owned/joint venture model. We have changed the model from Company owned/joint venture outlets to franchise outlets from the FY 2007-08. Majority of our outlets were converted to franchise outlets by the end of the FY 2009-10. As of now, majority of the outlets are operated through franchisees.

With the growth in number of outlets and regions, we decided to follow a two pronged strategy viz. based on geographical regions. Entire country was segregated into territories and each territory was licensed to master franchisees who would act as promoter manager to nurture and manage the said territory. Master franchise earns by selling unit franchises in their allotted territories and collecting onetime fee and monthly royalties.

As of date, we have 10 of master franchisees and 211 franchised outlets.

We provide franchisees operational assistance and know-how along with limited technical staff support.

Master franchisees should have infrastructure spread over 2000 - 2500 sq ft unit and Investment required is approximately ranges from ₹ 25 lakhs to ₹ 200 lakhs. This investment is towards non refundable fee to be paid by master franchisee to the Company.

Hair & Beauty Salons franchisees should have infrastructure spread approximately over 500 sq ft unit and Investment required is approximately ₹ 7.5 lakhs. This investment is towards non refundable fee to be paid by unit franchisee to the Company.

The Company has entered into an agreement with TATA Business Support Services Limited (TBSS) on July 08, 2010 wherein TBSS provides the following call center services in two languages viz. English and Hindi and from 10 am to 7 pm, 7 days a week. Call Center offer services like appointment setup, complaints, feedback, locator, price/terms & conditions, schemes & conditions and outbound marketing for clients. Call center services for franchisees include enquiry & info dissemination, profile & assessment capture, evaluation workflow trigger, appointment setting, outbound starter checklist call and complaints/support.

We offer the following benefits to our franchisees

- One of the leading Indian Brands in hair styling and hair care;
- High brand recall;
- Strong Franchisee Validation;
- Our Staff is trained to assist with managing and operating the salon;
- Large range of services offered;
- Opportunity for Growth and Expansion;

- Stores receive powerful national and regional advertising;
- Excellent initial and ongoing support and training;

Training Academy

We believe that the Indian market is under-served in terms of the range of hair and beauty services, and the quality of such services. There is an acute shortage of skilled talent available. With a vision to professionalize the art of hair styling in India and provide scientific and systematic training to aspirants wishing to pursue a career in cosmetology, The Company has established Jawed Habib Professional Institute (the “Institute”). Our institute is an academy for art, creativity and passion of hairstyling and is a catalyst for transformation of hair and beauty services into a respected profession.

The training academies allow us to exploit the growing need in the industry, and provide a ring-side view to identify and retain the better talent for our own franchise network. The training infrastructure also helps us to run courses for our franchisee’s crew of hair and beauty stylists, upgrading talent and ensuring standardization and quality in services offered. Our institute trains over 1000 stylists every year out of which majority of them is absorbed by the Company and some of them have been readily accepted by leading salons across India.

As of date, the Company has 41 Institutes (owned and franchised) with an average of 1,000 students per year in locations including Mumbai, Delhi, Bangalore, Hyderabad, Siliguri, Nagpur, Ludhiana, Chandigarh, Jaipur, Indore, Ahmedabad, Baroda, Surat, Lucknow, Patna, Guahati and Kolkata, etc.

The Institutes provide following variety of courses to meet individual requirements. Duration of course range from a full time six months professional course to short one week courses on specialized aspects of cosmetology.

Course	Duration
Intensive course on hair	24 weeks
Comprehensive course on hair	12 weeks
Part time course on hair	12 weeks
Crash course on hair	4-6 weeks
Master’s course on hair (creative)	2 weeks
Short course on long hair Do’s	1 week

All of the above courses involve a combination of theoretical and practical instructions and are imparted by experienced faculty members. Faculty also uses the recorded visual lectures of our promoter to guide students. Our students are guided along an education pathway that creates links among theory and practice, logic and competitive experimentation, strategy and pragmatism. All theory lessons held in our seats are always carried through creative sessions, workshops and collaboration. These activities are an integrated part of our training programmes with the set goal of providing our students with a concrete and realistic vision of the working world.

Marketing and Advertising Strategy

Advertising and brand promotional activities are key aspects in a service industry like ours. We believe that each of our franchisee is our brand ambassador and we have taken effective steps ensuring success of franchisees whether in terms of providing necessary training, personnel support and technological support to sustain the interest, motivation and commitment. We have entered into MoU with IOC to set up hair and beauty salons at various retail outlets of IOC in the state of Maharashtra and also we have licensed Global CIP Sdn Bhd to use our hair and beauty course material for teaching of aspirants for entire Asia-Pacific region except India. Similarly, we have entered into various other agreements and MOUs as described above to increase our reach and visibility.

Competition

Around 90% of the industry in which we operate is unorganized. Lack of organization prevents the unorganized sector from recognising the growth opportunity. We have made conscious efforts to tap this growth by organising ourselves and have established our presence across various cities in India.

While the competition is largely from unorganized segment, we considered the competitive basis in the organized segment as brand strength, product and service range, location and reach, presence of back-end training academy and other differentiating strengths. The existing large unlisted competitors in the industry are primarily Indian players like VLCC, Shanaz Hussain, Lakme Beauty Salon, etc. but global ones have started to accelerate their focus on the Indian markets.

Properties

We do not own any property. However, we have acquired office premises on leave and license and lease basis, details of which are as under:

Sr.No	Parties and date of Agreement	Licensed Premises and User	License Period
1.	Ms. Yasmin Ellison (Licensors) and the Company (Licensee) Dated 18 th October 2010	Premises at Unit No. 546, Fifth Floor, Laxmi Plaza, at Laxmi Industrial Estate, Off. New Link Road, Andheri West Mumbai – 400053 admeasuring 690 sq. ft. (500-carpet) This Premise is used as the registered office of the Company.	For Period of 36 months commencing from 11th of July 2010 upto 10th of June 2013
2.	Mr. Mittal Gunvantbhai Patel, Mr. Sandeep Govardhanbhai Patel, Mr. Mehul Patel and Mr. Dipesh M. Patel (Licensors) and the Company (Licensee) Dated 1 st May 2008	Premises at Unit No. 11,12,13 and 14, Ground Floor, Building 9, Laxmi Plaza, at Laxmi Industrial Estate, Off. New Link Road, Andheri West Mumbai – 400053 admeasuring 2000 sq. ft. This Premise is used as the corporate office of the Company.	For Period of 33 months commencing from 1 st of July 2008 upto 31 st of March 2011
3.	Mr. Mittal Gunvantbhai Patel and Mr. Sandeep Govardhanbhai Patel (Licensors) and the Company (Licensee) Dated 1 st July 2008	Premises at Unit No. 15, Ground Floor, Building 9, Laxmi Plaza, at Laxmi Industrial Estate, Off. New Link Road, Andheri West Mumbai – 400053 admeasuring 210 sq. ft. This Premise is used as the corporate office of the Company.	For Period of 33 months commencing from 1 st of May 2008 upto 31 st of January 2011
4.	Mr. Jawed Habib Akhter (Licensors) and the Company (Licensee) Dated 1 st April 2007	Premises at Flat No. G-1, Ground Floor, Shri Krishna Nilayama, H No. 1-10-72/ 5-A, Chikali Gardens, Begumpeth,, Secunderabad admeasuring 1320 sq. ft.	For Period of 60 months commencing from 1 st April 2007 upto 31 st March 2012
5.	Mr. Jawed Habib Akhter (Licensors) and the Company (Licensee) Dated 1 st April 2007	Premises at Flat No. 15/2,, Broad Street, P.S. Karaya, Kolkata, West Bengal- 700019 admeasuring 600 sq. ft.	For Period of 60 months commencing from 1 st April 2007 upto 31 st March 2012
6.	Mr. Jawed Habib Akhter (Licensors) and the Company (Licensee) Dated 16 th July 2006	Premises at Flat No. 2401, 24 th Floor, Beverly Hills, Royal Empire CHS Ltd., Shastri Nagar, Lokhandwala Road, Andheri West Mumbai – 400053 admeasuring 1010 sq. ft.	For Period commencing from 1 st June 2006.
7.*	Mrs. Punam Malhotra (Lessor) and M/s Habib Hair and Beauty Studio Pvt. Ltd.	Premises at First Floor, 48, Khan Market, New Delhi admeasuring	For Period of 108 months commencing

	(Lessee) Dated 1 st May 2006 Vide a letter dated April 16, 2010 the Lessor has intimated the Lessee of the sale of said premises to M/s Admiral Finstock Pvt. Ltd.	711 sq. ft.	from 1 st April 2006 to 31 st March 2015
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* The said Premises has been leased by HHBS which is our group company and pursuant to a service sharing MOU with the Company, HHBS has permitted the use of the said Premises for operating as Company owned outlet. [Premises sold by Lessor to M/s Admiral Finstock Pvt. Ltd.]. For further details please refer the chapter “Outstanding Litigations, Material Developments and Other Disclosures” beginning on page 190 of the Draft Red Herring Prospectus

Intellectual Property

We have intellectual property rights that we seek to protect to the fullest extent practicable. We believe that we are not dependent on any of our intellectual property rights individually, although, they may collectively be of material significance to our business.

We have received registration for the logo of the Company under various classes. We have also applied for registration of various trademarks. Further, we have applied for registration of copy rights for “Jawed Habib Caricature”, “Jawed Habib Hair & Beauty Education Program Part - I” and “Jawed Habib Hair & Beauty Education Program Part - II”.

For details of registration of our logo and other details, please refer chapter titled “Government/Statutory and Other Approvals” beginning on page 193 of the Draft Red Herring Prospectus.

Human Resources

Our employees are key contributors to the success of our business. We run training academies across various parts of India through own and franchises’ outlets where our potential salon staff undergoes intense training in soft skills and service delivery. We view this process as a necessary tool to maximize the performance of our employees. Our workforce consists of permanent managerial and other administrative personnel of the Company and salon staff of the Company. Our franchises also employ salon staff at their respective locations.

- **Permanent Employees:** We have a core team of managers which is involved in identifying potential new locations and overall management of the expansion of outlets. We conduct periodic reviews of our employee’s job performance and determine salaries and discretionary bonuses based upon these reviews.
- **Contractual Staff:** The staff at the salons is on the payrolls of various franchises with whom we have exclusive arrangement for sourcing the manpower. All the general trainers and stylists are sourced from these academies.

Technology

We believe that management and integration of operations at various locations of our franchises with the Company requires optimum technological infrastructure. As of now we have entered into a short term agreement with TCS for technological management of operations of our outlets. However, going forward, our strategy is to acquire robust home-grown software which will be completely customized to our requirements and we shall have intellectual property rights over this software asset.

Insurance

We have a corporate insurance policy covering standard fire, earthquake, terrorism, burglary, cash, glass breakage and public liability for total insured amount of ₹1,91,25,000 valid up to May 04, 2011.

KEY INDUSTRY REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India, Government of Maharashtra, and the respective bye laws framed by the local bodies in Mumbai, and others incorporated under the laws of India. The information detailed in this chapter has been obtained from the various legislations and the bye laws of the respective local authorities that are available in the public domain. The regulations and policies set out below are not exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional advice.

Labour Laws

Employees Provident Fund and Miscellaneous Provisions Act, 1952

Employees Provident Funds and Miscellaneous Provisions Act, 1952 ("EPFA") was introduced with the object to institute compulsory provident fund for the benefit of employees in factories and other establishments. The EPFA provides for the institution of provident funds and pension funds for employees in establishments where more than 20 persons are employed and factories specified in Schedule I of the EPFA. Under the EPFA, the Central Government has framed the "Employees Provident Fund Scheme", "Employees Deposit-linked Insurance Scheme" and the "Employees Family Pension Scheme". Liability is imposed on the employer and the employee to contribute to the funds mentioned above, in the manner specified in the statute. There is also a requirement to maintain prescribed records and registers and filing of forms with the concerned authorities. The EPFA also prescribes penalties for avoiding payments required to be made under the abovementioned schemes.

Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1972 provides for payment of gratuity to employees employed in factories, shops and other establishments who have put in a continuous service of five years, in the event of their superannuation, retirement, resignation, death or disablement due to accidents or diseases. The rule of 'five year continuous service' is however relaxed in case of death or disablement of an employee. Gratuity is calculated at the rate of 15 days wages for every completed year of service with the employer. Presently, an employer is obliged for a maximum gratuity payout of ₹ 350,000 for an employee.

Employees State Insurance Act, 1948

The Employees State Insurance Act, 1948 (the "ESI Act") provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

Payment of Bonus Act, 1965

Pursuant to the Payment of Bonus Act, 1965, as amended, an employee in a factory or in any establishment where 20 or more persons are employed on any day during an accounting year, who has worked for at least 30 working days in a year is eligible to be paid a bonus. Contravention of the provisions of the Payment of Bonus Act, 1965 by a Company is punishable with imprisonment or a fine, against persons in charge of, and responsible to the Company for the conduct of the business of the Company at the time of contravention.

Contract Labour (Regulation and Abolition) Act, 1970

The object of the Contract Labour (Regulation and Abolition) Act, 1970 is to prevent exploitation of contract labour and also to introduce better conditions of work. A workman is deemed to be employed as Contract Labour when he is hired in connection with the work of an establishment by or through a Contractor. Contract workmen are indirect employees. Contract Labour, by and large is not borne on pay roll nor is paid directly. The Contract Workmen are hired, supervised and remunerated by the Contractor, who in turn, is remunerated by the Establishment hiring the services of the Contractor.

Apprentices Act, 1961

The Apprentices Act, 1961 was enacted to regulate and control the programme of training of apprentices and for matters connected therewith. The term 'apprentice' means "a person who is undergoing apprenticeship training in pursuance of a contract of apprenticeship". While, 'apprenticeship training' means "a course of training in any industry or establishment undergone in pursuance of a contract of apprenticeship and under prescribed terms and conditions which may be different for different categories of apprentices". The Act applies to areas and industries as notified by Central government.

Equal Remuneration Act, 1976

The Equal Remuneration Act, 1976 aims to provide for the payment of equal remuneration to men and women workers and for the prevention of discrimination, on the ground of sex, against women in the matter of employment and for matters connected therewith or incidental thereto. According to the Act, the term 'remuneration' means "the basic wage or salary and any additional emoluments whatsoever payable, either in cash or in kind, to a person employed in respect of employment or work done in such employment, if the terms of the contract of employment, express or implied, were fulfilled". Nothing in this Act shall apply:- (i) to cases affecting the terms and conditions of a woman's employment in complying with the requirements of any law giving special treatment to women; or (ii) to any special treatment accorded to women in connection with the birth or expected birth of a child, or the terms and conditions relating to retirement, marriage or death or to any provision made in connection with the retirement, marriage or death.

Minimum Wages Act, 1948

The Minimum Wages Act, 1948 provides for fixation and enforcement of minimum wages in respect of scheduled employments. The Act aims to prevent sweating or exploitation of labour through payment of low wages by ensuring a minimum subsistence wage for workers. The Act also requires the appropriate government (both at Centre and States) to fix minimum rates of wages in respect of employments specified in the schedule and also review and revise the same at intervals not exceeding five years.

Workmen's Compensation Act, 1923

The Workmen's Compensation Act is the first piece of legislation towards social security. It deals with compensation for workers who are injured in the course of duty. The scheme of the Workmen's Compensation Act is not to compensate the worker in lieu of wages. The general principle is that a worker who suffers an injury in the course of his employment, which results in a disablement, should be entitled to compensation and in the case of a fatal injury his dependants should be compensated.

Payment of Wages Act, 1936

The object of the Act is to ensure regular and prompt payment of wages and to prevent the exploitation of a wage earner by prohibiting arbitrary fines and deductions from his wages. The Act is not applicable to persons earning wages of ₹6,500 per month or more. Wages include all remuneration, bonus, or sums payable for termination of service, but do not include house rent reimbursement, light vehicle charges, medical expenses, TA, etc.

The Maternity Benefit Act, 1961

The purpose of the Maternity Benefit Act, 1961 is to regulate the employment of pregnant women and to ensure that they get paid leave for a specified period during and after their pregnancy. It provides, inter alia, for payment of maternity benefits, medical bonus and enacts prohibitions on dismissal, reduction of wages paid to pregnant women, etc.

Maharashtra State Tax on Profession, Trades, Callings and Employments Act, 1975

The professional tax slabs in India are applicable to those citizens of India who are either involved in any profession or trade. The State Government of each State is empowered with the responsibility of structuring as well as formulating the respective professional tax criteria and is also required to collect funds through professional tax. The professional taxes are charged on the incomes of individuals, profits of business or gains in vocations. The professional tax is charged as per the List II of the Indian Constitution. The professional taxes are classified under various tax slabs in India. The State of Maharashtra has its own professional tax structure and tax

will be levied on every person who exercises any profession or calling or is engaged in any trade or holds any appointment, public or private, or is employed in any manner in state is liable to pay the profession tax at the specified rate provided that no tax shall be payable by the person who have attained sixty five year of age and handicapped person with more than 40% disability or parent of a physically disabled or mentally retarded child. The tax payable in this Act by any person earning a salary or wage shall be deducted by his employer from the salary or wages payable to such person before such salary or wages is paid to him, and such employer shall, irrespective of whether such deduction has been made or not when the salary and wage is paid to such persons, be liable to pay tax on behalf of such person and employer has to obtain the registration from the assessing authority in the prescribed manner. Every person liable to pay tax under this Act (other than a person earning salary or wages, in respect of whom the tax is payable by the employer), shall obtain a certificate of enrolment from the assessing authority.

The Maharashtra Labour Welfare Fund Act, 1953

The Maharashtra Labour Welfare Act provides for the constitution of a fund for the financing of activities to promote welfare of labour in the state of Maharashtra. It includes every employee, including employee through contractor, but not a managerial capacity or supervisor capacity drawing more than 3500/- p.m.

Industrial Employment Standing Orders Act, 1946

Under the Industrial Employment Standing Orders Act, 1946 every establishment employing more than 50 employees is required to formulate rules and regulations for its employees and the same should be submitted for approval to the Deputy Labour Commissioner.

Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959

Under the Act, all establishments are required to intimate vacancies in the different departments to the employment exchange prior to conducting the necessary recruitment. However, under the Act only intimation is mandatory, not the filling up of such vacancies. Further, the Act also requires the establishments to file quarterly and bi annual returns with the concerned authorities.

Intellectual property

Trademarks

The Trade Marks Act governs the statutory protection of trademarks in India. Indian trademarks law permits registration of trademarks for goods and services. Certification trademarks and collective marks are also registrable under the Trade Marks Act. An application for trademark registration may be made by any person claiming to be the proprietor of a trademark and can be made on the basis of either current use or intention to use a trademark in the future. The registration of certain types of trademarks are absolutely prohibited, including trademarks that are not distinctive and which indicate the kind or quality of the goods.

Applications for a trademark registration may be made for in one or more classes. Once granted, trademark registration is valid for ten years, unless cancelled. The registration can be renewed for further period of ten years. If not renewed after ten years, the mark lapses and the registration for such mark have to be obtained afresh.

While both registered and unregistered trademarks are protected under Indian law, the registration of trademarks offers significant advantages to the registered owner, particularly with respect to proving infringement. Registered trademarks may be protected by means of an action for infringement, whereas unregistered trademarks may only be protected by means of the common law remedy of passing off. In case of the latter, the plaintiff must, prior to proving passing off, first prove that he is the owner of the trademark concerned. In contrast, the owner of a registered trademark is prima facie regarded as the owner of the mark by virtue of the registration obtained.

Tax Related Legislations

Value Added Tax, 2005

Value Added Tax (“VAT”) is charged on sale of goods in the States under the law enacted by each State in respect thereof. VAT is however, not chargeable on the value of services which do not involve a transfer of goods. VAT is a multi-point levy on each of the entities in the supply chain with the facility of setoff of input tax that is the tax paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. Only the value addition in the hands of each of the entities is subject to tax.

Income-tax Act, 1961

The Income-tax Act, 1961 (“IT Act”) is applicable to every Company, whether domestic or foreign whose income is taxable under the provisions of this Act or Rules made there under depending upon its “Residential Status” and “Type of Income” involved. Every Company assessable to income tax under the IT Act is required to comply with the provisions thereof, including those relating to Tax Deduction at Source, Advance Tax, Minimum Alternative Tax and like. Every such Company is also required to file its returns by 31st October of each assessment year.

Service Tax

Service tax is charged on ‘taxable services’ as defined in Chapter V of Finance Act, 1994, which requires a service provider of taxable services to collect service tax from the recipient of such services and pay such tax to the Government. According to Rule 6 of the Service Tax Rules, every assessee is required to pay service tax in TR 6 challan by the 5th of the month immediately following the month to which it relates.

Further, under Rule 7 (1) of Service Tax Rules, the Company is required to file a half yearly return in Form ST 3 by the 25th of the month immediately following the half year to which the return relates.

Customs Act, 1962

The provisions of the Customs Act, 1962 and Rules made there under are applicable at the time of import of goods into India from a place outside India or at the time of export of goods out of India to a place outside India. Any Company requiring to import or export any goods is required to get itself registered and obtain an Importer Exporter Code (IEC) number.

Importer Exporter Code

Under the Indian Foreign Trade Policy, 2004, no export or import can be made by a person or Company without an Importer Exporter Code number unless such person/Company is specifically exempted. An application for an Importer Exporter Code number has to be made to the office of the Joint Director General of Foreign Trade, Ministry of Commerce. An Importer Exporter Code number allotted to an applicant is valid for all its branches/divisions/ units/factories.

General

Competition Act, 2002

The Competition Act 2002 (the “Competition Act”) aims to prevent anti-competitive practices that cause or are likely to cause an appreciable adverse effect on competition in the relevant market in India. The Competition Act regulates anti-competitive agreements, abuse of dominant position and combinations. The Competition Act, although enacted in 2002, is being brought into force in a phased manner. Provisions relating to anti-competitive agreements and abuse of dominant position were brought into force with effect from May 20, 2009 and thereafter the Competition Commission of India (the “Competition Commission”) became operational from May 20, 2009. Sections 5 and 6 (dealing with combinations, mergers and acquisitions) are yet to be notified, by the GoI.

The Competition Act also provides that the Competition Commission has the jurisdiction to inquire into and pass orders in relation to an anti-competitive agreement, abuse of dominant position or a combination, which even though entered into, arising or taking place outside India or signed between one or more non-Indian parties, but causes an appreciable adverse effect in the relevant market in India. Recently, the Lok Sabha has passed a bill to transfer the pending monopolies and restrictive trade practices cases under the Consumer Protection Act, 1986 to the Competition Appellate Tribunal. Once this bill is notified the Competition Appellate Tribunal will take up the

pending cases of unfair trade practices under the Consumer Protection Act, 1986. This bill will replace the ordinance which was introduced on October 14, 2009 to make the Monopolies and Restrictive Trade Practice Commission non functional.

The Indian Contract Act, 1872

The Indian Contract Act codifies the way in which a contract may be entered into, executed, implementation of the provisions of a contract and effects of breach of a contract. A person is free to contract on any terms he chooses. The Contract Act consists of limiting factors subject to which contract may be entered into, executed and breach enforced. It provides a framework of rules and regulations that govern formation and performance of contract. The contracting parties themselves decide the rights and duties of parties and terms of agreement.

The Specific Relief Act, 1963

The Specific Relief Act is complimentary to the provisions of the Contract Act and the Transfer of Property Act, as the Act applies both to movable property and immovable property. The Act applies in cases where the Court can order specific performance of a contract. Specific relief can be granted only for purpose of enforcing individual civil rights and not for the mere purpose of enforcing a civil law. 'Specific performance' means Court will ask the party to perform his part of agreement, instead of asking him to pay damages to other party.

Consumer Protection Act, 1986

The Consumer Protection Act, 1986 seeks to provide better protection of interests of the consumers and for that purpose to make provision for establishment of consumer councils and other authorities for the settlement of consumer's disputes and for matters connected therewith. It seeks to promote and protect the rights of consumers. To provide steady and simple redressal to consumers' disputes, a quasi-judicial machinery is sought to be set up at the district, state and central levels. The quasi-judicial bodies will observe the principles of natural justices and have been empowered to give relieves of a specific nature and to award wherever appropriate compensation to consumers. Penalties for non-compliance of the orders given by the quasi-judicial bodies have also been provided.

Bombay Shops and Establishments Act, 1948

This is a State specific legislation and each State has framed its own rules for the Act. The State Government can exempt any establishment from all or any provisions of this Act either permanently or for a specified period. Establishments are required to be registered under the provisions of local shops and establishments legislations applicable in the states in which such establishments are set up. The provisions of this legislation are applicable to all persons employed in an establishment, whether with or without wages, the only exception being that of the members of the employer's family.

The main objectives of the Shops and Establishments Act is to

- regulate the working & employment conditions of the workers employed in shops & establishments, including, commercial establishments.
- fix the number of working hours, rest intervals, wages overtime, holidays, annual leave, employment of women, maintenance of records and termination of service.

The Company having its registered office at Mumbai, Maharashtra the provisions of the Bombay Shops and Establishments Act, 1948 are applicable to the Company and the Company is registered under the Act.

Other States' Shops and Establishments Acts

The Company and its franchisees are also governed by various other Shops and Establishments Acts as applicable in the states where we have our salons. The following, among others, are the acts and rules and regulations thereunder, as are applicable to our salons:

- The Andhra Pradesh Shops and Establishments Act, 1988;
- The Karnataka Shops and Commercial Establishments Act, 1961;
- The Madhya Pradesh Shops and Establishments Act, 1958;
- The Punjab Shops and Commercial Establishment Act, 1958;
- The Uttar Pradesh Shops and Commercial Establishments Act, 1962;
- The West Bengal Shops and Commercial Establishment Act, 1963;

- The Rajasthan Shops and Commercial Establishment Act, 1958;
- The Tamil Nadu Shops and Establishment Act 1947;

Other States' local legislations

- The Andhra Pradesh Factories and Establishments (National, Festival and other Holidays) Act, 1974;
- The Mumbai Municipal Corporation Act 1888;
- The Karnataka Municipal Corporation Act 1976;
- The Haryana Municipal Corporation Act 1955;
- The New Delhi Municipal Council Act 1994;
- The Chennai City Corporation Licensing of Hoardings and Levy and Collection of Advertisement Tax Rules 2003;
- The Tamil Nadu Fire Services Act 1985;
- The Tamil Nadu Industrial Establishments (National and Festival Holidays) Act 1958

For details of the Company's material registration under the applicable Shops and Establishment legislations, please refer to the chapter titled "Government/Statutory and Other Approvals" beginning on page 193 of the Draft Red Herring Prospectus.

HISTORY AND CERTAIN CORPORATE MATTERS

The Company was incorporated as 'Jawed Habib Hair and Beauty Limited' on April 03, 2006 under the Companies Act, 1956, as amended, (the "Companies Act") with the Registrar of Companies, Maharashtra, Mumbai and it obtained the Certificate of Commencement of Business on 28th April, 2006 from Registrar of Companies, Maharashtra, Mumbai. The Company's corporate identification number as allotted by the Registrar of Companies, Maharashtra, Mumbai is U93020MH2006PLC160931.

The Company is promoted by Mr. Jawed Habib Akhter who is a renowned hair expert, following the footsteps of his father and grandfather has started JHHBL with a vision to provide quality hair styling and beauty grooming services to the wider population of India. Mr. Jawed Habib Akhter's ancestors were working with Indian hair since before the subcontinent's independence. His grandfather was barber to the last British viceroy, Lord Mountbatten, and Jawaharlal Nehru, India's first Prime Minister.

Hair and beauty care services are provided through our owned and franchised outlets across the country. We also run academies for hair styling & beauty with an objective to provide quality training to the aspirants in the profession of cosmetology.

With 37 outlets in the year of incorporation, we have grown rapidly and as of date, we have 8 owned and 176 franchised outlets in 62 cities across India and we run 6 academies on our own and 35 through franchised outlets across 36 cities.

Changes in the Registered Office

The Registered Office of the Company at the time of incorporation was Unit No.11, Laxmi Plaza, Bldg. No.9, Laxmi Industrial Estate, Andheri (West), Mumbai 400 053, Maharashtra, India. However, with effect from 3rd November, 2010, the Registered Office of the Company has been shifted to Unit No. 546, 5th Floor, Laxmi Plaza, Laxmi Industrial Estate, Off New Link Road, Andheri (West), Mumbai – 400053, Maharashtra, India.

Major Events

Fiscal	Event
April 2006	Incorporation of the Company
January 2008	Mr. Jawed Habib Akhter become Brand Ambassador of Sunsilk, product of Hindustan Unilever Limited;
June 2009	Launching First HairXpreso Salon in Raghuleela Mall, Navi Mumbai, offering hair cut at ₹99;
April 2010	Tie up with Mattel Toys(India) Pvt Ltd to manage Barbie Salon at Hamleys Toy Store in Phoenix Mill, Mumbai;
April 2010	Tie up with Trident Hotel, Udaipur operated by EIH Associated Hotels Limited;
May 2010	Tie up with Global CIP Sdn Bhd, licensing to use JH's Hair and beauty courses in entire Asia-Pacific region excluding India;
May 2010	Investment in the Company by Sparrow Hill Advisory Private Ltd.
July 2010	Tie up with Trident Hotel, Kerala operated by Island Hotel Maharaj Limited;
August 2010	MoU with Katha Mediatix India Ltd for advertisement in salon premises across India;
September 2010	Tie up with Indian Oil Corporation Limited;
October 2010	Further Investment in the Company by Sparrow Hill Advisory Private Ltd;
December 2010	Shareholder Agreement with Green field Investment 2;
December 2010	Mr. Jawed Habib Akhter become Brand Ambassador of Panasonic Home Appliance India Company Limited for their hair drier products;

Main Objects

Our main objects as contained in our Memorandum are as follows:

“To carry on the business of Hair stylist, Hair dressers, hair dyers, beauticians, manicurist, makers and suppliers of all kind of wigs, and to run saloons, beauty parlours, message centers, healthcare centers, make up centers, body care centers and to run academic training institutes, in the field of cosmetology, hair styling, hair dresser, beauticians, wigs and to manufacture, buy, sell, import, export or otherwise deal in cosmetics of every description and kind.”

The present business of the Company is as per the main objects as contained in the Memorandum of Association.

Amendments to the Memorandum of Association of the Company

The following changes have been made to our Memorandum since incorporation:

Date of Shareholders' approval	Amendment
May 17, 2010	The authorised share capital of the Company was increased from ₹9 Crore divided into 90,00,000 Equity Shares of ₹10 each to ₹15 Crore divided into 1,50,00,000 Equity shares of ₹10/- each.
December 24, 2010	The authorised share capital of the Company was increased from ₹15 Crore divided into 1,50,00,000 Equity Shares of ₹10 each to ₹ 17 Crore divided into 1,70,00,000 Equity shares of ₹ 10/- each.

Our Subsidiaries**Jawed Habib Hair & Beauty Studio Private Limited (JHHBSPL)**

Jawed Habib Hair & Beauty Studio Private Limited bearing Corporate Identification Number (CIN) U85190MH2010PTC210146 was incorporated in Mumbai, State of Maharashtra on November 16, 2010. JHHBSPL came into existence as a result of conversion of partnership firm M/s. Jawed Habib's Hair Express under part IX of the Companies Act, 1956.

Registered Office:

JHHBSPL's registered office is situated at Unit no. 546, Fifth Floor, Laxmi Plaza, Laxmi Industrial Estate, off Link Road, Andheri -W, Mumbai - 400 053.

Main Objects:

The subsidiary is in the business of hair and beauty care.

Board of Directors:

The board of directors of JHHBSPL comprises of:

1. Mr. Jawed Habib Akhter
2. Mrs. Shaheen Akhter
3. Mr. Rohit Arora

Capital Structure:

The authorised share capital of JHHBSPL is ₹5,00,000/- (Rupees Five lakhs only) divided into 50,000 (Fifty Thousand only) equity shares of ₹10/- each. The paid up capital of HHSPL is ₹5,00,000 /- (Rupees Five lakhs only) divided into 50,000 (fifty thousand only) equity shares of ₹10/- each.

Shareholding Pattern:

The shareholding pattern of JHHBSPL is as follows:

Sr. No.	Name of the shareholders	Number of shares	% of shareholding
1.	Jawed Habib Hair & Beauty Ltd	4,99,994	99.9988
2.	Mr. Jawed Habib Akhter	1	0.0002
3.	Mrs. Shaheen Akhter	1	0.0002
4.	Mr. Rahul Kashiwal	1	0.0002
5.	Mr. Rohit Arora	1	0.0002
6.	Mr. Prakash Singh	1	0.0002
7.	Mr. Bakul Yagnik	1	0.0002
	Total	5,00,000	100.00

Financial performance

The financial highlights of JHHBSPL as per the latest available audited financial statements for the period ended November 20, 2010 are as follows:-

(₹ in lakhs except per share data)

Particulars	20-11-2010
Total Income	1.63
Profit/loss after tax	(1.81)
Reserves and Surplus	93.09
Equity capital	5.00
Earnings per share (Basic and Diluted) (in ₹)	(3.63)
Book value	98.09
Book value per share (in ₹)	196.19

Shareholders Agreement

The Company has not entered into any shareholder's agreements as on the date of the Draft Red Herring Prospectus except following:

Shareholders' Agreement with Greenfield Investments 2

Greenfield Investments 2 ("Greenfield") has entered into Share Purchase Agreement, on December 21, 2010 whereby Greenfield has acquired 47,30,000 equity shares of the Company constituting 44.35% of the share capital of the Company, held by Sparrow Hill Advisory Private Limited for an aggregate price of ₹8,12,61,400. Thereafter Greenfield, the Company and Mr. Jawed Habib Akhter in his capacity as the Promoter of the Company, have entered into a Shareholders' Agreement ("Greenfield SHA"). In terms of the Greenfield SHA, Greenfield inter alia have right to nominate 50% directors on the Board of directors of the Company and affirmative vote on certain matters.

Strategic Partners

As on the date of the Draft Red Herring Prospectus, the Company does not have any strategic partners.

Financial Partners

As on the date of the Draft Red Herring Prospectus, apart from our arrangements with our lenders and bankers, which we undertake in the ordinary course of our business, the Company does not have any other financial partners within the meaning of the SEBI (ICDR) Regulations.

Other Material Agreements

1. Advertising Agreement between Brand Equity Treaties Limited (BETL) and the Company in September, 2010 for advertising of the Company's products, services and brands in the media.

- BETL has an agreement with Bennett Coleman and Company Limited pursuant to which BETL has purchased advertising space in various print publications and offered the same to the Company.
- The Company has made a down payment of ₹12 crores to BETL under this Agreement.
- The Company has made commitment to place advertisements of gross value of ₹18 crores by 30th September, 2014.
- Term of this Agreement is 4 years from 1st October, 2010.
- Termination by either party in case of any default/breach under the Agreement, which has not been cured within 60 days of notice thereof. Also BETL has right to terminate the Agreement in case of breach by the Company of terms of any other agreement between the Company and BETL.
- Arbitration and Conciliation Act, 1996. Venue for arbitration being New Delhi.
- Exclusive jurisdiction of courts of New Delhi.

2. Convertible Debentures Subscription Agreement between Brand Equity Treaties Limited (BETL) and the Company and the Promoter of the Company

- CDS Agreement entered into between BETL and the Company and the Promoter of the Company on September 16, 2010, for subscription of 1 (One) 0% fully convertible debenture of the Company, for a consideration of ₹12,00,00,000/- (Rupees Twelve Crore).
- The Debenture allotted to BETL to be compulsorily converted into Shares on 1st July, 2012. The Company to issue and allot such number of shares to BETL based on the conversion price.
- In the event of the Company issuing shares through IPO anytime prior to the conversion of the Debenture, then the Debenture to stand compulsorily converted into shares prior to such IPO.
- In the event that the Company issues any further Shares, within a period commencing from the date of agreement, till any point of time prior to the completion of the IPO, whereby the Present Price is lower than the Conversion Price, then the Company to issue and allot such number of Shares forming part of the IPO to BETL, for no additional consideration or the minimum additional consideration, such that the weighted average price of the BETL Shares and the Shares acquired by BETL at the IPO shall be equal to the Present Price paid for the Shares issued at the IPO by another Person.

3. Agreement for Services between Tata Consultancy Services Limited (TCS) and (a) the Company; and (b) Jawed Habib Hair & Beauty Studio Pvt Limited.

- Agreement for providing of various business solutions and services by TCS to the Company and Jawed Habib Hair & Beauty Studio Pvt Limited as customers.
- As per terms of the Agreement, TCS to implement TCS SMB Wellness Software in all the owned and franchised outlets of the Company to manage the day to day operations of the outlets such as:
 - Workforce management
 - Appointment scheduler
 - Point of sale
 - Inventory management
 - Day activities
 - Administration
 - Service management
- Effective Date of said Agreement is 2nd September, 2009.
- Duration of the Agreement is 3 years from Service Commencement Date i.e. from 15th October, 2009.
- In case of failure to amicably settle any disputes, same to be referred to arbitration by panel of 3 arbitrators under Arbitration and Conciliation Act, 1996; venue for arbitration being Mumbai.

4. **Statement of Work (Agreement) for provisions of Call Centre Services by TATA Business Support Services Limited to the Company.**
 - Term of 3 years from 8th July, 2010.
 - As per terms of the Agreement, TATA Business Support Services Limited to provide following call center services in two languages viz. English and Hindi and from 10 am to 7 pm, 7 days week
 - **Customer Help Line**
Appointment setup, complaints, feedback, locator, price/terms & conditions, schemes & conditions and outbound marketing
 - **Franchisee Help Line**
Enquiry & info dissemination, profile & assessment capture, evaluation workflow trigger, appointment setting, outbound starter checklist call and complaints/support
5. **Staffing Services Agreement dated 16th July, 2010 between Penta Corporate Services Private Limited, (referred as Calib HR) and the Company for providing recruitment and staffing services on a non-exclusive basis.**
 - Term of this Agreement is one year commencing from 16th July, 2010 up to 15th July, 2011.
 - The said Agreement may be terminated by the Company at any time by giving 30 days notice in writing or by payment of 1 month's service fee to Calibe HR in lieu thereof or also be terminated forthwith upon occurrence of certain events as agreed between the Company and Calibe HR.
 - In case of failure to amicably settle any disputes, same to be referred to arbitration by panel of 3 arbitrators under Arbitration and Conciliation Act, 1996; venue for arbitration being Mumbai.
6. **Marketing & Promotional Agreement**, entered into between Home Shoppe Direct Merchandising Private Limited "HSD", the Company and the Promoter of the Company on January 20, 2011 whereby, both the party had laid down their basic understanding in relation to procuring and selling of herbal cosmetic products by HSD throughout the world under the brand name "JAWED HABIB TOTAL HAIR THERAPY" for duration of ten years from the date of execution of the Prior Agreement dated August 18, 2009.
7. **Brand Licence Agreement**, entered into between Home Shoppe Direct Merchandising Private Limited "HSD", the Company and the Promoter of the Company on January 20, 2011 whereby, at the request of the HSD, JHHBL has agreed to HSD, a licence to incorporate the words "JAWED HABIB" in relation to sale, marketing and distribution of the Products and in any advertisements, infomercials and/or talk shows conceived and produced by HSD.
8. **MoU** between the Company and Mattel Toys (India) Pvt. Ltd. to manage the Barbie Salon at Hamleys Toy Store at Phoenix Mall, Lower Parel, Mumbai for the period of one year from 1st April 2010 to 31st March 2011, subject to an evaluation period of 3 months.
9. **MoU** between M/s. Indian Oil Corporation Limited ("IOC") and the Company, dated 28th September, 2010 to set up the Company hair and beauty salons and academies at various Retail Outlets of the IOC in the state of Maharashtra at the IOC owned or leased sites as well as the dealer owned sites.
 - The Company to pay a monthly compensation to IOC which shall be subject to a minimum guarantee, which would be based on the current market valuation of the fair rental value of the area occupied by the Company's outlets.
 - In case the Company enters into a MOU with a dealer who owns the site, the Company is required to pay an amount equivalent to 20% of the monthly remuneration paid the IOC dealer as royalty to IOC.
 - This MoU to be valid for a period of ten (10) years from the date of execution ie. Upto 28th September 2020.
10. **MoU** between the Company and Katha Mediatix India Limited, where the Company to provide 200 square feet of space per center in its 220 centers for advertisement and Katha to pay ₹5,00,00,000/- to the Company. The agreement to be for a period of three (3) years commencing from 1st July 2010 to 30th June 2013. Agreement could be terminated by either party by giving an advance written notice of 30 days.
11. **License Agreement** between EIH Associated Hotels Limited and the Company on 13th of April 2010 for a period of one year ending on 31st March 2011 to obtain leave and license to run a shop in the Hotel Trident Udaipur for the purpose of carrying on business of beauty parlours under the name of the Company. The

Company to not carry on any other business which may compete with the business of the EIH Associated Hotels Limited. The Company to pay 15% of the price charged from the customers to EIH Associated Hotels Limited.

12. **License Agreement** between Island Hotel Maharaj Limited and the Company on 31st of July 2010 for a period of eleven months from 1st August 2010 ending on 30th March 2011 to obtain leave and license to run a shop in the Hotel Trident Cochin for the purpose of carrying on business of beauty saloon and display and sale of its products under the name of the Company. The Company to not carry on any other business which may compete with the business of the Island Hotel Maharaj Limited. The Company to pay 15% of the price charged from the customers to Island Hotel Maharaj Limited.
13. **MoU** between the Company and M/S. Jawed Habib Hair Express (JHHE), where JHHE has agreed to allow the Company the usage of its trademark for all business purposes.
14. **Agreement with Global CIP Sdn Bsd (GCSB)** The Company has entered an agreement dated May 01, 2010 licensing GCSB to use our beauty courses for teaching of students for entire Asia-Pacific region except India for a consideration of USD 1 Mn.
15. Our Promoter in the capacity of Managing Director of the Company has entered into an agreement dated December 24, 2010 with Panasonic Home Appliances India Company Limited for becoming Brand Ambassador of Panasonic's hair drier products.
16. **Equipment Supply Lease Contract between the Company and ComTech Solutions** for Samsung IP Base Digital Communication Solution vide letter dated 19th March, 2007. Lease rental fees to be paid as per the rates mentioned in Annexure to the Letter.
17. **Agreement** between Clara Network SDN BHD. and the Company on 19th January for a period of five (5) years, for grant of franchise right to operate the Shoppes under the "Clara System" within the Territory. 'Territory' shall mean India for Clara International Academy and NCR of Delhi and Punjab for the Clara International Beauty Shoppe. The Agreement to commence on 19th January, 2008.
18. **MoU** between the Company and REWARDPORT, a division of TravelPort Holidays India (P) Ltd, where the Company shall offer 500 Vouchers (for facial, pedicure, manicure and hair-cut), each for ₹100/- and RewardPort shall pay ₹50,000/- to the Company on the date of this Understanding. As per MoU, customers of "RewardPort" can avail services at all (existing and new) Jawed Habib Hair & Beauty Salons across India. The agreement to be for a period of 12 months commencing from 1st December 2010 to 30th November 2011. Agreement could be terminated by either party by giving 60 days notice in writing to other party.
19. Agreement dated January 10, 2011 entered into with **Numantra Technologies Private Limited**, Mumbai for acquisition of integrated ERP-CRM-BI software solutions. Scope of services include project planning, technical documentation, business analysis and application maintenance and enhancement support. The agreement is valid for a period of five years. Any dispute arising between the parties is subject to the resolution under the jurisdiction of courts of Mumbai, India.
20. Agreement dated December 24, 2010 entered into with **Katha Mediatix Limited**, a 360 degree marketing and communication agency for providing advertising services which will cover creative execution, film production, planning, programme implementation and reviewing of the campaign that will be built around the objective of promoting Jawed Habib Hair and Beauty Limited. The duration of the agreement is 24 months commencing from January 01, 2011 till December 2013. Any dispute arising out of the agreement shall be first referred to sole arbitrator and subject to this the courts in Mumbai shall have the sole jurisdiction.

OUR MANAGEMENT

Our Articles require that until otherwise determined by General Meeting of the Company and subject to the provisions of Section 259 of the Act, the number of Directors (including Alternate, Special Co-Opted, Nominated, Additional Directors) shall not be less than three and not more than twelve.

The Company currently has 6 Directors consisting of 3 executive Directors and 3 independent Directors.

The following table sets out the current details regarding our Board as on the date of the filing of the Draft Red Herring Prospectus:

Sl. No.	Name, Date of Birth, Father's Name, Address, Designation, DIN, Occupation & Nationality	Date of appointment and Term	Directorships/Partner/Proprietor
1.	Mr. Jawed Habib Akhter <i>Father's Name:</i> Mr. Habib Ahmed <i>Designation:</i> Managing Director <i>Date of Birth:</i> June 26, 1963 <i>Address:</i> 9-C DDA, New Friends Colony, New Delhi - 110 065 <i>Occupation:</i> Business <i>Nationality:</i> Indian <i>DIN:</i> 01101635	Appointed as Director from the date of incorporation. Appointed as Managing Director with effect from August 01, 2010. <i>Term:</i> 5 years	<i>Public companies:</i> Nil <i>Private companies:</i> <ul style="list-style-type: none"> Habibs Hair & Beauty Studio Private Limited Jawed Habib's HairXpreso Private Limited Jawed Habib Hair & Beauty Studio Private Limited <i>Proprietorship/Partnership Firm:</i> Nil
2.	Mrs. Shaheen Akhter <i>Husband's Name:</i> Mr. Jawed Habib Akhter <i>Designation:</i> Whole Time Director <i>Date of Birth:</i> April 01, 1970 <i>Address:</i> 9-C DDA, New Friends Colony, New Delhi - 110 065 <i>Nationality:</i> Indian <i>Occupation:</i> Business <i>DIN:</i> 02237614	Appointed as Whole – time Director on September 08, 2010 <i>Term:</i> 5 years	<i>Public companies:</i> Nil <i>Private companies:</i> <ul style="list-style-type: none"> Jawed Habib Hair & Beauty Studio Private Limited <i>Proprietorship/Partnership Firm:</i> Nil
3.	Mr. Rohit Arora <i>Father's Name:</i> Mr. Arun Arora <i>Designation:</i> Whole Time Director <i>Date of Birth:</i> February 12, 1978 <i>Address:</i> B-302, Juhu Rose Apartment, Juhu Church Road, Juhu, Mumbai – 400 049 <i>Occupation:</i> Service <i>Nationality:</i> Indian <i>DIN:</i> 02748270	Appointed as Whole-Time Director with effect from August 01, 2010 <i>Term:</i> 5 years	<i>Public companies:</i> Nil <i>Private companies:</i> <ul style="list-style-type: none"> Jawed Habib's HairXpreso Private Limited Jawed Habib Hair & Beauty Studio Private Limited <i>Proprietorship/Partnership Firm:</i> ECOSS

Sl. No.	Name, Date of Birth, Father's Name, Address, Designation, DIN, Occupation & Nationality	Date of appointment and Term	Directorships/Partner/Proprietor
4.	Mr. Kapil Gupta <i>Father's Name:</i> Mr. Krishna Avtar Gupta <i>Designation:</i> Independent Director <i>Date of birth :</i> September 16, 1962 <i>Address:</i> B-12, Sector – 14, Noida – 201301, Uttar Pradesh <i>Nationality:</i> Indian <i>Occupation:</i> Business <i>DIN:</i> 00631036	Appointed as additional Director with effect from October 25, 2010 <i>Term: Till the date of next AGM</i>	<i>Public companies:</i> 1. Deltronix India Limited 2. Wacorp Hyundai India Limited <i>Private companies:</i> 1. Deltronix Automotive Pvt. Ltd 2. Sonia & Co. Pvt Ltd 3. Kayser India Pvt. Ltd <i>Proprietorship/Partnership Firm:</i> Nil
5.	Mr. Sudhir Tailang <i>Father's Name:</i> Mr. Shrikrishna Tailang <i>Designation:</i> Independent Director <i>Date of birth :</i> February 26, 1960 <i>Address:</i> 252-E, Mayur Vihar, Phase – II, Delhi – 110 091 <i>Nationality:</i> Indian <i>Occupation:</i> Professional <i>DIN:</i> 03268104	Appointed as additional Director with effect from October 25, 2010 <i>Term: Till the date of next AGM</i>	<i>Public companies:</i> Nil <i>Private companies:</i> Nil <i>Proprietorship/Partnership Firm:</i> Nil
6.	Mr. Ashutosh Satchidanand <i>Father's Name:</i> Mr. Satchidanand Pandey <i>Designation:</i> Independent Director <i>Date of birth :</i> April 21, 1968 <i>Address:</i> D – 69, Tarapore Gardens, Oshiwara, Andheri – west, Mumbai – 400 053 <i>Nationality:</i> Indian <i>Occupation:</i> Service <i>DIN:</i> 03340017	Appointed as additional Director with effect from January 06, 2011 <i>Term: Till the date of next AGM</i>	<i>Public companies:</i> Nil <i>Private companies:</i> BIG CBS Networks Private Limited <i>Proprietorship/Partnership Firm:</i> Nil

All our Directors are Indian nationals and none of our Directors are related to each other except Mrs. Shaheen Akhter who is the spouse of Mr. Jawed Habib Akhter.

None of our Directors are or were directors of listed companies whose shares have been/were suspended from being traded on the BSE and/or NSE at any time during the last five years from the date of the Draft Red Herring Prospectus.

Brief Profile of the Directors

Mr. Jawed Habib Akhter, aged 47 years is the Managing Director of the Company. He is an established and recognized Hair expert. He has completed a course of instruction in *Hair Colouring & Setting and Dressing Out* from Morris School of Hair Design, London. He was awarded with Academy Diploma Award for successfully completing *Advance Cutting and Technical Course*. His name is registered in the Limca Book of World Records with a feat of 410 non-stop hair cuts in 25 hours and 42 minutes. He was the brand ambassador for Hindustan Unilever (Brand “Sunsilk”) from 2000 to 2008. He was also appointed as official Hair Stylist to the contestants for Miss India, 2003. Mr. Akhter is Life time Member of the World Federation of Supreme Hairdressers and also a member of International Film & Television Club. Mr. Akhter was appreciated by Hon’ble Speaker, Lok Sabha for his excellent entrepreneurial spirit which has transformed hair styling into an art.

He has authored a number of books on hair styling including “Professional Hairstyling”, “Hair Care for All Seasons”, “Hair Color & Style” and “Hair Tips”. He was presented by BBC’s -Travel & Living as one of the Worlds’ Celebrated Hair Stylists. He has conducted many seminars and workshops. He is the Promoter and director of the Company since incorporation.

Mrs. Shaheen Akhter, aged 40 years is the Whole-Time Director of the Company. She is Hair and grooming expert. She has received Certificate in Cosmetology/Hairstyling from Middlesex Country Adult Technical Schools. She has also attended a Progressive Educational Program in Hair Cutting & Styling, Barbering Techniques and Chemical Theory. She has also conducted many seminars and workshops in India. She has considerable presence in TV, radio and print media across the country. Mrs. Akhter’s other interests include music and traveling. She looks after the academy operations of the Company.

Mr. Rohit Arora, aged 32 years is the Whole-Time Director of the Company. He is also Head – Franchisee Sales & Marketing of the Company. He was the Management Consultant to the Company. He holds a Bachelors of Technology in Mechanical Engineering from IIT Bombay and a Post-Graduate Programme in Management – *Analytical Finance and Strategy & Leadership Specialization* from the Indian School of Business (ISB), Hyderabad. He was one among the four students selected for the *Exchange Programme* to go to Kellogg School of Management, Evanston, US. He was honored with HSBC Scholar from a batch of 300 students in ISB. Prior to working at the Company he was employed at Percept Picture Company, Shri Adhikari Brothers Television Network Ltd, HSBC, KPMG Advisory Services Pvt. Ltd. and Andersen India Pvt. Ltd. He has also interned at Hindustan Livers Limited India. He has been instrumental in launching *Mi Marathi*, a Marathi General Entertainment Channel, *Live India*, a National news Channel. He has made appearances on NDTV Network to speak on the Entertainment business in the Country. He has written books like “*Steps to Standardise Success*” and “*World of Perception*” both of which were received positively. He is also a guest lecturer at IIT Bombay for process design and development.

Mr. Kapil Gupta, aged 48 years is Independent Director of the Company. He has done graduation from Shri Ram College of Commerce, Delhi. He is Fellow member of Institute of Chartered Accountants of India. He is promoter of Deltronix India Ltd, an OEM company specialized in ignition parts & high tech plastic welded components in 1991. He is also the chairman of Wacorp Hyundai India Ltd. Mr. Gupta is an active member of The Society of Automotive Engineers (USA), ACMA, India Habitat Centre and NOIDA Golf Course. He is the President of the Rotary Club of Delhi, Ashoka for the year 2010-11. He has been conferred with the Platinum President Award, Platinum Secretary Award, Governor’s Appreciation Award and the Business Sphere Platinum Award 2008. He was given the Rotary International Four Avenues of Service Citation by W.J. Wilkinson, RI President, 2007-08. Mr. Gupta is a philanthropist and is associated with HCRA which is an NGO equipped to provide physiotherapy, speech therapy and special education. He is also associated with the Rotary Blood Bank.

Mr. Sudhir Tailang, aged 50 years is Independent Director of the Company. He holds Bachelor of Science from University of Rajasthan. He is one of India’s finest political cartoonists, known for his unique drawing style and unsparing satire. He was awarded “Padma Shri”, one of the highest civilian awards of India, by the President of India in 2004 for his contribution to the art of cartooning and journalism. He was also awarded with National Citizen’s Award-1994 presented by Rev. Mother Teresa. His name is recorded in the Limca Book of Records for the tallest caricature of Mr. Amitabh Bachchan in the year 2005. He has worked for Illustrated Weekly of India, Hindustan Times, Indian Express, The time of India, Asian Age and Deccan Chronicle.

He has made TV programmes, anchored a celebrity TV show called ‘*Mera Studio Mera Mehman*’ for Doordarshan in 2005, series of films known as ‘*50 Years of Lampooning*’. He has sold caricatures to raise funds for Kargil soldiers. His 7-feet Kapil Dev caricature was auctioned for ₹70,000 which were donated to a children’s

organization. He has also made animated cartoons and held exhibitions of his cartoons in different parts of the world.

Mr. Ashutosh Satchidanand, aged 42 years is Independent Director of the Company. He holds Bachelor of Arts (Honours Course) in History from University of Delhi and Post Graduate Diploma in Business Administration from K. J. Somaiya Institute of Management Studies and Research, Mumbai.

Presently, He is Chief Operating Officer of Reliance Big Boardcasting. He has launched Reliance ADAG into TV Broadcasting. Prior to this, he was Business Head of “FILMY” channel owned by Sahara TV Network. Over a period of 15 years in Media, he has handled assignments at various levels. He has been through various facets of the organization like setting up a portal, Marketing, Credit Control activities, Event management, Corporate Planning, Retail Sales, Heading TV Channels etc. He also gives lectures on Event Management and Roles of Brands in various colleges.

Arrangements and understanding with major shareholders

None of the Directors or key managerial personnel have been appointed pursuant to any arrangement or understanding with the major shareholders, customers, suppliers or others, of the Company.

Payment to Non-Executive Directors

The non-executive independent Directors are paid sitting fees and any other amounts as may be decided by the Board and the shareholders of the Company, in accordance with the provisions of the Articles of Association, the Companies Act and any other applicable Indian laws and regulations.

The sitting fees paid to the non-executive independent Directors as on January 24, 2011 is set forth below. Other than the sitting fees, the independent Directors did not receive any other remuneration, commission or payment from the Company during this period.

Sr. No	Name of Non-Executive Director	Sitting Fees Paid (In ₹)
1.	Mr. Kapil Gupta	10,000
2.	Mr. Sudhir Tailang	20,000
3.	Mr. Chetan Thakkar	20,000
4.	Mr. Ashutosh Satchidanand	10,000

Payments to Executive Directors

a. Mr. Jawed Habib Akhter

The Board, pursuant to its resolution passed at its meeting held on July 31, 2010 and EGM resolution dated August 25, 2010 appointed Mr. Jawed Habib Akhter as a Managing Director of the Company for a period of five years with effect from August 1, 2010. Mr. Jawed Habib Akhter's terms of appointment are as follows:

Basic Salary	₹ 3,00,000 per month
House Rent Allowances	₹ 1,50,000 per month
Medical Allowances	₹ 15,000 per month
Perquisites	₹ 35,000 per month

b. Mrs. Shaheen Akhter

The Board, pursuant to its resolution passed at its meeting held on September 8, 2010 and EGM resolution dated September 15, 2010, appointed Mrs. Shaheen Akhter as a Whole Time Director of the Company for a period of five years with effect from September 8, 2010. Mrs. Shaheen Akhter's terms of appointment are as follows:

Basic Salary	₹ 1,00,000 per month
Dearness Allowances	₹ 20,000 per month
House Rent Allowances	₹ 50,000 per month
Medical Allowances	₹ 15,000 per month
Perquisites	₹ 15,000 per month

c. Mr. Rohit Arora

The Board, pursuant to its resolution passed at its meeting held on July 31, 2010 and EGM resolution dated August 25, 2010 appointed Mr. Rohit Arora as a Whole Time Director of the Company for a period of five years with effect from August 1, 2010. Mr. Rohit Arora's terms of appointment are as follows:

Basic Salary	₹ 2,00,000 per month
Dearness Allowances	₹ 50,000 per month
House Rent Allowances	₹ 1,00,000 per month
Medical Allowances	₹ 15,000 per month
Perquisite	₹ 35,000 per month

Remuneration by way of professional fees of ₹48,00,000, ₹4,20,000 and ₹14,25,000 paid to the Mr. Jawed Habib Akhter, Mrs. Shaheen Akhter and Mr. Rohit Arora respectively for the financial year ended March 31, 2010.

Note: The Company has applied to the Central Government under Sections 269, 309 (3) and clause B of Section II of Part II of Schedule XIII of the Companies Act for seeking approval for payment of remuneration in excess of the remuneration mentioned clause B of Section II of Part II of Schedule XIII of the Companies Act for its directors Mr. Jawed Habib Akhter, Mrs. Shaheen Akhter and Mr. Rohit Arora.

Borrowing Powers of the Board of Directors

The Articles of Association, subject to the provisions of the Companies Act, authorize the Board, to raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company. The shareholders have, pursuant to a resolution adopted at the EGM dated August 25, 2010, the Company has authorized the Board of Directors for borrowing from time to time, as they may think fit, any sum or sums of money on such security and on such terms and conditions as the Board may deem fit, notwithstanding that 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), may exceed the aggregate, for the time being of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided however, the total amount so borrowed in excess of the aggregate of the paid up capital of the Company and its free reserves and shall not at any time exceed ₹100 Crores/- (Rupees Hundred Crores only).

Shareholding of the Directors

The Articles of Association do not require the Directors to hold any qualification Equity Shares in the Company. The following table details the shareholding of Directors, in their personal capacity, as at the date of the Draft Red Herring Prospectus.

Shareholder	Equity Shares held before issue		Equity Shares held after issue	
	No of Shares	% of paid-up capital	No of Shares	% of paid-up capital
Mr. Jawed Habib Akhter	56,01,695	52.53	[•]	[•]
Mrs. Shaheen Akhter	2,750	0.03	[•]	[•]
Total	56,04,445	52.56	[•]	[•]

Interest of Promoter, Directors and Key Managerial Personnel

Except as stated in the “Financial Statements -Related Party Transactions” beginning on page 142 of the Draft Red Herring Prospectus, and to the extent of compensation and/or commission, if any, and his shareholding in the Company, the Promoter does not have any other interest in the Company.

All of the Directors may be deemed to be interested to the extent of any fees payable to them for attending meetings of the Board or a committee thereof and to the extent of other remuneration and reimbursement of expenses payable to them under the Articles of Association, and remuneration paid to them for services rendered as an officer or employee of the Company. Other than as disclosed in the Draft Red Herring Prospectus, none of the Directors are entitled to receive remuneration from the Company. The Directors may also be regarded as interested in the Equity Shares, if any, held by them, any equity shares that may be subscribed by or allotted to the companies and firms, in which they are interested as directors, members, partners and promoters, pursuant to the Issue or any equity shares held by them in the subsidiary. All of the Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the equity shares.

The Directors and the Promoter do not have any interest in any property acquired by the Company or its Subsidiary within two years of the date of filing of the Draft Red Herring Prospectus with the RoC.

The key managerial personnel of the Company do not have any interest in the Company other than to the extent of the remuneration or benefits to which they are entitled as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

See also the section “Financial Information” beginning on page 125 of the Draft Red Herring Prospectus.

Changes in the Board of Directors during the Last Three Years

Name	Date of Appointment	Date of Cessation	Reason
Mr. Anand Pandit	June 28, 2006	January 31, 2008	Resignation
Mr. Ulhas Ravankar	March 01, 2008	June 20, 2008	Resignation
Mr. Arjun Singh	March 01, 2008	July 31, 2010	Resignation
Mrs. Dimple Dalia	April 03, 2006	March 01, 2008	Resignation
Mr. Vinit Kumar Gupta	April 03, 2006	March 31, 2008	Resignation
Mrs. Shaheen Akhter	June 20, 2008	July 31, 2010	Resignation
Ms. Sana Habib	July 31, 2010	September 08, 2010	Resignation
Mr. Jawed Habib Akhter	August 01, 2010	-	Appointed as Managing Director
Mr. Rohit Arora	August 01, 2010	-	Appointed as Whole-Time Director
Mr. Zafar Khan	August 01, 2010	September 08, 2010	Resignation
Mr. Sanjeev Sawhney	October 1, 2008	September 8, 2010	Resignation
Mrs. Shaheen Akhter	September 8, 2010	-	Appointed as Whole-Time Director
Mr. Kapil Gupta	October 25, 2010	-	Appointed as an additional director
Mr. Sudhir Tailang	October 25, 2010	-	Appointed as an additional director
Mr. Chetan Thakkar	October 25, 2010	January 05, 2011	Resignation
Mr. Ashutosh Satchidanand	January 06, 2011	-	Appointed as an additional director

There are no service contracts entered into by the Directors providing for benefits upon termination of employment.

Corporate Governance & Committees of the Board of Directors

We have complied with such relevant provisions Listing Agreement with respect to corporate governance, including with respect to the appointment of independent Directors on our Board and the constitution of committees of our Board.

The Company undertakes to take all necessary steps to comply with all the requirements of Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges.

Currently, our Board has 6 Directors, of which the Chairman of the Board is an Executive Director. In compliance with the requirements of Clause 49 of the listing agreement, we have 3 executive Directors, and 3 non-executive and independent Directors on our Board. Further, in compliance with Clause 49 of the Listing Agreement, the following Committees have been formed.

Audit Committee

An Audit Committee was re-constituted by the Board of Directors at its meeting held on January 06, 2011 to ensure prudent financial and accounting practices, fiscal discipline, and transparency in financial reporting. Mr. Kapil Gupta was appointed as the Chairman of the Committee with Mr. Ashutosh Satchidanand, Mr. Sudhir Tailang and Mr. Rohit Arora as its members.

Audit Committee have the powers,

a) To investigate any matter within its terms of reference or in relation to the compliance with the provisions of the Companies Act, 1956 or referred to it by the Board. b) To seek information from any employee. c) To obtain outside legal or other professional advice. d) To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible. e) To review with the management, of the annual financial statements before submission to the board for approval etc.

Remuneration Committee

The Remuneration Committee of the Board of Directors was constituted by the Board resolution dated January 06, 2011. Remuneration committee consists of Mr. Ashutosh Satchidanand as the Chairman of the Committee with Mr. Sudhir Tailang, Mr. Kapil Gupta and Mr. Rohit Arora as its members.

Remuneration Committee have the powers,

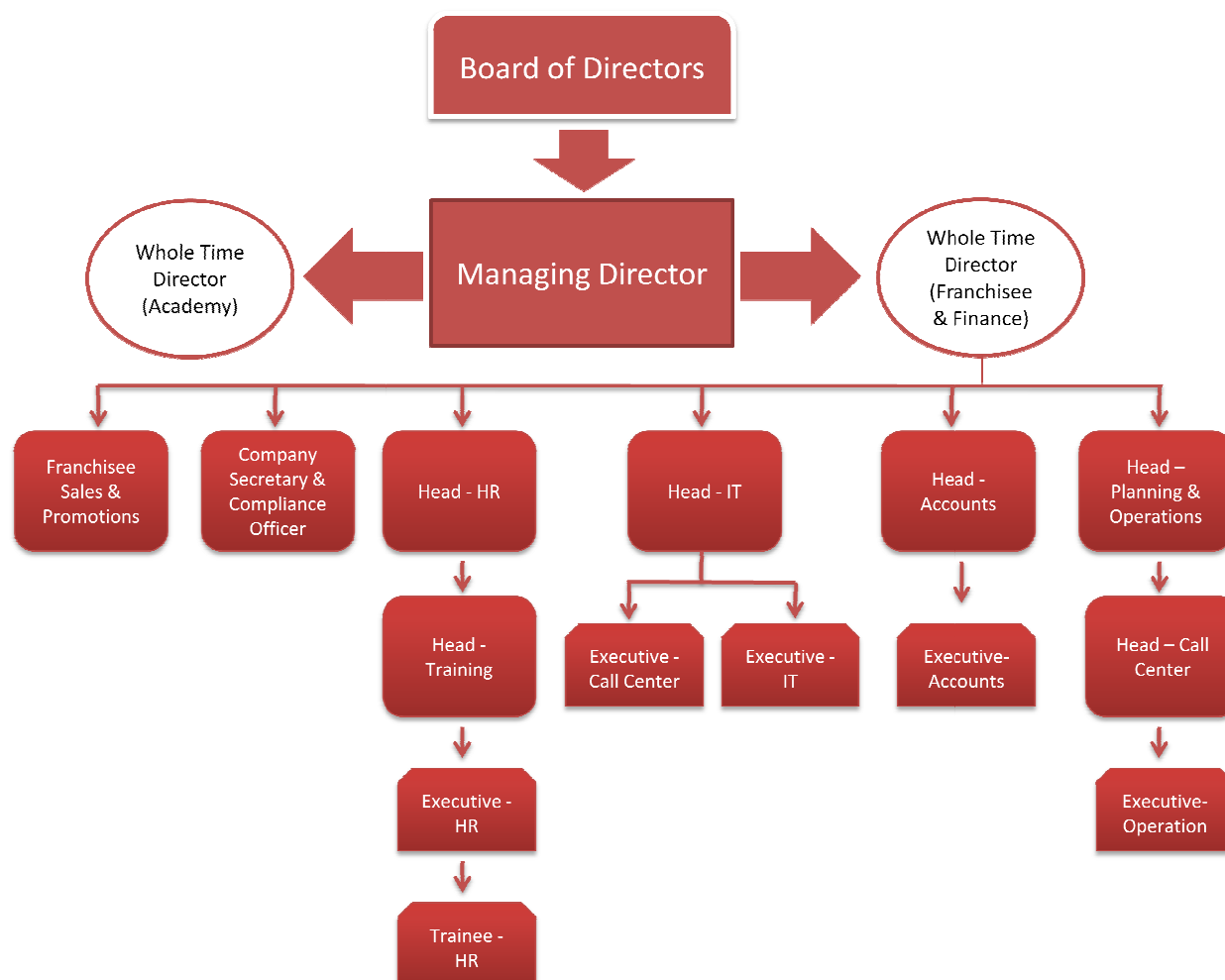
a) To determine the compensation packages of executive directors and senior managers of the company. b) To review recommendations made to it by the company and others. c) To determine the parameters and supervise the operation of the bonus schemes of the company.

Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee was constituted by a Board resolution dated January 06, 2011. The Investors' Grievance Committee consists of Mr. Ashutosh Satchidanand as Chairman of the Committee with Mr. Sudhir Tailang, Mr. Kapil Gupta and Mr. Rohit Arora as its members.

Investor's Grievance Committee have the powers,

a) To approve issuing of duplicate certificates. b) To look into redresses of shareholders'/ investors' complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc. c) To oversee performance of the Registrar and Transfer Agents of the Company and recommending measures for overall improvement in the quality of investor services. d) To monitor implementation and compliance of the Company's Code of Conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992.

Management Organisational Structure (as of the date of filing of the Draft Red Herring Prospectus)

Key Management Personnel of the Company

In addition to our Whole-Time Directors following are our key managerial personnel as on the date of filing this DRHP:

Brief biographies of the Key Managerial Personnel of the Company:

Mr. Amrith Rao, age 40 years, is employed under the subsidiary and through a written understanding for sharing of services of employee with the Company, our subsidiary has permitted the Company to share its employee. Presently, he is rendering services to the Company as *Head – HR*. He joined the Company in August 2009. He holds Bachelor Degree in Economics from Karnataka University and Master of Business Administration specialisation in Human Resource from Institute of Promotional Studies, New Delhi. He has also done Advanced Diploma in HRM from Int'l Institute of Advanced Marketing, Mumbai. He has over 17 years of experience in senior position in the field of Human Resource and Administration. He is responsible for designing the complete HR system & processes, implement High volume & low cost hiring strategies, Employee development through trainings, Career Management, Framing & implementing an Employee value proposition, developing good corporate culture. Prior to joining the Company, he was Head-HR in Food Bazaar, part of Pantaloons Retail. He has also worked with Al-Babtain Group-Saudi Arabia, Textrade International Pvt Ltd, MAN Industries (I) Ltd, Teksons Ltd. The gross remuneration paid to him during fiscal 2010 was ₹ 4.50 Lacs.

Mr. Prakash Singh, age 33, is the *Head- Planning & Operations* of the Company. He joined the Company in June 2006. He is responsible for overall Administration, Commercial & Planning, Interior & Infrastructure, Logistics, handling Accounts & Finance, MIS etc. He has over 12 years of experience in the field of Accounts and Administration. Prior to joining the Company, he has worked with G. C. Chemie Pharmie Ltd, Mahamaya Digital Recording Studio etc. The gross remuneration paid to him during fiscal 2010 was ₹ 4.2 Lacs.

Mr. Bakul Yagnik, age 47, is the *Head- Accounts* of the Company. He joined the Company in June 2006. He holds a Bachelor of Commerce and Bachelor of General Law from Mumbai University. He is responsible for handling day-to-day accounting, work relating to direct and indirect tax, preparation of MIS, Stock and Salary Statements, Finalization of Accounts with auditors. He has over 18 years of experience in accountancy. Prior to joining the Company, he has worked with Macro Impex Pvt Ltd, Shreenath Motors Pvt Ltd, Premier Glass Pvt. Ltd. The gross remuneration paid to him during fiscal 2010 was ₹ 4.2 Lacs.

Mr. Sanjeev Kothare, age 39, is the *Head – IT* of the Company. He joined the Company in July 2010. He holds a Bachelor of Commerce from Mumbai University and Higher Diploma in Software Engineering (Diploma) from Aptech Computer Education. He has undergone various certified programmes like SAS Certified Advanced Programmer, SAS Certified Base Programmer, Microsoft Certified Professional (MCSE 2003 Server). He is responsible for managing IT infrastructure, implementation of software systems and the ERP, handle the implementation of Disaster recovery systems and network security. He undertakes implementation of POS(Point of Sale) solutions, Vendor Management and IT procurements. He is a Technocrat with almost 14 years of extensive experience in setting up and heading IT Projects, encompassing Project Management, Software Development, System Administration and Networking. Prior to joining the Company, he has also worked in various companies as Head-IT. He has worked with Syscon Infotech Private Limited, Milestone Software Solutions UK Ltd as Consultant, Express Transport Pvt Ltd as Head-IT, Perma Container Line(India) Pvt Ltd, German Express Shipping Agency(India) Pvt Ltd and Marine Transport Company Pvt Ltd. Since Mr. Kothare joined us in July 2010, his gross remuneration is ₹5.4 Lacs p.a.

Mr. Shrikant Ghodake, age 32, is the *Head – Training* of the Company. He joined the Company in October 2010. He holds a Bachelor of Engineering in Textile Manufacturing from Shivaji University where he stood 8th in final year examination and Master of Management Studies specialisation in Human Resource from Mumbai University. He is responsible for the design, implementation, and administration of training programs. Prior to joining the Company, he has worked with Reliance Retail Ltd as Deputy Manager where he was responsible for Recruitment, PMS,SAP HR Training, HR Operations, HRIS & Employee relations. He was also worked with Worldtex Manufacturing Pvt. Ltd and Indorama Synthetics Pvt. Ltd. Since Mr. Ghodake joined us in October 2010, his gross remuneration is ₹5.4 Lacs p.a.

Mrs. Shweta Nair, age 27, is the *Head – Call Center* of the Company. She joined the Company in September 2010. She holds a Bachelor of Science from Mumbai University and Post Graduate in Medical Laboratory Technology from Mumbai University. She is responsible for Monitoring and Managing Performance of the call center on regular basis, effectively communicate and manage changes in operating procedures and processes, coordinating with various other departments viz WFM, Quality team for smooth functionality etc. Prior to joining the Company, she has worked with Kotak Mahindra Old Mutual Life Insurance Ltd, Spanco Respondez BPO Private Ltd etc. Mrs. Nair's gross remuneration is ₹3.24 Lacs p.a.

Mr. Gaurav Raghuvanshi, age 22, is the Company Secretary of the Company. He joined the Company in January 2011. He holds a Bachelor of Commerce from Garware college of commerce, pune and Associate member of The Institute of Company Secretaries of the India. He is responsible for the secretarial and compliance functions of the Company. Prior to joining the Company, he has worked with Grasim Industries Limited. Mr. Raghuvanshi's gross remuneration is ₹3.00 Lacs p.a.

All the key management personnel mentioned above are permanent employees of the Company.

None of the key management personnel are related to each other or any promoter or directors.

Service Sharing Agreement between the Company and the Subsidiary of the company

The Company and the subsidiary have entered into service sharing agreement for sharing of employee between the Company and the Subsidiary dated August 29, 2009 whereas subsidiary has permitted the Company to render services of its employee.

Service Contracts

No service contracts have been entered into with any Key Management Personnel or Director for provision of benefits or payments of any amount upon termination of employment.

Shareholding of the Key Management Personnel

None of the Key Management Personnel hold any shares in the Company.

Bonus or profit sharing plan for the Key Management Personnel

There is no bonus or profit sharing plan for key management personnel of the Company.

Employees

As on January 18, 2011, the Company has provided direct employment to 65 people. For more details about our employees please refer to chapter titled “Business Overview” beginning on page 89 of the Draft Red Herring Prospectus.

Changes in the Key Management Personnel

The following are the changes in the key managerial personnel of the Company, other than the executive directors, in the last three years preceding the date of filing the Draft Red Herring Prospectus.

Name	Date of Appointment/Change in Designation	Date of Cessation	Company	Designation	Reason
Mr. Prakash Singh	June 01, 2006	-	JHHBL	Head – Planning Operations	Appointment
Mr. Bakul Yagnik	June 15, 2006	-	JHHBL	Head - Accounts	Appointment
Mr. Amrith Rao	August 14, 2009	-	Jawed Habib’s Hair Express (now become Subsidiary of the Company)	Head-HR	Appointment
Mr. Sanjeev Kothare	July 01, 2010	-	JHHBL	Head - IT	Appointment
Mr. Shrikant Ghodake	August 05, 2010	-	JHHBL	Head - Training	Appointment
Mrs. Shweta Nair	September 03, 2010	-	JHHBL	Head – Call Center	Appointment
Mr. Gaurav Raghuvanshi	January 06, 2011	-	JHHBL	Company Secretary	Appointment

Employee Stock Option Scheme

As of the date of filing of the Draft Red Herring Prospectus, the Company does not have any Employee Stock Option or Purchase Scheme.

Loans taken by Directors / Key Management Personnel

Nil

Payment of Benefit to Officers of the Company (non-salary related)

Except the statutory payments made by the Company, in the last two years, the Company has not paid any non-salary amount or benefit to any of its employees.

OUR PROMOTER AND GROUP COMPANIES

Our Promoter is Mr. Jawed Habib Akhter who is the Managing Director of the Company. He is a resident Indian national.

The details of our Promoter are as follows:



Identification:

Age	47 years
Residential Address	9-C DDA, New Friends Colony, New Delhi - 110 065, India
PAN	ABHPH1565M
Passport No.	Z2010217
Voter Identity No.	DL/02/006/171913
Driving License No.	P03122003389332
Designation	Managing Director
Professional experience and Education qualification	Please see the chapter "Our Management" beginning on page 108 of the Draft Red Herring Prospectus
Special Achievements of our Promoter	Please see the chapter "Our Management" beginning on page 108 of the Draft Red Herring Prospectus
Other Directorship	Please see the chapter "Our Management" beginning on page 108 of the Draft Red Herring Prospectus

For further details, please see the chapter entitled "Our Management" on page 108 of the Draft Red Herring Prospectus.

Declaration

We confirm that the permanent account number, bank account number, passport number will be submitted to the BSE and the NSE, at the time of filing the Draft Red Herring Prospectus.

Our Promoter, the Group Companies of our Promoter and the relatives of the Promoter have confirmed that they have not been identified as wilful defaulters by the RBI or any other governmental authority. Neither (i) the Promoter, the members of the Promoter Group and the Group Companies of our Promoter; nor (ii) the companies with which the Promoter is or was associated as a promoter, director or person in control, are debarred or prohibited from accessing the capital market for any reason by the SEBI or any other authority.

There are no violations of securities laws committed by our Promoter and the Group Companies of our Promoter in the past or currently pending against them.

Common Pursuits

Except as stated below, the Promoters do not have an interest in any venture that is involved in any activities similar to those conducted by the Company or any member of the Group Companies.

- 1) Habibs Hair & Beauty Studio Private Limited
- 2) Jawed Habib's HairXpreso Private Limited

However, as of date the above two companies are not actively carrying on any business.

Companies or firms from which the Promoter has disassociated himself in the last three years

Our Promoter has not disassociated himself from any companies, including but not limited to, through transfer of shareholding and/or resignation from the board of directors in the ordinary course of business, in the last three years preceding the date of filing the Draft Red Herring Prospectus, other than Clipso Hair Art Salons Sdn Bhd, Malaysia through a transfer of shares with effect from September 19, 2008 and Jawed Habib(UK) Limited, England through a transfer of shares date December 22, 2010 and resignation from the board of directors with effect from December 23, 2010.

Defunct Group Companies of our Promoter

There is no defunct Group Companies of our Promoter.

Sale or Purchase Exceeding 10% between Companies in the Promoter Group

There are no sale or purchase transactions between the Company and Companies in the Group exceeding in value of 10% of the total sale or purchase of the Company except those transaction mentioned under "Financial Statements -Related Party Transactions" beginning on page 142 of the Draft Red Herring Prospectus.

Change in Accounting Policies in the Last Three Years

There has been no change in accounting policies in the last three years except as stated in the chapter titled "Financial Information" beginning on page 125 of the Draft Red Herring Prospectus.

The entities/ companies which constitute our Group Companies have been provided below:

- 1) Habibs Cosmetics Private Limited
- 2) Habibs Hair & Beauty Studio Private Limited
- 3) Jawed Habib's HairXpreso Private Limited

1) Habibs Cosmetics Private Limited (HCPL)

Habibs Cosmetics Private Limited bearing Corporate Identification Number (CIN) U74899DL1990PTC04098 was incorporated in New Delhi on July 25, 1990.

Registered Office:

HCPL's registered office is situated at M-3, South Extension Part-II, New Delhi - 110 049, India.

Nature of Business:

The main objects of HCPL are Trading and Manufacturing of Hair & Beauty related products

Board of Directors:

The board of directors of HCPL comprises of:

1. Mr. Habib Ahmed
2. Mr. Pervez Habib
3. Mrs. Hashmi Beghum

Capital Structure:

The authorised share capital of HCPL is ₹15,00,000/- (Rupees fifteen lakh only) divided into 1,50,000 (One lakh and fifty thousand only) equity shares of ₹10/- each. The paid up capital of HCPL is ₹ 8,65,000 (Rupees eight lakh sixty five thousand only) divided into 86,500 (eighty six thousand five hundred only) equity shares of ₹10/- each.

Shareholding Pattern:

The shareholding pattern of HCPL is as follows:

Sr. No.	Name of the shareholders	Number of shares	% of shareholding
1.	Mr. Habib Ahmed	48,100	55.61
2.	Mr. Parvez Akhter	12,800	14.80
3.	Mrs. Hashim Begum	25,600	29.60
	Total	86,500	100.00

Financial performance

The financial highlights of HCPL as per the latest available audited financial statements for the last three years are as follows:-

Particulars	(₹ in lakhs except per share data)		
	Fiscal 2010	Fiscal 2009	Fiscal 2008
Total Income	412.66	256.09	139.48
Profit/loss after tax	78.22	39.98	5.27
Reserves and Surplus	137.57	59.39	19.37
Equity capital	8.65	8.65	8.65
Earnings per share (Basic and Diluted) (in ₹)	90.43	46.22	6.09
Book value	146.22	68.00	28.02
Book value per share (in ₹)	169.04	78.61	32.39

HCPL is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not subject to a winding-up order or petition.

2) Habibs Hair & Beauty Studio Private Limited (HHBSPL)

Habibs Hair & Beauty Studio Private Limited bearing Corporate Identification Number (CIN) U93020DL2001PTC112409 was incorporated in New Delhi on September 13, 2001.

Registered Office:

HHBSPL's registered office is situated at M-3, South Extension, Part - II, New Delhi, India.

Nature of Business:

HHBSPL is in the business of hair and beauty care.

Board of Directors:

The board of directors of HHBSPL comprises of:

1. Mr. Jawed Habib Akhter
2. Mr. Arjun Singh

Capital Structure:

The authorised share capital of HHBSPL is ₹ 2,00,000/- (Rupees Two lakhs only) divided into 20,000 (Twenty Thousand only) equity shares of ₹10/- each. The paid up capital of HHBSPL is ₹ 1,00,000 /- (Rupees One lakh only) divided into 10,000 (ten thousand only) equity shares of ₹10/- each.

Shareholding Pattern:

The shareholding pattern of HHBSPL is as follows:

Sr. No.	Name of the shareholders	Number of shares	% of shareholding
1.	Mr. Jawed Habib Akhter	5,000	50
2.	Mr. Habib Ahmed	5,000	50
	Total	10,000	100

Financial performance

The financial highlights of HHBSPL as per the latest available audited financial statements for the last three years are as follows:-

(₹ in lakhs except per share data)			
Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Total Income	0.11	2.34	2.21
Profit/loss after tax	(4.12)	(31.31)	(14.11)
Reserves and Surplus	(28.50)	(24.38)	6.93
Equity capital	1.00	1.00	1.00
Earnings per share (Basic and Diluted) (₹)	(41.20)	(313.14)	(141.11)
Book value	(27.50)	(23.38)	7.93
Book value per share (in ₹)	(275.03)	(233.83)	79.31

HHBSPL is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not subject to a winding-up order or petition.

3) Jawed Habib's HairXpreso Private Limited (JHHPL)

Jawed Habib's HairXpreso Private Limited bearing Corporate Identification Number (CIN) U74990MH2009PTC196561 was incorporated in Mumbai on October 20, 2009.

Registered Office:

JHHPL's registered office is situated at Unit 11-14, Laxmi Plaza Bldg. No. 9, Laxmi Industrial Estate, Off New Link Road, Andheri - W, Mumbai - 400 053.

Nature of Business

JHHPL is in the business of hair and beauty care

Board of Directors:

The board of directors of JHHPL comprises of:

1. Mr. Jawed Habib Akhter
2. Mr. Aman Agarwal
3. Mr. Rohit Arora
4. Mr. Zafar Khan

Capital Structure:

The authorised share capital of JHHPL is ₹5,00,000/- (Rupees five lakhs only) divided into 50,000 (fifty thousand only) equity shares of ₹10/- each. The paid up capital of JHHPL is ₹1,00,000 /- (Rupees one lakhs only) divided into 10,000 (ten thousand only) equity shares of ₹10/- each.

Shareholding Pattern:

The shareholding pattern of JHHPL is as follows:

Sr. No.	Name of the shareholders	Number of shares	% of shareholding
1.	Mr. Jawed Habib Akhter	4,000	40
2.	Mr. Zafar Khan	4,000	40
3.	Mr. Aman Agarwal	1,000	10
4.	Mr. Rohit Arora	1,000	10
	Total	10,000	100

Financial performance

The financial highlights of JHHPL as per the latest available audited financial statements for the last three years are as follows:-

(In ₹)	
Particulars	Fiscal 2010
Total Income	Nil
Profit/loss after tax	(19,545)
Reserves and Surplus	Nil
Equity capital	1,00,000
Earnings per share (Basic and Diluted) (₹)	(1.95)
Net Asset Value per share (₹)	7.3

JHHPL is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not subject to a winding-up order or petition.

RELATED PARTY TRANSACTIONS

For details of related party transactions, please see the chapter entitled “Financial Statements - Related Party Transactions” on pages 142.

DIVIDEND POLICY

The Board of Directors of the Company may, at its discretion, recommend dividend to be paid to the members of the Company. The factors that may be considered by our Board before making any recommendations for the dividend includes but not limited to profits/earnings during the financial year, liquidity of the Company, need for reserving resources for future growth, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time etc.

Dividend will be declared and approved at the Annual General Meeting of the shareholders based on the recommendation of our Board. The Board may also from time to time pay interim dividend to the members if it considers justified by the profits generated by the Company.

**SECTION V: FINANCIAL INFORMATION
FINANCIAL STATEMENTS**

Auditor's Report

To
The Board of Directors,
Jawed Habib Hair & Beauty Limited
Unit No 546, 5th floor, Laxmi Plaza Building No.9,
Laxmi Industrial estate, New Link Road,
Andheri (W), Mumbai-400 053

Dear Sirs,

We have examined the annexed restated standalone financial information of Jawed Habib Hair & Beauty Limited, ('the Company') for the period ended 20th November, 2010 being the last date to which the accounts of the Company have been made up and audited and four financial years ended 31st March, 2010, 2009, 2008 and 2007. The said financial information is prepared by the management from the financial statements for the period ended 20th November, 2010 and for the year ended 31st March, 2010, 2009, 2008 and 2007, and the same has been approved by the Board of Directors of the Company for the purpose of disclosure in the Offer Document being issued by the Company in connection with the Initial Public Issue of Equity Shares in the Company (referred to as 'the Issue'), which is in accordance with

- (i) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
- (ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009 ('the SEBI ICDR Regulations 2009') in pursuant to Section 11 of SEBI Act 1992 and related amendments/clarifications.
- (iii) Our terms of reference with the Company Letter dated 21st October 2010 requesting us to carry out work in connection with the Offer Document as aforesaid.

Financial Information as per audited financial statements:

1. We report that the restated standalone summary of assets and liabilities of the Company as at 20th November, 2010 and as at 31st March, 2010, 2009, 2008 and 2007 examined by us are as set out in Annexure A to this report after making such adjustments/ restatements as shown in Annexure B (7) and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies and Notes to Accounts as appearing in Annexure D to this report.
2. We report that the standalone restated summary of profits/loss of the Company for the period ended 20th November, 2010 and for the year ended 31st March, 2010, 2009, 2008 and 2007 examined by us are as are as set out in Annexure B to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regrouping as in our opinion are appropriate in the years to which they relates as shown in Annexure B(6) and are subject to the Significant Accounting Policies and Notes to Accounts as appearing in Annexure D to this report.
3. We report that the standalone restated cash flow of the Company for the period ended 20th November, 2010 and for the years ended March 31, 2010, 2009, 2008 and 2007 are as set out in Annexure C to this report after making such adjustments/ restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies and Notes to Accounts as appearing in Annexure D to this report.

4. Based on the above, we are of the opinion that the Restated Standalone Financial Statements have been made after incorporating the qualifications and material adjustments relating to the relevant previous years and after adjusting for the material amounts in the respective financial years to which they relate.
5. There are no extraordinary items which needs to be disclosed separately in the Restated Financial Statements.

Other Financial Information:

6. We have examined the following financial information relating to the Company proposed to be included in the Offer Document, as approved by Board of Directors and annexed to this report:

Annexure
Annexure A: Summary of Restated Assets & Liabilities
Annexure B: Summary of Restated Profit & Loss Account
Annexure C: Cash Flow Statement, as Restated
Annexure D: Significant Accounting Policies and Notes to Accounts, as Restated
Annexure E: Statement of Contingent Liabilities, as Restated
Annexure F: Statement of Dividend Declared, as Restated
Annexure G: Details of Related Party Transactions, , as Restated
Annexure H: Details of Other Income, as Restated
Annexure I: Summary of Accounting Ratios, as Restated
Annexure J: Statement of Secured Loans, as Restated
Annexure K: Statement of Unsecured Loans, as Restated
Annexure L: Schedule for Current Liabilities & Provisions, as Restated
Annexure M: Statement of Debtors, as Restated
Annexure N: Details of Loans & Advances, as Restated
Annexure O: Details of Investments, as Restated
Annexure P: Capitalization Statement, as Restated
Annexure Q: Statement of Tax Shelters, as Restated

7. In our opinion the financial information of the company attached to this report as mentioned in paragraph above read with significant accounting policies and notes on accounts as given in Annexure D and after making rounding off figures in lakhs and regrouping as considered appropriate, has been prepared in accordance with Part IIB of Schedule II of the Act and the SEBI (ICDR) Regulation 2009.
8. This report should not in any way be constructed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should it be construed as a new opinion on any of the financial statements referred to therein.
9. This report is intended solely for your information and for inclusion in the Offer Document in connection with proposed Public issue of shares of the company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For BHARAT SHAH & ASSOCIATES,
Chartered Accountants
(Firm Registration Number - 101249W)**

**(BHARAT A. SHAH)
PROPRIETOR
Membership No.32281
PLACE: Mumbai
DATE: 20/12/2010**

Statement of Assets and Liabilities, As Restated
Annexure A
(Figures in Lakhs Rupees)

Particulars	As at				
	Nov 20, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
A. Tangible assets					
Fixed Assets					
Gross Block	219.99	196.28	210.44	130.90	138.99
Less: Accumulated Depreciation	86.96	74.63	55.04	33.56	17.96
Net block	133.03	121.65	155.40	97.34	121.03
Less: Revaluation Reserve	-	-	-	-	-
Net Block after adjustment of revaluation reserve	133.03	121.65	155.40	97.34	121.03
Capital Work in progress including capital advances	-	-	-	-	-
Total	133.03	121.65	155.40	97.34	121.03
B. Intangible Assets					
Gross Block	86.05	86.05	86.05	-	-
Less: Amortization	49.17	38.14	20.93	-	-
Net Block	36.88	47.91	65.13	-	-
Total	36.88	47.91	65.13	-	-
C. Investments	5.00	-	10.00	5.00	-
D. Deferred Tax Asset	120.17	142.34	129.34	1.57	4.29
E. Current Assets, Loans and Advances					
Sundry debtors	1,458.01	515.15	281.84	70.38	42.03
Cash & Bank Balances	129.99	27.86	21.25	17.86	168.26
Loans & Advances	2,598.48	699.73	570.86	341.75	775.71
Total	4,186.47	1,242.73	873.95	429.99	986.01
F. Liabilities & Provisions					
Current Liabilities & Provisions	1,181.04	875.23	549.46	236.54	139.64
Share Application Money	-	-	-	-	756.00
Secured Loan	82.22	95.15	131.99	116.06	7.08
Unsecured Loan	1,723.95	351.53	388.69	75.00	95.00
Total	2,987.21	1,321.91	1,070.15	427.60	997.72
G. Net Worth (A+B+C+D+E-F)	1,494.34	232.73	163.67	106.29	113.61
Net Worth represented by:					
H. Equity Share Capital	1,066.45	53.40	53.40	53.40	49.80
I. Reserves and Surplus					
Share Premium	-	104.40	104.40	104.40	-
Profit and Loss Account	427.89	74.93	5.87	(51.51)	63.81
Total	427.89	179.33	110.27	52.89	63.81
J. Less: Miscellaneous Expeneditures to extent not written off or adjusted	-	-	-	-	-
K. Net Worth (H+I-J)	1,494.34	232.73	163.67	105.59	113.61

Refer Annexure D(B) - Notes on Adjustments in Restated Financials

As per our report attached

For Bharat Shah & Associates

Chartered Accountants

Bharat A. Shah

Proprietor

Membership No.: 32281

Place : Mumbai

Date : 20/12/2010

Statement of Profit and Losses, As Restated
Annexure B
(Figures in Lakhs Rupees)

Particulars	For the year / period ended				
	Nov 20, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
I. Income					
Operating Income	2,238.50	1,958.02	1,916.87	1,303.82	930.11
Other Income	14.96	3.93	2.30	4.82	1.53
Total-A	2,253.46	1,961.95	1,919.17	1,308.64	931.64
II. Expenditure					
Operating Expenses	851.48	1,183.33	550.69	471.92	293.57
Administration & Other Expenses	537.40	408.83	765.75	499.15	286.38
Employee Remuneration & benefits	120.90	134.32	427.60	403.80	218.24
Finance Charges	65.53	80.16	76.23	23.71	1.94
Depreciation	23.36	41.03	42.40	19.86	17.96
Amortization of Deffered Revenue Expenditure	-	-	-	-	7.50
Total-B	1,598.67	1,847.68	1,862.69	1,418.44	825.60
III. Profit before taxation (A-B)	654.79	114.28	56.49	(109.80)	106.04
Less: Provision for taxation					
-Current	185.00	58.23	123.38	0.11	44.52
-Fringe benefit tax	-	-	3.50	2.69	2.00
-Deferred	22.17	(13.01)	(127.77)	2.72	(4.29)
IV. Profit After Taxation as per audited statement of accounts (C)	447.61	69.06	57.38	(115.32)	63.81
V. Profit After Taxation & Minority Interest as per audited statement of accounts / Adjusted Profit (Loss) (D)	447.61	69.06	57.38	(115.32)	63.81
Surplus/(Deficit) brought forward from the Previous year	74.93	5.87	(51.51)	63.81	-
VI. Profit available for appropriation	522.54	74.93	5.87	(51.51)	63.81
Issue of Bonus shares	94.65	-	-	-	-
VII. Adjusted Available Surplus/(Deficit) carried forward	427.89	74.93	5.87	(51.51)	63.81

Refer Annexure D(B) - Notes on Adjustments in Restated Financials

As per our report attached
For Bharat Shah & Associates
Chartered Accountants

Bharat A. Shah
Proprietor
Membership No.: 32281
Place : Mumbai
Date : 20/12/2010

Statement of Cash Flows, from the Restated Financial Statements
Annexure C
(Figures in Lakhs Rupees)

Particulars	For the Period Ended	For the year ended	For the year ended	For the year ended	For the Period Ended
	Nov 20, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
A. CASH FLOW FROM OPERATING ACTIVITIES					
Net Profit Before Taxation and Extraordinary Items:	654.79	114.28	56.49	(109.80)	106.04
Adjustments for:					
Depreciation	23.36	41.03	42.40	19.86	17.96
Amortization of Deferred Revenue Expended	-	-	-	-	7.50
Loss on Sale of Fixed Assets (net)	-	14.52	-	5.17	-
Loss on Investment Activity (net)	-	24.49	4.09	-	-
Provision - Expenses / (Income) for Employee Benefit Scheme	0.27	(5.37)	9.30	1.76	2.39
Finance Charges	65.53	80.16	76.23	23.71	1.94
Interest Received	(2.96)	(3.93)	(2.30)	(4.82)	(1.53)
Cash generated from operations before Working Capital Changes	740.99	265.18	186.22	(64.12)	134.31
Adjustments for:					
Changes in Trade and Other Receivables	(942.87)	(233.30)	(211.46)	(28.34)	(42.03)
Changes in Trade Payables	125.19	272.91	221.41	92.35	90.73
Changes in Advance and Deposits	(1,887.55)	(83.10)	(265.22)	478.44	(756.01)
Cash generated from/(used in) Operations	(1,964.24)	221.69	(69.05)	478.32	(573.00)
Taxes Paid	(15.85)	(45.77)	(8.55)	(44.48)	(19.71)
Net Cash Flow from /(used in) Operating Activities	(1,980.09)	175.92	(77.60)	433.84	(592.71)
B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES					
Purchase of Fixed Assets	(23.71)	(11.08)	(165.60)	(14.43)	(138.99)
Sale of Fixed Assets	-	6.49	-	13.09	-
(Purchase)/Sale of Investments (net)	(5.00)	(14.49)	(9.09)	(5.00)	-
Change in Capital Work in Progress	-	-	-	-	-
Interest Received	2.96	3.93	2.30	4.82	1.53
Net Cash from / (used in) Investing Activities	(25.75)	(15.14)	(172.38)	(1.52)	(137.46)
C. CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES					
Proceeds from Issue of Shares/Share Application Money	814.00	-	-	-	805.80
Refund of Share Application Money	-	-	-	(648.00)	-
Proceeds in Secured Loan	(12.93)	(36.84)	15.93	108.98	7.08
Proceeds in Unsecured Loan	1,372.42	(37.16)	313.69	(20.00)	95.00
Share Issue Expenses	-	-	-	-	(7.50)
Finance Charges Paid	(65.53)	(80.16)	(76.23)	(23.71)	(1.94)
Dividend Paid (including dividend distribution tax)	-	-	-	-	-
Net Cash from / (used in) Financing Activities	2,107.97	(154.16)	253.38	(582.73)	898.43
Net increase / (decrease) in Cash and Cash Equivalents	102.12	6.61	3.40	(150.40)	168.26
Cash and Cash Equivalents at the	27.86	21.25	17.86	168.26	-

beginning of the year					
Cash and Cash Equivalents at the end of the year	129.99	27.86	21.25	17.86	168.26
Components of cash and cash equivalent					
- Cash and cheques on hand	7.65	25.78	11.35	15.50	4.77
- With banks					
- On current account	89.83	0.08	7.91	0.36	59.31
- On deposit account	32.50	2.00	2.00	2.00	104.18

Note: Figures in Brackets represent the outflow of cash.

Cash Flow Statement has been prepared using indirect method as per Accounting Standard 3 - Cash Flow Statements issued by ICAI

As per our report attached

For Bharat Shah & Associates
Chartered Accountants

Bharat A. Shah
Proprietor
Membership No.: 32281
Date: 20/12/2010

A. Significant Accounting Policies and Notes to Accounts for the period ended 20th November, 2010

The notes form part of the restated financial statement of the Company for the period of five years from 1st April, 2006 to 20th November, 2010.

1. Basis Of Accounting:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India under the historical cost convention. The Company follows Mercantile System of Accounting and income and expenditure are recognised on accrual basis of accounting. The accounting policies have been consistently applied by the Company unless otherwise stated.

2. Use of estimates:

The preparation of financial statements in conformity with accounting standards requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure relating to contingent liability at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. Any revision to such estimates is recognised in the period the same is determined.

3. Revenue Recognition:

- a) The saloon activity consisting of hair & beauty services, sales of beauty products and allied services relating to such activities. Revenue is recognised upon rendering of the service.
- b) Academy income for running various institutions of coaching for hair & beauty services is accounted for as and when the fees are received.
- c) Franchisee fees, royalty from coaching materials for hair & beauty services and income from providing infrastructure for advertising are accounted for on entering into agreement.
- d) Discount received and premium paid on chit fund investments is accounted for on accrual basis.
- e) Sales and services are stated exclusive of taxes and net of discount given to the customers.

4. Fixed Assets:

All Fixed Assets are stated at cost of acquisition less accumulated depreciation. All cost relating to the acquisition and installation of the fixed assets are capitalised and includes financing costs relating to borrowed fund attributable to the acquisition of fixed assets up to the date the fixed assets is put to use

5. Depreciation:

Depreciation has been provided on Written Down Value Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act.

Depreciation on Additions/Deletions during the period has been provided on pro rata basis.

6. Investments:

Long-term Investments are valued at cost less provision for diminution, other than temporary, if any. The cost is determined by taking purchase price and other direct expenses related to acquisition.

7. Foreign Currency Transactions:

Foreign Currency transactions are recorded on the basis of exchange rates prevailing on the date of their occurrence.

Monetary current assets and monetary current liabilities (other than those converted by forward contracts) denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. The resulting difference is also recorded in the profit and loss account.

8. Employees Benefits:

- a) Leave pay due to employees in respect of unavailed leave is encashed or provided on the date of Balance Sheet on actuarial Valuation at the end of the year;

- b) The Company makes monthly contribution to ESI and provident fund in respect of employees covered under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 at the rate specified in the act and the same is charged to revenue;
- c) Gratuity paid during the year is debited to liability account at the time of payment and liability on account of gratuity is provided on the date of Balance Sheet on actuarial Valuation at the end of the year. For the purpose of calculating the liability Projected Unit Credit Method is employed.

9. Taxation:

Current Tax is measured at the amount expected to be paid to the taxation authorities, using the applicable tax rates and tax laws.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been announced upto the balance sheet date. Deferred Tax assets and liabilities are recognised for the future tax consequences attributable to timing differences between the taxable income and accounting income. The effect of tax rate change is considered in the Profit & Loss account of the respective year of change. Deferred Tax Assets on unabsorbed depreciation & tax losses is recognised, subject to the consideration of prudence, only if there is virtual certainty that such deferred tax asset can be realised against future taxable profits.

10. Impairment Of Assets:

The carrying amount of Company's assets including intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated, as the higher of the net selling price and the value in use. Any impairment loss is recognised whenever the carrying amount of the asset exceeds its recoverable amount.

11. Intangible Assets

Items of expenditure that meet the recognition criteria as mentioned in AS 26 "Intangible Assets" are classified as intangible assets, are amortised over the period of economic benefits.

Intangible assets being Franchisee Fees on new franchisee rights and Software are stated at cost and are amortised over the period of five years.

12. Earnings per Share

Basic earnings per share are calculated by dividing the net profit / (loss) for the period attributable to equity shareholders (after deducting attributable taxes) by weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

13. Assets taken on lease:

Lease rental payments under an operating lease are recognised as expenditure on accrual basis in accordance with the respective lease agreement.

14. Provisions, Contingent Liabilities, and Contingent Assets:

Provisions are recognized in the accounts in respect of present probable obligations arising as a result of past events and it is probable that there will be an outflow of resources, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligation that arises from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company.

Contingent Assets are neither recognized nor disclosed in the financial statements.

B. NOTES ON RESTATED ACCOUNTS:

1. Current Tax and Fringe Benefit Taxes:

The amount of income tax paid in a year against the short provisions made in the earlier years was taken to the respective years in the restated financial statements.

2. Retirement Benefits:

The actuary valuation was first conducted in the Financial Year 2010-11 with base year as and the short provision made in the earlier years was debited to the Profit and Loss account of 2010-11 in the books of accounts. This amount has been taken to related years in the restated financial statements.

3. Deferred Tax Liability:

The resultant changes in the deferred tax liability due to the changes made in the retirement benefits as mentioned at point 3 above have been given to respective years in the restated financial statements.

4. Non-recurring items :

The company derived profit / suffered loss on sale / loss of used fixed assets. Following are the details:

(Rs. In Lakhs)		
Financial Year	Loss	Profit
2006-07	-	-
2007-08	5,17,188	-
2008-09	-	-
2009-10	14,51,966	-
2010-11	-	-

Though such sale is non-recurring, they are not extraordinary in nature.

5. In the restated accounts, the figures from the audited accounts for the respective years, have been regrouped / reclassified wherever required for proper comparison.

6. STATEMENT OF ADJUSTMENTS TO AUDITED PROFIT & LOSS ACCOUNTS IN THE RESTATED FINANCIAL STATMENT

(Rs. In Lakhs)

	Particulars	20.11.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007
A.	Profit after tax & extra ordinary item as per audited Financial Statements	415.63	83.92	72.97	(117.91)	67.93
	Adjustments to Profit & Loss Account					
B.	Prior period items Debited in Audited Statement	(21.31)	-	-	-	-
C.	Prior period items belongs to earlier year as :					
	Gratuity Expenses (Income)	-	(5.37)	9.30	1.76	2.39
	Material & Consumables	-	3.34	-	-	-
	Personnel's Expenses	-	6.87	-	-	-
	Administrative & General Expenses	-	3.00	-	-	-
	Financial Charges	-	0.02	-	-	-
	Total C	-	7.86	9.30	1.76	2.39
D.	Income Tax for Earlier Years					
	Income Tax related to earlier years debited	(13.35)	-	-	0.30	-
	Interest on Income Tax debited to Financial Charges included in Income Tax Provision in Restated Statement	-	-	-	3.58	-
	Total D	(13.35)	-	-	(3.88)	-
E.	Income Tax Relates to the Following Years:					
	FY-2007-08	-	-	-	-	3.88
	FY 2010-11	-	5.23	9.37	0.11	(1.36)
	Total E	-	5.23	9.37	0.11	2.52
F.	Adjustments relating to Deferred Tax due to accounting of Gratuity in FY 2010-11 and Deferred Tax also accounted in Financial Statement of 2010-11 but belongs to Earlier Years	2.68	1.78	(3.09)	(0.58)	(0.79)
G.	Gross effect on P&L for the year G = (B+C+D+E+F)	(31.98)	14.87	15.59	(2.59)	4.12
H.	Net profit as per restated Profit & Loss Account H = (A +/- G)	447.61	69.06	57.38	(115.32)	63.81

Note: - Amounts in Bracket denotes that the Profit as per audited financial statement will increase or Loss will reduce.

7. STATEMENT OF ADJUSTMENTS TO AUDITED FINANCIAL STATEMENT ASSETS AND LIABILITIES IN THE RESTATED FINANCIAL STATMENT

(Rs. In Lakhs)

Particulars	20.11.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007
ADJUSTMENTS TO LIABILITIES					
Reserves and Surplus					
- Profit and Loss Account	-	(-) 31.98	(-) 17.11	-	(-) 4.12
Provisions					
- Taxation	-	(+) 13.36	(+) 8.12	(-) 1.25	(+) 2.52
- Retirement benefits	-	(+) 8.08	(+) 13.45	(+) 4.15	(+) 2.39
Current Liabilities					
- Other Liabilities	-	(+) 5.53	-	-	-
Total Effect on Liabilities		(-) 5.01	(+) 4.47	(+) 2.90	(+) 0.79
ADJUSTMENTS TO ASSETS					
Deferred Tax Assets	-	(+) 2.68	(+) 4.47	(+) 1.38	(+) 0.79
Current Assets					
- Loans & Advances	-	(-) 7.49	-	-	-
- Sundry Debtors	-	(-) 0.20	-	-	-
Profit & Loss Account (Debit Balance)	-	-	-	(+) 1.52	-
Total Effect on Assets	-	(-) 5.01	(+) 4.47	(+) 2.90	(+) 0.79

8. Auditors Qualification:

There were no audit qualifications during any of the years, which required any corrective adjustments in the financial information.

The audit qualification which do not require any corrective adjustment in the restated financial statements are as under:

a. For the year ended 31st March, 2007

The Audit Report for F.Y. 2006 – 2007 of Jawed Habib Hair and Beauty Limited is Signed by Mr. T. P. Ostwal of Ostwal Desai & Kothari, Chartered Accountants, Fort Mumbai- 400 001 in which following observation are made.

Point No. f (i) of Audit Report and Note No. 5:

The statutory report and returns are yet to be filed with Registrar of Companies.

According to information given to us by the management, same is filed with the Registrar of Companies, Maharashtra thereafter.

Point No. f (ii) of Audit Report and Note No. 6:

Payment of Remunerations to Directors in excess of the Limits prescribed under the Provisions of Companies Act, 1956.

The exact quantification of excess remuneration is given in Annexure A.

The Companies has filed an application with Central Government and their consent is awaited.

Point No. VI of CARO:

The Company does not have an Internal Audit System.

b. For the year ended 31st March, 2008

The Audit Report for F.Y. 2007 – 2008 of Jawed Habib Hair and Beauty Limited is Signed by Mr. T. P. Ostwal of Ostwal Desai & Kothari, Chartered Accountants, Fort Mumbai- 400 001 in which following observation are made.

Point No. f (i) of Audit Report and Note No of Notes to the Accounts:

Payment of Remunerations to Directors in excess of the prescribed limits, subject to approval u/s 198 read with section 269, 309 and Schedule XIII of Companies Act, 1956.

The exact quantification of excess remuneration is given in Annexure A.

Point No. f (ii) of Audit Report read with Note No. 5 of Notes to the Accounts:

These are pertaining to Payments to Related Party Transactions which is subject to approval u/s. 297 of the Companies Act, 1956.

According to remarks given in the Directors Report, since the Paid up capital of the Company is less than Rupees One Crore and hence only the approval of Board of Directors is required which Company has already obtained.

Point No. f (iii) of Audit Report:

The Company has advanced Rupees Eighteen Lacs to Tulip Star International on behalf of the director in contravention of requirement of Section 295 of the Companies Act, 1956.

The said amount is received back from Director in F.Y. 2008 – 2009 according to the records of the Company.

Point No. f(iv) of Audit Report read with clause VI of CARO:

An amount of Rupees One Crore Twenty Eight Lacs Twenty Five Thousand has been received towards Share Application Money from Individual Applicants which was refunded to the applicants without allotments, since amount received is refunded such amount received are not excluded from definition of term deposit under clause (vii) of section 2(b) of the Acceptance of Deposit Rule, 1975 and consequently the company has neither complied with the said rule in terms of various requirements prescribed in the said rules.

According to Remarks in Director Reports, the Company is in process of filing an application u/s 621A of the Companies Act, 1956 for compounding of an offence for contravention of Section 58A and 58AA of the Companies Act, 1956.

c. For the year ended 31st March, 2009.

The Audit Report for F.Y. 2008 – 2009 of Jawed Habib Hair and Beauty Limited is Signed by Mr. Ajay Singhal of Ladha Singhal and Associates, Chartered Accountants, in which following observation are made.

Point No. VI of Audit Report, subject to Note No. 4 in Schedule P.

The Payment of Remuneration to Directors are in excess of Prescribed Limits, subject to Approvals u/s 309 of the Companies Act, 1956.

The exact quantification of excess remuneration is given in Annexure A.

According to explanation given by Management, the company has filed an application on 27th March, 2009 with Central Government and its approval is awaited.

Point No. IX of CARO.

Statutory dues outstanding for more than six months as on 31st March, 2009.

i. Service Tax	Rs. 50,50,179/-
ii. Income Tax	Rs. 3,21,640/-

Which have since not been paid till the date of Signing the Audit Report.

d. For the year ended 31st March, 2010.

The Audit Report for F.Y. 2009 – 2010 of Jawed Habib Hair and Beauty Limited is Signed by Mr. Bharat A. Shah of Bharat Shah & Associates, Chartered Accountants, in which following observation are made.

Point No. f of Audit Report, subject to Note No. 2 in Schedule P.

The payment of Remuneration to the Directors in excess of the prescribed limit, subject to approval u/s 309 of the Companies Act, 1956.

The exact quantification of excess remuneration is given in Annexure A.

According to explanation given by Management, the company has filed an application with Central Government his approval is awaited.

Point No. IX of CARO.

Statutory dues outstanding for more than six months as on 31st March, 2010. (Rupees in Millions)

Outstanding as on 30th September, 2010 Paid Subsequently

i. Service Tax	15.45/-	10.25
ii. Income Tax and TDS	15.99/-	1.70/-
iii. Sales Tax	0.06/-	Nil
iv. ESIC	0.18/-	0.18/-
e. <u>For the period ended 20th November, 2010.</u>		

The Audit Report for the period ended 20th November, 2010 of Jawed Habib Hair and Beauty Limited is Signed by Mr. Bharat A. Shah of Bharat Shah & Associates, Chartered Accountants, in which following observation are made.

Point No. f of Audit Report, subject to Note No. 2 in Schedule P.

The payment of Remuneration to the Directors in excess of the prescribed limit, subject to approval u/s 309 of the Companies Act, 1956.

The exact quantification of excess remuneration is given in Annexure A.

According to explanation given by Management, the company has filed an application with Central Government and its approval is awaited.

Point No. IX of CARO.

Statutory dues outstanding for more than six months as on 20th November, 2010. (Rupees in Millions)

Outstanding as on 20th May, 2010 Paid Subsequently

i. Service Tax	4.27/-	Nil
ii. Income Tax and TDS	22.53/-	7.59/-
iii. Sales Tax	0.06/-	Nil
iv. ESIC	0.01/-	0.01/-

C. Notes on Accounts

1. Contingent Liabilities:

Particulars	As at				
	20 th November 2010	31 st March, 2010	31 st March, 2009	31 st March, 2008	31 st March, 2007
Future obligation of Chit Fund Investments	-	-	65,00,000/-	-	-
Bank Guarantee	-	2,00,000/-	2,00,000/-	2,00,000/-	2,00,000/-
Total	-	2,00,000/-	67,00,000/-	2,00,000/-	2,00,000/-

2. Payment to Auditors:

Particulars	As at				
	20 th November 2010	31 st March, 2010	31 st March, 2009	31 st March, 2008	31 st March, 2007
Audit Fees	-	3,30,900/-	3,30,900/-	3,37,080/-	2,24,720/-
Other Matters	-	-	-	33,708/-	44,944/-
Total	-	3,30,900/-	3,30,900/-	3,70,788/-	2,69,664/-

3. Deferred Tax:

Particulars	As at (Figure in Rupees)				
	20 th November 2010	31 st March, 2010	31 st March, 2009	31 st March, 2008	31 st March, 2007
Deferred Tax Assets (Liability)					
Timing difference for depreciation on Fixed Assets	5,67,641/-	4,32,106/-	(1,38,950/-)	62,160/-	1,35,321/-
Timing difference for Expenses dis-allowable Under Income Tax	1,14,49,132/-	1,38,02,143/-	1,30,72,632/-	94,814/-	2,93,922/-
Total	1,20,16,773/-	1,42,34,249/-	1,29,33,682/-	1,56,974/-	4,29,243/-

4. Related Party Disclosure:

As per Accounting Standard – 18, issued by the ICAI, the Company's related parties and transactions with them are disclosed in the Annexure "G" to the Restated Accounts.

5. During the financial year, Company has recognized following amounts in the financial statements:

A) Defined Benefit Plans:

The employees Gratuity Fund scheme of the Company is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Reconciliation of Opening and Closing balances of Defined Benefit Obligation:

PARTICULARS	(Figure in Rupees)				
	2010-11 (up to 20 th Nov 10)	2009-10	2008-09	2007-08	2006-07
Actuarial Value of Defined Benefit Obligations (Opening Balance)	8,08,070	13,45,230	4,14,747	2,38,860	Nil
Interest Cost	43,097	1,07,618	33,180	19,109	Nil
Current Service Cost	1,69,399	2,47,353	6,29,784	3,03,292	2,38,860
Benefits Paid	NIL	NIL	NIL	NIL	NIL
Actuarial Gain / Loss on obligations	1,85,553 Gain	8,92,131 Gain	2,67,519 Loss	1,46,514 Gain	2,38,860 Gain
Defined Benefit Obligations at the end (Closing Balance)	8,35,013	8,08,070	13,45,230	4,14,747	2,38,860

B) Expenses recognized during the financial year/period under the head "Personnel Expenses":

PARTICULARS	2010-11 (up to 20 th Nov,10)	2009-10	2009-08	2008-07	2007-06
Interest Cost	43,097	1,07,618	33,180	19,109	Nil
Current Service Cost	1,69,399	2,47,353	6,29,784	3,03,292	2,38,860
Actual return on plan assets	N A	N A	N A	N A	N A
Actuarial Gain / Loss recognized	1,85,553 GAIN	8,92,131 GAIN	2,67,519 LOSS	1,46,514 GAIN	2,38,860 GAIN
Expense recognized in P & L A/c	26,943	5,37,160	9,30,483	1,75,887	2,38,860

C) Actuarial Assumptions:

PARTICULARS IN RESPECT OF GRATUITY (NON-FUNDED)	2010-11 (up to 20th Nov 10)	2009-10	2009-08	2008-07	2007-06
Discount Rate (per annum)	8.00%	8.00%	8.00%	8.00%	8.00%
Expected Rate of Return on Plan Assets* (per annum)	N.A.	N.A.	N.A.	N.A.	N.A.
Salary Escalation (per annum)	5.00%	5.00%	5.00%	5.00%	5.00%

* The Company has not funded the liability.

6. Directors Remuneration :

i) The following payments have been made to the directors during the period

Nature of Payments Made	2010-11 (up to 20th Nov 10)	2009-10	2008-09	2007-08	2006-07
Professional Fees paid to Directors and included under Administrative Expenses (up to 31-07-10) (*)	23,64,000	52,20,000	51,85,000	45,40,000	37,80,000
Managerial Remuneration paid and included under Personal Expenses (w.e.f. 1 st August 2010)	32,36,666	Nil	Nil	Nil	Nil
Total	56,00,666	52,20,000	51,85,000	45,40,000	37,80,000

(*) Excluding service tax

ii) Computation of Net Profit in accordance with the provisions of Section 349 read with section 198 and 309 of the Companies Act, 1956:

	2010-11 (up to 20th Nov 10)	2009-10	2008-09	2007-08	2006-07
Net Profit (Loss) before tax-Restated	6,54,78,591	1,14,27,890	56,48,881	(1,09,80,088)	1,06,03,935
Directors Remuneration (As Above)	56,00,666	52,20,000	51,85,000	45,40,000	37,80,000
Depreciation provided in the books of accounts	23,36,408	41,03,037	42,40,458	19,85,994	17,95,787
	7,34,15,665	2,07,50,927	1,50,74,339	(44,54,094)	1,61,79,722
Less: - Depreciation under Section 350 of the Act	23,36,408	41,03,037	42,40,458	19,85,994	17,95,787
Net Profit (Loss) in accordance with Section 198 and 349 of the Act	7,10,79,257	1,66,47,890	1,08,33,881	(64,40,088)	1,43,83,935
Maximum Permissible managerial remuneration to the director as per Section 309(4)(a) of the Companies Act, 1956 (3% of the net profits of the Company)	21,32,377	4,99,437	3,25,016	Nil	4,31,518

The remuneration paid to the non-executive Directors up to 31st July 2010 is in excess of limit specified under section 309 of the Companies Act, 1956 in view of inadequate profit as per the financial for which application has been made to the Central government for waiver of excess remuneration paid to the non-executive directors.

With effect from 1st August, 2010, Mr. Jawed Akhter and Mr. Rohit Arora were appointed as Managing Director and Whole time Director and further Mrs. Shaheen Akhter, has also been appointed as Whole Time Director of the Company with effect from 8th September 2010. The Company has applied to the Central Government, Ministry of company Affairs (MCA) to seek their approval for payment of Managerial Remuneration and the approval is awaited from Ministry.

7. The balances of Unsecured Loans, Creditors, Debtors and Loans and Advances are subject to confirmation and reconciliation, if any.
8. In the opinion of the management, the current assets and loans and advances are not less than as stated, if realised in the ordinary course of business.
9. Segment Information for the Period Ended 20th November 2010:
The Company has only one reportable business segment, i.e., Saloon, Academic and other related Activities therefore, no separate disclosure is required in accordance with Accounting Standard [AS]-17 on 'Segment Reporting' notified by Companies [Accounting Standards] Rules, 2006.

10. Earnings per share has been calculated as under:

Particulars	2010-11 (up to 20 th Nov 10)	2009-10	2008-09	2007-08	2006-07
Net Profit/(Loss) After Tax as per Restated Profit & Loss Account (Rs.)	4,47,61,115	69,05,610	57,37,953	(1,15,31,941)	63,81,054
Number of Weighted Average Equity Shares fully paid up	95,73,760	29,37,000	29,37,000	29,35,918	23,00,873
Number of Dilutive Potential Equity Shares	80,966	-	-	-	-
Number of Diluted Weighted Average Equity Shares fully paid up	96,54,726	29,37,000	29,37,000	29,35,918	23,00,873
Basic Earnings per share (Rs.)	4.68	2.35	1.95	(3.93)	2.77
Diluted Earnings per share (Rs.)	4.64	2.35	1.95	(3.93)	2.77
Nominal Value per equity share (Rs.)	10/-	10/-	10/-	10/-	10/-

11. The Company is in the process of identifying the Micro, Small and Medium Enterprises as defined under "The Micro, Small and Medium Enterprises Development Act, 2006." However, based on the information so far available with the Company in respect of Micro, Small and Medium Enterprises, there are no delays in the payments of dues to such enterprises.

Other information

The company is engaged in the business of rendering of services being Saloon and Academy activity, additional information other than reported below as required under Para 3, 4C & 4D of Part II of Schedule VI of Companies Act, 1956 are not applicable to the company for the period under consideration.

Nature of Payments Made	2010-11 (up to 20 th Nov 10)	2009-10	2008-09	2007-08	2006-07
Expenditure in foreign currency					
- Foreign Travelling	7,80,110	2,89,754	31,76,560	4,23,751	Nil
Earning in Foreign currency					
- Saloon & Academy Income	4,48,73,854	3,60,000	6,90,395	Nil	Nil

For **Bharat Shah & Associates**
Chartered Accountants

Bharat A Shah
Proprietor
Membership No.: 32281
Place: Mumbai
Date: 20/12/2010

Statement of Contingent Laibilities, As Restated

Annexure E
(Figures in Lakhs Rupees)

Particulars	As at				
	Nov 20, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Bank guarantee Outstanding	-	2.00	2.00	2.00	2.00
Unpaid amount on Investments	-	-	65.00	-	-
Income Tax Matters	-	-	-	-	-
Total	-	2.00	67.00	2.00	2.00

As per our report attached
For Bharat Shah & Associates
Chartered Accountants

Bharat A. Shah
Proprietor
 Membership No.: 32281
 Place : Mumbai
 Date : 20/12/2010

Statement of Dividend Declared, As Restated

Annexure F
(Figures in Lakhs Rupees)

Particulars	For the year / period ended				
	Nov 20, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Equity Dividend					
Equity Share Capital	1,066.45	53.40	53.40	53.40	49.80
Rate of Dividend	-	-	-	-	-
Amount of Dividend	-	-	-	-	-
Tax on Dividend	-	-	-	-	-

As per our report attached
For Bharat Shah & Associates
Chartered Accountants

Bharat A. Shah
Proprietor
 Membership No.: 32281
 Place : Mumbai
 Date : 20/12/2010

Details of Related Party Transactions, As Restated

Annexure G
(Figures in Lakhs Rupees)

a. Shareholders having Substantial Interest	For the Year / Period Ended (Nos. of Shares)				
Particulars	Nov 20, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
1. Jawed Akhter	5601695	469500	469500	469500	469500
2. Sparrow Hill Advisory Pvt. Ltd.	4730000	0	0	0	0
b. Enterprise owned / control by Key Managerial Person / Relatives					
	For the Year / Period Ended				
Name of Person	Nov 20, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Jawed Akhter					
Habib Hair & Beauty Studio Pvt Ltd	Applicable	Applicable	Applicable	Applicable	Applicable
Jawed Habib U k Ltd	Applicable	Applicable	Applicable	Applicable	Applicable
Habib Cosmetics Pvt Ltd	Applicable	Applicable	Applicable	Applicable	Applicable
Jawed Habib Hair Express	Associates	Applicable	Applicable	Non Existence	Non Existence
Jawed Habib's Hairxpresso Pvt Ltd	Applicable	Applicable	Non Existence	Non Existence	Non Existence
Arjun Singh					
Habib Hair & Beauty Studio Pvt Ltd	Applicable	Applicable	Applicable	Applicable	Applicable
Vinit Gupta					
Business Strategic Consultants	Not Applicable	Not Applicable	Not Applicable	Applicable	Applicable
Ulhas Revanker					
Shri Films	Not Applicable	Not Applicable	Applicable	Applicable	Not Applicable
Sanjeev Sawhney					
Sawhney Brothers	Applicable	Applicable	Applicable	Not Applicable	Not Applicable
A . N Enterprises	Applicable	Applicable	Applicable	Not Applicable	Not Applicable
Travel Express	Applicable	Applicable	Applicable	Not Applicable	Not Applicable
c. Key Management Personnel					
	For the Year / Period Ended				
Particulars	Nov 20, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Director	Jawed Akhter	Jawed Akhter	Jawed Akhter	Jawed Akhter	Jawed Akhter
	Arjun Singh	Arjun Singh	Arjun Singh	Arjun Singh	Arjun Singh
	Saheen Akhter	Saheen Akhter	Saheen Akhter	-	-
	Sanjeev Sawhney	Sanjeev Sawhney	Sanjeev Sawhney	-	-
	Sana Habib	-	-	-	-
	Rohit Arora	-	-	-	-
	Zafar Khan	-	-	-	-
	-	-	Ulhas Revankar	Ulhas Revankar	-
	-	-	-	Vinit Gupta	Vinit Gupta
	-	-	-	Anand	Anand

				Pandit	Pandit
	-	-	-	Dimple Dalia	Dimple Dalia
d. Relatives of Key Management Personnel	For the Year / Period Ended				
Particulars	Nov 20, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Relative of Jawed Akhter	-	-	-	Saheen Akhter	Saheen Akhter
Relative of Vinit Gupta	Not Applicable	Not Applicable	Not Applicable	Shalini V. Gupta	Shalini V. Gupta
	Not Applicable	Not Applicable	Not Applicable	Premarani Gupta	Premarani Gupta
	Not Applicable	Not Applicable	Not Applicable	Shalini Gupta	Shalini Gupta
e. Associates & Subsidiary	For the Year / Period Ended				
Particulars	Nov 20, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Jawed Habib Hair & Beauty Studio Pvt Ltd	Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Jawed Habib Hair Express	Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
f. Transactions with Related Parties	For the Year / Period Ended				
Name of the Party / Nature of Transaction	Nov 20, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Transactions with Key Management Personnel & Shareholder's having substantial interest					
Director Remuneration	32.37	-	-	-	-
Professional Fees Paid	38.00	52.20	51.85	45.40	37.80
Purchase Of Fixed Assets	-	-	-	-	-
Rent Paid	1.16	1.98	1.98	2.98	3.20
Misc. Expenses	-	-	-	0.02	-
Sales Commission	3.75	-	-	-	-
Allotment of Equity Shares (Nos)	14.05	-	-	-	4.70
Deposit Given during the Year	-	-	210.00	-	50.00
Advance Paid during the Year	-	-	-	-	0.17
Sundry Creditors	33.97	83.96	2.31	-	0.53
Deposits Outstanding	260.00	260.00	260.00	50.00	50.00
Sundry Debtors	0.21	-	-	-	-
Advance Outstanding	-	-	-	-	0.17
Transactions with Relatives of Key Management Personnel					
Professional Fees Paid	-	-	-	6.60	6.70
Infrastructure & Maint. Charges Paid	-	-	-	2.80	3.51
Sundry Creditors	-	-	-	0.73	1.61
Transactions with Subsidiary					
Investments Made	5.00	-	-	-	-
Advances Paid (Net)	0.80	-	-	-	-
Advance Outstanding	8.01	-	-	-	-
Transactions with Enterprise Owned or Controlled by Key Management Personnel / Relatives					
Franchisee Fees Received	-	-	60.00	-	-
Royalty Received	0.36	2.06	-	-	-
Professional Fees Paid	-	-	-	3.70	-
Infrastructure & Maint. Charges Paid	4.57	13.79	17.72	-	-
Travelling Expenses	-	-	8.42	-	-
Consumables	-	-	3.48	5.93	1.05
Misc. Expenses	-	-	0.23	0.37	-

Rent Reimbursement Received	-	5.01	1.88	-	-
Deposit Given during the Year	-	-	-	-	2.69
Advance Paid during the Year	-	-	-	24.33	-
Assets Purchase	-	-	-	-	105.00
Sundry Creditors	5.04	8.56	10.03	2.88	4.47
Sundry Debtors	71.48	69.13	68.06	-	-
Deposits Outstanding	-	-	-	0.92	2.69
Advance Outstanding	-	-	-	24.33	-

As per our report attached

For Bharat Shah & Associates
Chartered Accountants

Bharat A. Shah

Proprietor

Membership No.: 32281

Place : Mumbai

Date : 20/12/2010

Details of Other Income, As Restated

Annexure H
(Figures in Lakhs Rupees)

Figures in Lakhs Rupees

Particulars	For the year / period ended					Nature of Income	Related / Non - Related
	Nov 20, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007	(Recurring / Non - Recurring)	to Business Activity
Other Income							
Interest on Fixed Deposits with banks	2.96	3.93	2.30	4.82	1.53	Non Recurring	Non Related
Exchange Gain	11.70	-	-	-	-	Non Recurring	Related
Miscellaneous receipts	0.30	-	-	-	-	Non Recurring	Related
Total (Gross other income)	14.96	3.93	2.30	4.82	1.53		
Net Profit before tax as restated	654.79	114.28	56.49	(109.80)	106.04		
% of Other Income	2.28	3.44	4.08	-	1.44		
As per our report attached							

As per our report attached

For Bharat Shah & Associates
Chartered Accountants

Bharat A. Shah

Proprietor

Membership No.: 32281

Place : Mumbai

Date : 20/12/2010

Summary of Accounting Ratios, As Restated

Annexure I
(Figures in Rupees)

Particulars	As at				
	Nov 20, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Earnings per Share					
Basic-Rs	4.68	2.35	1.95	(3.93)	19.38
Diluted- Rs	4.64	2.35	1.95	(3.93)	19.38
Net Asset Value per Share- (Rs)	15.61	7.92	5.57	3.63	34.50
Return on Net Worth (%)	29.95	29.67	35.06	(108.49)	56.17
Weighted Average number of Equity shares outstanding during the year considered for Basic EPS and Net Asset Value per Share	9,573,760	2,937,000	2,937,000	2,931,033	329,303
Weighted Average number of Equity shares outstanding during the year considered for Diluted EPS	9,654,726	2,937,000	2,937,000	2,931,033	329,303

As per our report attached

For Bharat Shah & Associates

Chartered Accountants

Bharat A. Shah

Proprietor

Membership No.: 32281

Place : Mumbai

Date : 20/12/2010

Statement of Secured Loans, As Restated

Annexure J
(Figures in Lakhs Rupees)

Particulars	For the year / period ended				
	Nov 20, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Debentures		-	-	-	-
Term Loan	11.64	22.32	32.05	-	-
Cash Credit facility	-	-	-	-	-
Dropline Overdraft facility	49.59	65.52	90.69	116.06	-
Vehicle loan	20.98	7.31	9.25	-	7.08
Total	82.22	95.15	131.99	116.06	7.08

Note:

Details of Secured Loans for the Financial period ended at November 20, 2010

S. No.	Nature of borrowing/debt	Name of the Institution	Sanctioned Amount	Outstanding Amount	Interest Rate p.a	Repayment Terms	Security
01	Overdraft	ICICI Bank Ltd	75.00	49.59	15.00%	Dropline Overdraft Facility, Repayable of demand	Hypothecation of credit card receivables, stock, book debts, and personal guarantee of directors
02	Vehicle Loan	ICICI Bank Ltd	7.44	3.81	17.69%	EMI Repayable monthly till 10-07-2012	Hypothecation of Motor Car
03	Vehicle Loan	ICICI Bank Ltd	17.40	17.18	10.01%	EMI Repayable monthly till 01-10-2015	Hypothecation of Motor Car
04	Term Loan	Intec Securities Ltd	35.00	11.64	9.50%	EMI Repayable monthly till 16-01-2011	Hypothecation of Plant & Machinery installed at Saloons & Academy

As per our report attached

For Bharat Shah & Associates
Chartered Accountants

Bharat A. Shah

Proprietor

Membership No.: 32281

Place : Mumbai

Date : 20/12/2010

Statement of Unsecured Loans, As Restated

Annexure K
(Figures in Lakhs Rupees)

Particulars	As at				
	Nov 20, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
0%, Convertible Debentures	1,200.00	-	-	-	-
Loan from Corporates	396.59	208.35	219.77	75.00	95.00
Loan from Bank	127.37	143.18	168.92	-	-
Loan from Directors	-	-	-	-	-
Total	1,723.95	351.53	388.69	75.00	95.00

Note:

Details of Unsecured Loans for the Financial Period ended on November 20, 2010

S. No.	Particulars of Loan	Bank/Parties Name	Outstanding Amount	Interest Rate p.a	Repayment Terms
01	0% Convertible Debentures	Brand Equity Treaties Ltd	1,200.00	0%	Convertible into fully paid up equity shares of Company on and at a price to be decided in accordance with the terms of issue as provided in Para 2 of agreement of issue, however not later than 1st July 2012
02	Loan from Bank	Citi Bank	92.51	13.75%	Monthly EMI - Till Oct, 2018
		HDFC Bank Ltd	4.02	16.70%	Monthly EMI - Till July, 11
		Kotak Mahindra Bank Ltd	7.62	18.50%	Monthly EMI - Till Apr 11
		Standard Chartered Bank	23.22	17.66%	Monthly EMI - Till Feb, 15
03	Loan from Corporates	Truestyle Cosmetics Pvt Ltd	55.00	12.00%	Demand Loan
		India Bulls Financial Services Ltd	18.33	18.64%	Monthly EMI - Till July 12
		Unitel Credits Pvt Ltd	26.67	9.45%	Monthly EMI - Till July 11
		Religare Finvest Ltd.	20.81	23.00%	Monthly EMI - Till Feb 12
		Golden MP Chit Fund	11.78		Demand Loan
		S E Investments Ltd	144.00	10.75% Flat	Monthly EMI - Till Mar 13
		S E Investments Ltd	120.00	10.75% Flat	Monthly EMI - Till Mar 13

As per our report attached
For Bharat Shah & Associates
Chartered Accountants

Bharat A. Shah
Proprietor
Membership No.: 32281
Place : Mumbai
Date : 20/12/2010

Details of Current Laibilities & Provisions, As Restated

Annexure L
(Figures in Lakhs Rupees)

Particulars	As at				
	Nov 20, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Current Liabilities					
Sundry Creditors	410.08	312.04	183.76	78.34	77.47
Advance from Customers	97.36	37.02	12.64	-	-
Deposits & Retention	41.44	33.24	10.50	11.92	2.69
Duties & Taxes Payable	221.13	274.52	171.55	39.49	10.57
Other Liabilities	29.97	21.12	24.88	53.33	-
Interest Accrued but not due	2.60	2.66	4.37	-	-
Total Current Liabilities	802.58	680.61	407.70	183.08	90.73
Provisions					
Provision for Taxes (Net of Advances)	281.56	109.20	96.74	-	26.81
Provision for FBT (Net of Advances)	3.50	3.50	3.50	0.69	-
Retirement Benefits	8.35	8.08	13.45	4.15	2.39
Total Provisions	293.41	120.78	113.69	4.83	29.20
Note: The above includes payable to Related Parties as under:					
Payable to Key Management Personnel & Shareholder's having substantial interest					
Sundry Creditors	33.97	83.96	2.31	-	0.53
Payable to Relatives of Key Management Personnel					
Sundry Creditors	-	-	-	0.73	1.61
Payable to Enterprise Owned or Controlled by Key Management Personnel / Relatives					
Sundry Creditors	5.04	8.56	10.03	2.88	4.47

As per our report attached

For Bharat Shah & Associates

Chartered Accountants

Bharat A. Shah

Proprietor

Membership No.: 32281

Place : Mumbai

Date : 20/12/2010

Statement of Sundry Debtors, As Restated

Annexure M
(Figures in Lakhs Rupees)

Particulars	As at				
	Nov 20, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Outstanding for a period exceeding six months					
-Considered good	842.81	268.61	263.06	8.78	2.71
-Considered doubtful	-	-	-	-	-
Other Debts					
-Considered good	615.21	246.53	18.78	61.60	39.32
-Considered doubtful	-	-	-	-	-
Less: Provision	-	-	-	-	-
Total	1,458.01	515.15	281.84	70.38	42.03
Note: The above includes debts dues from Related Parties as under:					
Dues from Key Management Personnel & Shareholder's having substantial interest					
Sundry Debtors	0.21	-	-	-	-
Dues from Enterprise Owned or Controlled by Key Management Personnel / Relatives					
Sundry Debtors	71.48	69.13	68.06	-	-

As per our report attached
For Bharat Shah & Associates
Chartered Accountants

Bharat A. Shah
Proprietor
Membership No.: 32281
Place : Mumbai
Date : 20/12/2010

Details of Loans and Advances, As Restated

Annexure N
(Figures in Lakhs Rupees)

Particulars	As at				
	Nov 20, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Advances recoverable in cash or in kind or for value to be received					
- considered good	2,061.66	247.83	169.44	161.71	664.84
- considered doubtful	-	-	-	-	-
Advances to Subsidiaries	8.01	-	-	-	-
Loans to Employees	1.32	1.29	1.26	3.20	2.25
Deposits & Retentions	442.45	376.77	372.08	112.67	88.92
Advance tax (Net of provisions)	-	-	-	15.55	-
Less: Provision for doubtful advances	-	-	-	-	-
Total	2,513.43	625.88	542.79	293.12	756.01
Note: The above includes debts dues from Related Parties as under:					
Dues from Key Management Personnel & Shareholder's having substantial interest					
Deposits Outstanding	260.00	260.00	260.00	50.00	50.00
Advance Outstanding	-	-	-	-	0.17
Dues from Enterprise Owned or Controlled by Key Management Personnel / Relatives					
Deposits Outstanding	-	-	-	0.92	2.69
Advance Outstanding	-	-	-	24.33	-
Dues from Subsidiary					
Advance Outstanding	8.01	-	-	-	-

As per our report attached

For Bharat Shah & Associates

Chartered Accountants

Bharat A. Shah

Proprietor

Membership No.: 32281

Place : Mumbai

Date : 20/12/2010

Details of Investments, As Restated

Annexure O
(Figures in Lakhs Rupees)

Particulars	As at				
	Nov 20, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Non-Traded Investments- Unquoted					
Subsidiary	5.00	-	-	-	-
Others	-	-	10.00	5.00	-
Total-A	5.00	-	10.00	5.00	-
Less: Provision for diminution in investments (B)	-	-	-	-	-
Net Investments (A-B)	5.00	-	10.00	5.00	-
Market value of Quoted Investments	-	-	-	-	-

As per our report attached
For Bharat Shah & Associates
Chartered Accountants

Bharat A. Shah
Proprietor
 Membership No.: 32281
 Place : Mumbai
 Date : 20/12/2010

Statement of Capitalization, As Restated

Annexure P
(Figures in Lakhs Rupees)

Particulars	Pre - Issue	Post - Issue
	As per the latest Audited Statements	
Debt as at - 20.11.2010		
Working Capital Loan	49.59	-
Long Term Debt	1,756.58	-
Total Debt (A)	1,806.17	-
Shareholders' Fund		
Equity Share Capital	1,066.45	-
Reserves & Surplus	427.89	-
Total Equity (B)	1,494.34	-
Long term Debt/ Equity Shareholders' Funds (A/B) - In Times	1.18	-

Note:

The capitalization statement has been calculated on the basis of restated financial statements.

As per our report attached
For Bharat Shah & Associates
Chartered Accountants

Bharat A. Shah
Proprietor
 Membership No.: 32281
 Place : Mumbai
 Date : 20/12/2010

Statement of Tax Shelter, As Restated

Annexure Q
(Figures in Lakhs Rupees)

Particulars	As at				
	Nov 20, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Profit/(Loss) before tax but after Extraordinary items as per books (A)	654.79	114.28	56.49	(109.80)	106.04
Tax Rate-%	33.22%	33.99%	33.99%	33.99%	33.66%
Tax at notional rate on profits	217.50	38.84	19.20	(37.32)	35.69
Adjustments:					
Permanent Differences (B)					
Disallowances U/s 36	-	13.23	1.31	-	-
Disallowances U/s 35D	-	-	-	-	6.50
Penalty / Interest on Statutory Dues	-	-	-	2.46	-
Donations	-	-	0.30	-	-
Less: Deduction U/S 80G	-	-	0.05	-	-
Total Permanent Differences (B)	-	13.23	1.56	2.46	6.50
Timing Differences (C)					
Difference between tax depreciation and book depreciation	3.10	3.96	(0.44)	4.71	(1.00)
Provision made (written back) for Payment of Gratuity to Staff	0.27	(5.37)	9.30	1.76	2.39
Disallowance U/s 40a(ia) / (Allowances of Ealier Year Disallowance u/s 40a(ia)) - Net	-	(12.92)	280.47	(10.75)	11.75
Disallowance U/s 43B / (Allowances of Ealier Year Disallowance u/s 43B) - Net	(101.66)	43.62	126.82	-	-
Loss on Sale of Fixed Assets	-	14.52	-	0.40	-
Total Timing Differences (C)	(98.28)	43.81	416.15	(3.88)	13.13
Net Adjustments (B+C)	(98.28)	57.03	417.72	(1.42)	19.64
Tax Impact thereon	(32.65)	19.39	141.98	(0.48)	6.61
Profit/(Loss) as per Income Tax Returns (D)=(A-B-C)	556.50	171.31	474.20	(111.23)	125.68
Brought Forward Losses adjusted (E)	-	-	(111.23)	-	-
Taxable Income/(Loss) (D+E)	556.50	171.31	362.98	(111.23)	125.68
Taxable Income/(Loss) as per MAT	654.79	114.28	56.49	(109.80)	106.04
Tax as per Income tax as returned	-	58.23	123.38	-	42.30
Interest u/s 234 as returned	-	-	-	-	3.58
Total Tax as per return	-	58.23	123.38	-	45.88
Carry forward business loss	-	-	-	96.07	-
Carry forward depreciation loss	-	-	-	15.15	-
Total carry forward loss as per return of the year	-	-	-	111.23	-

As per our report attached
For Bharat Shah & Associates
Chartered Accountants

Bharat A. Shah
Proprietor
Membership No.: 32281
Place : Mumbai

Auditor's Report

To
The Board of Directors,
Jawed Habib Hair & Beauty Limited
Unit No.546, Laxmi Plaza, Building No 9,
Laxmi Industrial Estate, New Link Road,
Andheri (W), Mumbai-400 053

Dear Sirs,

We have examined the annexed consolidated financial information of Jawed Habib Hair & Beauty Limited, ('the Company') and its subsidiary Jawed Habib Hair & Beauty Studio Pvt. Ltd. (earlier known as Jawed Habib Hair Express) for the period ended 20th November, 2010. The consolidated financial information is prepared by the management from the financial statements for the period ended 20th November, 2010, being the last date to which the accounts of the Company have been made up and audited, and the same has been approved by the Board of Directors of the Company for the purpose of disclosure in the Offer Document being issued by the Company in connection with the Initial Public Issue of Equity Shares in the Company (referred to as 'the Issue'), which is in accordance with

- (i) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
- (ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009 ('the SEBI ICDR Regulations 2009') in pursuant to section 11 of SEBI Act 1992 and related amendments/clarifications; and
- (iii) Our terms of reference with the Company Letter dated 21st October 2010 requesting us to carry out work in connection with the Offer Document as aforesaid.

Financial Information as per audited financial statements:

1. We report that the consolidated restated summary of assets and liabilities of the Company and its subsidiary for the period ended 20th November, 2010 examined by us are as set out in Annexure A to this report after making such adjustments/ restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies and Notes to Accounts as appearing in Annexure D to this report.
2. We report that the consolidated restated summary of profits of the Company and its subsidiary for the period 16th November, 2010 to 20th November, 2010 and restated Summary of Profit of Partnership Firm (Jawed Habib Hair Express) for the period ended 15th November, 2010 examined by us are as are as set out in Annexure B to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regrouping as in our opinion are appropriate in the years to which they relates as shown in Annexure B(6) and are subject to the Significant Accounting Policies and Notes to Accounts as appearing in Annexure D to this report.
3. We report that the consolidated restated cash flow of the Company and its subsidiary for the period ended 20th November, 2010 are as set out in Annexure C to this report after making such adjustments/ restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies and Notes to Accounts as appearing in Annexure D to this report.
4. Based on the above, we are of the opinion that the Restated Consolidated Financial Statements have been made after incorporating the qualifications and material adjustments relating to the relevant previous years and after adjusting for the material amounts in the respective financial years to which they relate.
5. There were no extra-ordinary items which need to be disclosed or adjusted separately in the Summary Statement.

Other Financial Information:

6. We have examined the following consolidated financial information relating to the Company and its subsidiaries proposed to be included in the Offer Document, as approved by Board of Directors and annexed to this report:

Annexure
Annexure A: Summary of Restated Assets & Liabilities
Annexure B: Summary of Restated Profit & Loss Account
Annexure C: Cash Flow Statement, as Restated
Annexure D: Significant Accounting Policies and Notes to Accounts, as Restated
Annexure E: Statement of Contingent Liabilities, as Restated
Annexure F: Statement of Dividend Declared, as Restated
Annexure G: Details of Related Party Transactions, as Restated
Annexure H: Details of Other Income, as Restated
Annexure I: Summary of Accounting Ratios, as Restated
Annexure J: Statement of Secured Loans, as Restated
Annexure K: Statement of Unsecured Loans, as Restated
Annexure L: Schedule for Current Liabilities & Provisions, as Restated
Annexure M: Statement of Debtors, as Restated
Annexure N: Details of Loans & Advances, as Restated
Annexure O: Details of Investments, as Restated
Annexure P: Capitalization Statement, as Restated
Annexure Q: Statement of Tax Shelters, as Restated

7. In our opinion the consolidated financial information of the company attached to this report as mentioned in paragraphs above read with significant accounting policies and notes on accounts as given in Annexure D and after making rounding off figures in lakhs and regrouping as considered appropriate, has been prepared in accordance with Part IIB of Schedule II of the Act and the SEBI (ICDR) Regulation 2009.
8. This report should not in any way be constructed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should it be construed as a new opinion on any of the financial statements referred to therein.
9. This report is intended solely for your information and for inclusion in the Offer Document in connection with proposed Public issue of shares of the company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For BHARAT SHAH & ASSOCIATES,
Chartered Accountants
(Firm Registration Number - 101249W)**

**(BHARAT A. SHAH)
PROPRIETOR
Membership No.32281**

PLACE: Mumbai
DATED: 20/12/2010

Consolidated Statement of Assets and Liabilities, As Restated
Annexure A
(Figures in Lakhs Rupees)

Particulars	As at
	Nov 20, 2010
A. Tangible assets	
Fixed Assets	
Gross Block	381.98
Less: Accumulated Depreciation	98.24
Net block	283.74
Less: Revaluation Reserve	-
Net Block after adjustment of revaluation reserve	283.74
Capital Work in progress including capital advances	10.93
Total	294.67
B. Intangible Assets	
Gross Block	86.05
Less: Amortization	49.17
Net Block	36.88
Total	36.88
C. Investments	-
D. Deferred Tax Asset	120.22
E. Current Assets, Loans and Advances	
Sundry debtors	1,678.26
Cash & Bank Balances	163.64
Loans & Advances	2,665.32
Total	4,507.21
F. Liabilities & Provisions	
Current Liabilities & Provisions	1,565.10
Share Application Money	-
Secured Loan	82.22
Unsecured Loan	1,723.95
Total	3,371.28
G. Deferred Tax Liability	-
H. Minority Interest	0.00
I. Net Worth (A+B+C+D+E-F-G-H)	1,587.71
Net Worth represented by:	
J. Equity Share Capital	1,066.45
K. Reserves and Surplus	
Share Premium	-
Profit and Loss Account	521.26
Total	521.26
L. Less: Miscellaneous Expenditures to extent not written off or adjusted	-
L. Net Worth (J+K-L)	1,587.71

Refer Annexure D(B) - Notes on Adjustments in Restated Financials

As per our report attached

For Bharat Shah & Associates
Chartered Accountants
Bharat A. Shah
Proprietor

Membership No.: 32281

Place : Mumbai

Date : 20/12/2010

Statement of Profit and Losses, As Restated

Annexure B
(Figures in Lakhs Rupees)

Particulars	For the year / period ended Nov 20, 2010
I. Income	
Operating Income	2,858.07
Other Income	14.96
Total-A	2,873.03
II. Expenditure	
Operating Expenses	857.66
Administration & Other Expenses	952.07
Employee Remuneration & benefits	171.58
Finance Charges	65.67
Depreciation	34.64
Amortization of Deffered Revenue Expenditure	-
Total-B	2,081.62
III. Profit before taxation (A-B)	791.41
Less: Provision for taxation	
-Current	228.30
-Fringe benefit tax	-
-Deferred	22.12
IV. Profit After Taxation as per audited statement of accounts (C)	540.99
Less: Minority Interest	0.00
V. Profit After Taxation & Minority Interest as per audited statement of accounts / Adjusted Profit (Loss) (D)	540.99
Surplus/(Deficit) brought forward from the Previous year	74.93
VI. Profit available for appropriation	615.91
Issue of Bonus shares	94.65
VII. Adjusted Available Surplus/(Deficit) carried forward	521.26

Refer Annexure D(B) - Notes on Adjustments in Restated Financials

As per our report attached

For Bharat Shah & Associates

Chartered Accountants

Bharat A. Shah

Proprietor

Membership No.: 32281

Place : Mumbai

Date : 20/12/2010

Statement of Cash Flows, from the Restated Financial Statements

Annexure C
(Figures in Lakhs Rupees)

Particulars	For the Period Ended
	Nov 20, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit Before Taxation and Extraordinary Items:	791.41
Adjustments for:	
Depreciation	34.64
Amortization of Deferred Revenue Expenditure	-
Minority Interest	(0.00)
Loss on Sale of Fixed Assets (net)	-
Loss on Investment Activity (net)	-
Provision - Expenses / (Income) for Employee Benefit Scheme	0.27
Finance Charges	65.67
Interest Received	(2.96)
Cash generated from operations before Working Capital Changes	889.03
Adjustments for:	
Changes in Trade and Other Receivables	(1,163.11)
Changes in Trade Payables	465.95
Changes in Advance and Deposits	(1,954.39)
Cash generated from/(used in) Operations	(1,762.52)
Taxes Paid	(15.85)
Net Cash Flow from/(used in) Operating Activities	(1,778.38)
B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES	
Purchase of Fixed Assets	(185.70)
Sale of Fixed Assets	-
(Purchase)/Sale of Investments (net)	-
Change in Capital Work in Progress	(10.93)
Interest Received	2.96
Net Cash from / (used in) Investing Activities	(193.67)
C. CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES	
Proceeds from Issue of Shares/Share Application Money	814.00
Minority Interest	0.00
Refund of Share Application Money	-
Proceeds in Secured Loan	(12.93)
Proceeds in Unsecured Loan	1,372.42
Share Issue Expenses	-
Finance Charges Paid	(65.67)
Dividend Paid (including dividend distribution tax)	-
Net Cash from / (used in) Financing Activities	2,107.83
Net increase / (decrease) in Cash and Cash Equivalents	135.78
Cash and Cash Equivalents at the beginning of the year	27.86
Cash and Cash Equivalents at the end of the year	163.64
Components of cash and cash equivalent	
- Cash and cheques on hand	14.31
- With banks	
- On current account	116.83
- On deposit account	32.50

Note: Figures in Brackets represent the outflow of cash.

Cash Flow Statement has been prepared using indirect method as per Accounting Standard 3 - Cash Flow Statements issued by ICAI

As per our report attached

For Bharat Shah & Associates

Chartered Accountants

Bharat A. Shah

Proprietor

Membership No.: 32281

Date: 20/12/2010

A. Significant Accounting Policies and Notes to Consolidated Financial Statements for the period ended 20th November, 2010

Jawed Habib Hair & Beauty Limited ('the Company') together with its subsidiaries, viz, Jawed Habib Hair & Beauty Studio Private Limited converted from partnership firm M/s Jawed Habib's Hair Express under part IX of the Companies Act, 1956 represent the consolidated Significant Accounting Policies and Notes to Accounts for the period ended 20th November, 2010.

1. Basis Of Accounting:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India under the historical cost convention. The Group follows Mercantile System of Accounting and income and expenditure are recognised on accrual basis of accounting. The accounting policies have been consistently applied by the Group unless otherwise stated.

2. Use of estimates:

The preparation of financial statements in conformity with accounting standards requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure relating to contingent liability at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. Any revision to such estimates is recognised in the period the same is determined.

3. Principles of Consolidation:

The Consolidated financial statements relate to the company and its subsidiaries, which are more than 50% owned or controlled. The consolidated financial statements have been prepared on this following basis:

- a) The financial statement of the company and its subsidiaries are combined on a line by – line basis by adding together the book values of like items of assets & liabilities of the Company and Jawed Habib Hair & Beauty Studio Pvt Ltd and income and expenses of the Company, Jawed Habib Hair & Beauty Studio Pvt Ltd & of Jawed Habib's Hair Express, after fully eliminating intra-group balances and intra-group transaction resulting in unrealized profit or losses in accordance with Accounting Standard (AS) - 21 – "Consolidated Financial Statement".
- b) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is nil and hence, no Goodwill or Capital Reserve is recognized in the consolidated financial statement.
- c) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the company.
- d) Minority Interest's share of the net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and equity of the company's shareholders.
- e) As far as possible, the consolidated financial statement are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the company's separate financial statement.
- f) Notes on these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the group. Recognising this purpose, the company has disclosed only such notes from the individual financial statements, which fairly present the needed disclosures.

- g) The list of subsidiaries considered in these consolidated financial statements with percentage holding is summarized below:

Name of Subsidiaries	Country of Incorporation	Proportion of ownership interest
Jawed Habib Hair & Beauty Studio Private Limited	India	99.99%

4. Revenue Recognition:

- The saloon activity consisting of hair & beauty services, sales of beauty products and allied services relating to such activities. Revenue is recognised upon rendering of the service.
- Academy income for running various institutions of coaching for hair & beauty services is accounted for as and when the fees are received.
- Franchisee fees, royalty from coaching materials for hair & beauty services and income from providing infrastructure for advertising are accounted for on entering into agreement.
- Discount received and premium paid on chit fund investments is accounted for on accrual basis.
- Sales and services are stated exclusive of taxes and net of discount given to the customers.

5. Fixed Assets:

All Fixed Assets are stated at cost of acquisition less accumulated depreciation. All cost relating to the acquisition and installation of the fixed assets are capitalised and includes financing costs relating to borrowed fund attributable to the acquisition of fixed assets up to the date the fixed assets is put to use

6. Depreciation:

Depreciation has been provided on Written Down Value Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act.

Depreciation on Additions/Deletions during the period has been provided on pro rata basis.

7. Investments:

Long-term Investments are valued at cost less provision for diminution, other than temporary, if any. The cost is determined by taking purchase price and other direct expenses related to acquisition.

8. Foreign Currency Transactions:

Foreign Currency transactions are recorded on the basis of exchange rates prevailing on the date of their occurrence.

Monetary current assets and monetary current liabilities (other than those converted by forward contracts) denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. The resulting difference is also recorded in the profit and loss account.

9. Employees Benefits:

- Leave pay due to employees in respect of unavailed leave is encashed or provided on the date of Balance Sheet on actuarial Valuation at the end of the year.
- The Company makes monthly contribution to ESI and provident fund in respect of employees covered under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 at the rate specified in the act and the same is charged to revenue
- Gratuity paid during the year is debited to liability account at the time of payment and liability on account of gratuity is provided on the date of Balance Sheet on actuarial Valuation at the end of the year. For the purpose of calculating the liability Projected Unit Credit Method is employed.

10. Assets Taken On Lease

Lease rental payments under an operating lease are recognised as expenditure on accrual basis in accordance with the respective lease agreement.

11. Taxation:

Current Tax is measured at the amount expected to be paid to the taxation authorities, using the applicable tax rates and tax laws.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been announced upto the balance sheet date. Deferred Tax assets and liabilities are recognised for the future tax consequences attributable to timing differences between the taxable income and accounting income. The effect of tax rate change is considered in the Profit & Loss account of the respective year of change. Deferred Tax Assets on unabsorbed depreciation & tax losses is recognised, subject to the consideration of prudence, only if there is virtual certainty that such deferred tax asset can be realised against future taxable profits.

12. Impairment Of Assets:

The carrying amount of Company's assets including intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated, as the higher of the net selling price and the value in use. Any impairment loss is recognised whenever the carrying amount of the asset exceeds its recoverable amount.

13. Intangible Assets

Items of expenditure that meet the recognition criteria as mentioned in AS 26 "Intangible Assets" are classified as intangible assets, are amortised over the period of economic benefits.

Intangible assets being Franchisee Fees on new franchisee rights and Software are stated at cost and are amortised over the period of five years.

14. Earnings per Share

Basic earnings per share are calculated by dividing the net profit / (loss) for the period attributable to equity shareholders (after deducting attributable taxes) by weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

15. Provisions, Contingent Liabilities, and Contingent Assets:

Provisions are recognized in the accounts in respect of present probable obligations arising as a result of past events and it is probable that there will be an outflow of resources, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligation that arises from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company.

Contingent Assets are neither recognized nor disclosed in the financial statements.

B. NOTES ON RESTATED ACCOUNTS:**1. Current Tax and Fringe Benefit Taxes:**

The amount of income tax paid in a year against the short provisions made in the earlier years was taken to the respective years in the restated financial statements.

2. Retirement Benefits:

The actuary valuation was first conducted in the Financial Year 2010-11 with base year as and the short provision made in the earlier years was debited to the Profit and Loss account of 2010-11 in the books of accounts. This amount has been taken to related years in the restated financial statements.

3. Deferred Tax Liability:

The resultant changes in the deferred tax liability due to the changes made in the retirement benefits as mentioned at point 3 above have been given to respective years in the restated financial statements.

4. Non-recurring items :Nil

5. In the restated accounts, the figures from the audited accounts for the respective years, have been regrouped / reclassified wherever required for proper comparison.

6. STATEMENT OF ADJUSTMENTS TO AUDITED PROFIT & LOSS ACCOUNTS IN THE RESTATED FINANCIAL STATEMENT

		(Rs. In Lakhs)
	Particulars	20.11.2010
A.	Profit after tax & extra ordinary item as per audited Financial Statements	509.01
	Adjustments to Profit & Loss Account	
B.	Prior period items Debited in Audited Statement	(21.31)
C.	Income Tax for Earlier Years	(13.35)
D.	Adjustments relating to Deferred Tax due to accounting of Gratuity in FY 2010-11 and Deferred Tax also accounted in Financial Statement of 2010-11 but belongs to Earlier Years	2.68
E.	Gross effect on P&L for the year E = (B+C+D)	(31.98)
F.	Net profit as per restated Profit & Loss Account F = (A +/- E)	540.99

Note: - Amounts in Bracket denotes that the Profit as per audited financial statement will increase or Loss will reduce.

7. Auditors Qualification:

There were no audit qualifications during any of the years, which required any corrective adjustments in the financial information.

The audit qualification which do not require any corrective adjustment in the restated financial statements are as under:

- a. For the period ended 20th November, 2010.

The Audit Report for the period ended 20th November, 2010 of Jawed Habib Hair and Beauty Limited is Signed by Mr. Bharat A. Shah of Bharat Shah & Associates, Chartered Accountants, in which following observation are made.

Point No. f of Audit Report, subject to Note No. 2 in Schedule P.

The payment of Remuneration to the Directors in excess of the prescribed limit, subject to approval u/s 309 of the Companies Act, 1956.

The exact quantification of excess remuneration is given in Annexure A.

According to explanation given by Management, the company has filed an application with Central Government and its approval is awaited.

Point No. IX of CARO.

Statutory dues outstanding for more than six months as on 20th November, 2010. (Rupees in Millions)

	Outstanding as on 20th May, 2010	Paid Subsequently
i. Service Tax	4.27/-	Nil
ii. Income Tax and TDS	22.53/-	7.59/-
iii. Sales Tax	0.06/-	Nil
iv. ESIC	0.01/-	0.01/-

C. Notes on Accounts

1. **Contingent Liabilities:** Nil
2. **Payment to Auditors:** Nil
3. **Deferred Tax:**

	As At 20th November 2010 (Rupees)
Deferred Tax Assets (Liability)	
Timing difference for depreciation on Fixed Assets	5,73,120/-
Timing difference for Expenses dis-allowable Under Income Tax	1,14,49,132/-
Total	<u>1,20,22,252/-</u>

4. **Related Party Disclosure:**

As per Accounting Standard – 18, issued by the ICAI, the Company's related parties and transactions with them are disclosed in the Annexure "G" to the Restated Accounts.

5. During the financial year, Company has recognized following amounts in the financial statements:

A) Defined Benefit Plans:

The employees Gratuity Fund scheme of the Company is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Reconciliation of Opening and Closing balances of Defined Benefit Obligation:

PARTICULARS	2010-11 (up to 20th Nov 10) (Rupees)
Actuarial Value of Defined Benefit Obligations (Opening Balance)	8,08,070
Interest Cost	43,097
Current Service Cost	1,69,399
Benefits Paid	NIL
Actuarial Gain / Loss on obligations	1,85,553 Gain
Defined Benefit Obligations at the end (Closing Balance)	8,35,013

B) Expenses recognized during the financial year/period under the head “Personnel Expenses”:

PARTICULARS	2010-11 (up to 20th Nov,10)
Interest Cost	43,097
Current Service Cost	1,69,399
Actual return on plan assets	N A
Actuarial Gain / Loss recognized	1,85,553 Gain
Expense recognized in P &L A/c	26,943

C) Actuarial Assumptions:

PARTICULARS IN RESPECT OF GRATUITY (NON-FUNDED)	2010-11 (up to 20th Nov 10)
Discount Rate (per annum)	8.00%
Expected Rate of Return on Plan Assets* (per annum)	N.A.
Salary Escalation (per annum)	5.00%

* The Company has not funded the liability.

6. Directors Remuneration :

i) The following payments have been made to the directors during the period

Nature of Payments Made	2010-11 (up to 20th Nov 10)
Professional Fees paid to Directors and included under Administrative Expenses (up to 31-07-10) (*)	23,64,000
Managerial Remuneration paid and included under Personal Expenses (w.e.f. 1 st August 2010)	32,36,666
Total	56,00,666

(*) Excluding service tax

ii) Computation of Net Profit in accordance with the provisions of Section 349 read with section 198 and 309 of the Companies Act, 1956:

	2010-11 (up to 20th Nov 10)
Net Profit (Loss) before tax-Restated	7,91,40,704
Directors Remuneration (As Above)	56,00,666
Depreciation provided in the books of accounts	34,64,195
	8,82,05,565
Less: - Depreciation under Section 350 of the Act	34,64,195
Net Profit (Loss) in accordance with Section 198 and 349 of the Act	8,47,41,370
Maximum Permissible managerial remuneration to the director as per Section 309(4)(a) of the Companies Act, 1956 (3% of the net profits of the Company)	25,42,241

The remuneration paid to the non-executive Directors up to 31st July 2010 is in excess of limit specified under section 309 of the Companies Act, 1956 in view of inadequate profit as per the financials for which application has been made to the Central government for waiver of excess remuneration paid to the non-executive directors.

With effect from 1st August, 2010, Mr Jawed Akhter and Mr Rohit Arora were appointed as Managing Director and Whole time Director and further Mrs Shaheen Akhter, has also been appointed as Whole Time Director of the Company with effect from 8th September 2010. The Company has applied to the Central Government, Ministry of company Affairs (MCA) to seek their approval for payment of Managerial Remuneration and the approval is awaited from Ministry.

7. The balances of Unsecured Loans, Creditors, Debtors and Loans and Advances are subject to confirmation and reconciliation, if any.
8. In the opinion of the management, the current assets and loans and advances are not less than as stated, if realised in the ordinary course of business.
9. Segment Information for the Period Ended 20th November 2010:

The Company has only one reportable business segment, i.e., Saloon, Academic and other related Activities therefore, no separate disclosure is required in accordance with Accounting Standard [AS]-17 on 'Segment Reporting' notified by Companies [Accounting Standards] Rules, 2006.

10. Earnings per share has been calculated as under:

Particulars	2010-11 (up to 20 th Nov 10)
Net Profit/(Loss) After Tax as per Restated Profit & Loss Account (Rs.)	5,40,98,595
Number of Weighted Average Equity Shares fully paid up	56,33,058
Number of Dilutive Potential Equity Shares	80,966
Number of Diluted Weighted Average Equity Shares fully paid up	57,14,024
Basic Earnings per share (Rs.)	9.60
Diluted Earnings per share (Rs.)	9.47
Nominal Value per equity share (Rs.)	10/-

11. The Company is in the process of identifying the Micro, Small and Medium Enterprises as defined under “The Micro, Small and Medium Enterprises Development Act, 2006.” However, based on the information so far available with the Company in respect of Micro, Small and Medium Enterprises, there are no delays in the payments of dues to such enterprises.

12. Other information

The company is engaged in the business of rendering of services being Saloon and Academy activity, additional information other than reported below as required under Para 3, 4C & 4D of Part II of Schedule VI of Companies Act, 1956 are not applicable to the company for the period under consideration.

Nature of Payments Made	2010-11 (up to 20 th Nov 10)
Expenditure in foreign currency	
- Foreign Travelling	7,80,110
Earning in Foreign currency	
- Saloon & Academy Income	4,48,73,854

For **Bharat Shah & Associates**
Chartered Accountants

Bharat A Shah
Proprietor
Membership No.: 32281
Place: Mumbai
Date: 20/12/2010

Consolidated Statement of Contingent Liabilities, As Restated

Annexure E
(Figures in Lakhs Rupees)

Particulars	As at
	Nov 20, 2010
Bank guarantee Outstanding	-
Unpaid amount on Investments	-
Income Tax Matters	-
Total	-

As per our report attached
For Bharat Shah & Associates
Chartered Accountants

Bharat A. Shah
Proprietor
 Membership No.: 32281
 Place : Mumbai
 Date : 20/12/2010

Consolidated Statement of Dividend Declared, As Restated

Annexure F
(Figures in Lakhs Rupees)

Particulars	For the year / period ended
	Nov 20, 2010
Equity Dividend	
Equity Share Capital	1,066.45
Rate of Dividend	-
Amount of Dividend	-
Tax on Dividend	-

As per our report attached
For Bharat Shah & Associates
Chartered Accountants

Bharat A. Shah
Proprietor
 Membership No.: 32281
 Place : Mumbai
 Date : 20/12/2010

Consolidated Details of Related Party Transactions, As Restated
Annexure G
(Figures in Lakhs Rupees)

a. Shareholders having Substantial Interest	For the Year / Period Ended (Nos. of Shares)
Particulars	Nov 20, 2010
1. Jawed Akhter	5601695
2. Sparrow Hill Advisory Pvt. Ltd.	4730000
b. Enterprise owned / control by Key Managerial Person / Relatives	
	For the Year / Period Ended
Name of Person	Nov 20, 2010
Jawed Akhter	
Habib Hair & Beauty Studio Pvt Ltd	Applicable
Jawed Habib U k Ltd	Applicable
Habib Cosmetics Pvt Ltd	Applicable
Jawed Habib Hair Express	Associates
Jawed Habib's Hairxpresso Pvt Ltd	Applicable
Arjun Singh	
Habib Hair & Beauty Studio Pvt Ltd	Applicable
Vinit Gupta	
Business Strategic Consultants	Not Applicable
Ulhas Revanker	
Shri Films	Not Applicable
Sanjeev Sawhney	
Sawhney Brothers	Applicable
A . N Enterprises	Applicable
Travel Express	Applicable
c. Key Management Personnel	For the Year / Period Ended
Particulars	Nov 20, 2010
Director	Jawed Akhter
	Arjun Singh
	Saheen Akhter
	Sanjeev Sawhney
	Sana Habib
	Rohit Arora
	Zafar Khan
d. Relatives of Key Management Personnel	For the Year / Period Ended
Particulars	Nov 20, 2010
Relative of Vinit Gupta	Not Applicable
	Not Applicable
	Not Applicable
f. Transactions with Related Parties	
Name of the Party / Nature of Transaction	For the Year / Period Ended
	Nov 20, 2010
Transactions with Key Management Personnel & Shareholder's having substantial interest	
Director Remuneration	32.37
Professional Fees Paid	38.00
Rent Paid	1.16
Sales Commission	3.75
Allotment of Equity Shares (Nos)	14.05
Sundry Creditors	33.97
Deposits Outstanding	260.00
Sundry Debtors	0.21
Advance Outstanding	47.77
Transactions with Enterprise Owned or Controlled by Key Management Personnel / Relatives	
Royalty Received	0.36
Infrastructure & Maint. Charges Paid	4.57

Sundry Creditors	5.04
Sundry Debtors	71.48

As per our report attached

For Bharat Shah & Associates

Chartered Accountants

Bharat A. Shah

Proprietor

Membership No.: 32281

Place : Mumbai

Date : 20/12/2010

Consolidated Details of Other Income, As Restated

Annexure H

(Figures in Lakhs Rupees)

Particulars	For the year / period ended	Nature of Income	Related / Non - Related
	Nov 20, 2010	(Recurring / Non - Recurring)	to Business Activity
Other Income			
Interest on Fixed Deposits with banks	2.96	Non Recurring	Non Related
Exchange Gain	11.70	Non Recurring	Related
Miscellaneous receipts	0.30	Non Recurring	Related
Total (Gross other income)	14.96		
Net Profit before tax as restated	791.41		
% of Other Income	1.89		

As per our report attached

For Bharat Shah & Associates

Chartered Accountants

Bharat A. Shah

Proprietor

Membership No.: 32281

Place : Mumbai

Date : 20/12/2010

Summary of Consolidated Accounting Ratios, As Restated

Annexure I
(Figures in Rupees)

Particulars	As at
	Nov 20, 2010
Earnings per Share	
Basic-Rs	5.65
Diluted- Rs	5.60
Net Asset Value per Share- (Rs)	16.58
Return on Net Worth (%)	34.07
Weighted Average number of Equity shares outstanding during the year considered for Basic EPS and Net Asset Value per Share	9,573,760
Weighted Average number of Equity shares outstanding during the year considered for Diluted EPS	9,654,726

As per our report attached

For Bharat Shah & Associates

Chartered Accountants

Bharat A. Shah

Proprietor

Membership No.: 32281

Place : Mumbai

Date : 20/12/2010

Consolidated Statement of Secured Loans, As Restated
Annexure J
(Figures in Lakhs Rupees)

Particulars							For the year / period ended
							Nov 20, 2010
Debentures							
Term Loan							11.64
Cash Credit facility							-
Dropline Overdraft facility							49.59
Vehicle loan							20.98
Total							82.22
Note: Details of Secured Loans for the Financial period ended at November 20, 2010							
S. No.	Nature of borrowing/debt	Name of the Institution	Sanctioned Amount	Outstanding Amount	Interest Rate p.a	Repayment Terms	Security
01	Overdraft	ICICI Bank Ltd	75.00	49.59	15.00%	Dropline Overdraft Facility, Repayable of demand	Hypothecation of credit card receivable, stock, book debts, and personal guarantee of directors
02	Vehicle Loan	ICICI Bank Ltd	7.44	3.81	17.69%	EMI Repayable monthly till 10-07-2012	Hypothication of Motor Car
03	Vehicle Loan	ICICI Bank Ltd	17.40	17.18	10.01%	EMI Repayable monthly till 01-10-2015	Hypothication of Motor Car
04	Term Loan	Intec Securities Ltd	35.00	11.64	9.50%	EMI Repayable monthly till 16-01-2011	Hypothication of Plant & Machinery installed at Saloons & Academy

As per our report attached

For Bharat Shah & Associates
Chartered Accountants
Bharat A. Shah
Proprietor
Membership No.: 32281
Place : Mumbai
Date : 20/12/2010

Consolidated Statement of Unsecured Loans, As Restated

Annexure K
(Figures in Lakhs Rupees)

Particulars	As at
	Nov 20, 2010
0%, Convertible Debentures	1,200.00
Loan from Corporates	396.59
Loan from Bank	127.37
Loan from Directors	-
Total	1,723.95

Note:

Details of Unsecured Loans for the Financial Period ended on November 20, 2010

S. No.	Particulars of Loan	Bank/Parties Name	Outstanding Amount	Interest Rate p.a	Repayment Terms
01	0% Convertible Debentures	Brand Equity Treaties Ltd	1,200.00	0%	Convertible into fully paid up equity shares of Company on and at a price to be decided in accordance with the terms of issue as provided in Para 2 of agreement of issue, however not later than 1st July 2012
02	Loan from Bank	Citi Bank	92.51	13.75%	Monthly EMI - Till Oct, 2018
		HDFC Bank Ltd	4.02	16.70%	Monthly EMI - Till July, 11
		Kotak Mahindra Bank Ltd	7.62	18.50%	Monthly EMI - Till Apr 11
		Standard Chartered Bank	23.22	17.66%	Monthly EMI - Till Feb, 15
03	Loan from Corporates	Truestyle Cosmetics Pvt Ltd	55.00	12.00%	Demand Loan
		India Bulls Financial Services Ltd	18.33	18.64%	Monthly EMI - Till July 12
		Unitel Credits Pvt Ltd	26.67	9.45%	Monthly EMI - Till July 11
		Religare Finvest Ltd.	20.81	23.00%	Monthly EMI - Till Feb 12
		Golden MP Chit Fund	11.78		Demand Loan
		S E Investments Ltd	144.00	10.75% Flat	Monthly EMI - Till Mar 13
		S E Investments Ltd	120.00	10.75% Flat	Monthly EMI - Till Mar 13

As per our report attached

For Bharat Shah & Associates

Chartered Accountants

Bharat A. Shah

Proprietor

Membership No.: 32281

Place : Mumbai

Date : 20/12/2010

Consolidated Details of Current Laibilities & Provisions, As Restated
Annexure L
(Figures in Lakhs Rupees)

Particulars	As at
	Nov 20, 2010
Current Liabilities	
Sundry Creditors	612.67
Advance from Customers	100.89
Deposits & Retention	112.82
Duties & Taxes Payable	276.15
Other Liabilities	38.20
Interest Accrued but not due	2.60
Total Current Liabilities	1,143.35
Provisions	
Provision for Taxes (Net of Advances)	324.86
Provision for FBT (Net of Advances)	3.50
Retirement Benefits	8.35
Total Provisions	336.71
Note: The above includes payable to Related Parties as under:	
Payable to Key Management Personnel & Shareholder's having substantial interest	
Sundry Creditors	33.97
Payable to Relatives of Key Management Personnel	
Sundry Creditors	-
Payable to Enterprise Owned or Controlled by Key Manegement Personnel / Relatives	
Sundry Creditors	5.04

As per our report attached

For Bharat Shah & Associates

Chartered Accountants

Bharat A. Shah

Proprietor

Membership No.: 32281

Place : Mumbai

Date : 20/12/2010

Consolidated Statement of Sundry Debtors, As Restated

Annexure M
(Figures in Lakhs Rupees)

Particulars	As at
	Nov 20, 2010
Outstanding for a period exceeding six months	
-Considered good	903.42
-Considered doubtful	-
Other Debts	
-Considered good	774.84
-Considered doubtful	-
Less: Provision	-
Total	1,678.26
Note: The above includes debts dues from Related Parties as under:	
Dues from Key Management Personnel & Shareholder's having substantial interest	
Sundry Debtors	0.21
Dues from Enterprise Owned or Controlled by Key Management Personnel / Relatives	
Sundry Debtors	71.48

As per our report attached
For Bharat Shah & Associates
Chartered Accountants

Bharat A. Shah
Proprietor
 Membership No.: 32281
 Place : Mumbai
 Date : 20/12/2010

Consolidated Details of Loans and Advances, As Restated

Annexure N
(Figures in Lakhs Rupees)

Particulars	As at
	Nov 20, 2010
Advances recoverable in cash or in kind or for value to be received	
- considered good	2,125.01
- considered doubtful	-
Loans to Employees	1.32
Deposits & Retentions	453.95
Advance tax (Net of provisions)	-
Less: Provision for doubtful advances	-
Total	2,580.27
Note: The above includes debts dues from Related Parties as under:	
Dues from Key Management Personnel & Shareholder's having substantial interest	
Deposits Outstanding	260.00
Advance Outstanding	47.77
Dues from Enterprise Owned or Controlled by Key Management Personnel / Relatives	
Deposits Outstanding	-
Advance Outstanding	-

As per our report attached
For Bharat Shah & Associates
Chartered Accountants

Bharat A. Shah
Proprietor
 Membership No.: 32281
 Place : Mumbai
 Date : 20/12/2010

Consolidated Details of Investments, As Restated

Annexure O
(Figures in Lakhs Rupees)

Particulars	As at
	Nov 20, 2010
Non-Traded Investments- Unquoted	
Subsidiary	-
Others	-
Total-A	-
Less: Provision for diminution in investments (B)	-
Net Investments (A-B)	-
Market value of Quoted Investments	-

As per our report attached

For Bharat Shah & Associates

Chartered Accountants

Bharat A. Shah

Proprietor

Membership No.: 32281

Place : Mumbai

Date : 20/12/2010

Consolidated Statement of Capitalization, As Restated

Annexure P
(Figures in Lakhs Rupees)

Particulars	Pre - Issue	Post - Issue
	As per the latest Audited Statements	
Debt as at - 20.11.2010		
Working Capital Loan	49.59	-
Long Term Debt	1,756.58	-
Total Debt (A)	1,806.17	-
Shareholders' Fund		
Equity Share Capital	1,066.45	-
Reserves & Surplus	521.26	-
Total Equity (B)	1,587.71	-
Long term Debt/ Equity Shareholders' Funds (A/B) - In Times	1.11	-

Note:

The capitalization statement has been calculated on the basis of restated financial statements.

As per our report attached

For Bharat Shah & Associates

Chartered Accountants

Bharat A. Shah

Proprietor

Membership No.: 32281

Place : Mumbai

Date : 20/12/2010

Consolidated Statement of Tax Shelter, As Restated
Annexure Q
(Figures in Lakhs Rupees)

Particulars	As at
	Nov 20, 2010
Profit/(Loss) before tax but after Extraordinary items as per books (A)	791.41
Tax Rate-%	33.217%
Tax at notional rate on profits	262.88
Adjustments:	
Permanent Differences (B)	
Disallowances U/s 36	-
Disallowances U/s 35D	-
Penalty / Interest on Statutory Dues	-
Donations	-
Less: Deduction U/S 80G	-
Total Permanent Differences (B)	-
Timing Differences (C)	
Difference between tax depreciation and book depreciation	3.28
Provision made (written back) for Payment of Gratuity to Staff	0.27
Disallowance U/s 40a(ia) / (Allowances of Ealier Year Disallowance u/s 40a(ia)) - Net	-
Disallowance U/s 43B / (Allowances of Ealier Year Disallowance u/s 43B) - Net	(101.66)
Loss on Sale of Fixed Assets	-
Total Timing Differences (C)	(98.11)
Net Adjustments (B+C)	(98.11)
Tax Impact	(32.59)
Profit/(Loss) as per Income Tax Returns (D)=(A-B-C)	693.30
Brought Forward Losses adjusted (E)	-
Taxable Income/(Loss) (D+E)	693.30
Taxable Income/(Loss) as per MAT	791.41
Tax as per Income tax as returned	-
Interest u/s 234 as returned	-
Total Tax as per return	-
Carry forward business loss	-
Carry forward depreciation loss	-
Total carry forward loss as per return of the year	-

As per our report attached

For Bharat Shah & Associates
Chartered Accountants
Bharat A. Shah
Proprietor

Membership No.: 32281

Place : Mumbai

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our consolidated financial condition and results of operations should be read in conjunction with our restated consolidated financial statements for the period ended November 20, 2010 and standalone restated financial statements as of and for the period ended November 20, 2010 and as of and for the Fiscal years ended March 31, 2010, 2009, 2008 and, 2007 restated in accordance with SEBI Regulations, including the notes thereto. Our restated consolidated and standalone financial statements were prepared in accordance with Indian GAAP the Companies Act and the SEBI Regulations and restated as described in the report of our Statutory Auditor Bharat Shah & Associates, Chartered Accountants dated December 20, 2010 in the Chapter titled "Financial Information" beginning on page 125 of the Draft Red Herring Prospectus. You should also read the Chapter titled 'Risk Factors' beginning on page 11 of the Draft Red Herring Prospectus, which enumerates number of factors and contingencies that could impact the Company's financial condition and results of operations.

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

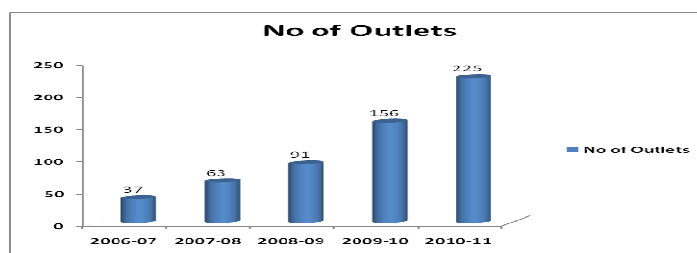
Business Overview

We are one of the leading hair and beauty salon companies in India. The Company is promoted by Mr. Jawed Habib Akhter who is a renowned hair expert, following in the footsteps of his father and grandfather has started JHHBL with a vision to provide quality hair styling and beauty grooming services to the wider population of India. Mr. Jawed Habib Akhter's ancestors were working with Indian hair since before independence. His grandfather was barber to both the last British viceroy, Lord Mountbatten and Jawaharlal Nehru, India's first Prime Minister.

Mr. Jawed Habib Akhter established himself as one of the leading recognized persons of the industry. He has the world record of performing 410 non-stop hair cuts in a day. Further, with his passion and relentless efforts, he established an effective system which is self sufficient in terms of providing quality services to clients across various parts of the country.

Hair and beauty care services are provided through our owned and franchised outlets across the country. We also run academies for hair styling & beauty with an objective to provide quality training to the aspirants in the profession of cosmetology.

With 37 outlets in the year of incorporation, we have grown rapidly and as of date, we have 8 owned and 176 franchised outlets in 62 cities across India and we run 6 academies on our own and 35 through franchised outlets across 36 cities. The following diagram represents the growth in number of outlets since inception.



The following is the number of total outlets

Particulars	Brand	No. of Outlets
Salons – own	Hair & Beauty	08
	HairXpreso	-
Salons- franchised	Hair & Beauty	120
	HairXpreso	56
Academies – own	-	06
Academies – franchised	-	35
TOTAL		225

The Company's consolidated revenue for the period ending on November 20, 2010 and stand alone restated revenue for the year ending March 31, 2010 were ₹2873.03 lakhs and ₹1961.95 lakhs and adjusted net profits were ₹540.99 lakhs and ₹69.06 lakhs respectively.

Key factors affecting the results of operation

Our financial condition and results of operations are affected by numerous factors and the following are of particular importance:

1. Brand Image;
2. Ability to attract, recruit, groom and retain skilled hair stylists
3. Ability to grow our number of salons and broaden the client base ;
4. Our ability to regulate franchises operations;
5. Ability to attract, recruit and retain good management;
6. Competition and Pricing pressures;
7. Condition and performance of the Hair & Beauty care industry;
8. General economic and demographic conditions

For more information on these and other factors/developments which have or may affect us, please refer to chapters titled "Risk Factors", "Industry Overview" and "Business Overview" beginning on pages 11, 77 and 89 respectively of this Prospectus.

OUR SIGNIFICANT ACCOUNTING POLICIES

For Significant accounting policies please refer to the Chapter titled "Financial Information" beginning on page 125 of the Draft Red Herring Prospectus.

Principles of Consolidation:

The Consolidated financial statements relate to the Company and its subsidiary. The consolidated financial statements have been prepared on this following basis:

- a) The financial statement of the Company and its subsidiary are combined on a line by – line basis by adding together the book values of like items of assets & liabilities of the Company and Jawed Habib Hair & Beauty Studio Pvt. Ltd. and income and expenses of the Company and its subsidiary Jawed Habib Hair & Beauty Studio Pvt Ltd (erstwhile partnership firm Jawed Habib's Hair Express), after fully eliminating intra-group balances and intra-group transaction in accordance with Accounting Standard (AS) - 21 – "Consolidated Financial Statement"
- b) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is nil and hence, no Goodwill or Capital Reserve is recognized in the consolidated financial statement.
- c) Minority Interest's in net profit of for the period is identified and adjusted against the consolidated income in order to arrive at the net income attributable to shareholders of the Company
- d) Minority Interest's in the net assets of is identified and presented in the consolidated balance sheet separate from liabilities and equity of the Company's shareholders.
- e) The consolidated financial statement are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statement.
- f) Notes on these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the group. Recognising this purpose, the company has disclosed only such notes from the individual financial statements, which fairly present the needed disclosures.
- g) The list of subsidiaries considered in these consolidated financial statements with percentage holding is summarized below:

Name of Subsidiaries	Country of Incorporation	Proportion of ownership interest
Jawed Habib Hair & Beauty Studio Private Limited	India	99.99%

Principal Components of our Standalone Statement of Profit and Loss Account Operating Income

The Company is in business of Hair & Beauty Services and Academy. The break-up of standalone operating income for the earlier years are as under:

(₹ In Lakhs)

Segment	Till 20.11.10		2009-10		2008-09		2007-08		2006-07	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Hair & Beauty Services – Income	1449.46	64.75	1501.22	76.67	1363.39	71.13	1140.16	87.45	714.99	76.87
Franchisee Fees	198.98	8.89	184.11	9.40	315.08	16.44	30.21	2.32	31.34	3.37
Academy Income	589.75	26.35	270.63	13.82	228.07	11.90	128.51	9.86	180.74	19.40
Other Misc. Income of Saloon and Academy	0.31	0.01	2.07	0.11	10.33	0.54	4.95	0.38	3.31	0.36
Total	2238.50	100.00	1958.02	100.00	1916.87	100.00	1303.82	100.00	930.11	100.00

Hair and Beauty Services Income constitutes the major part of our income from operations. Franchisee fees received on addition of new franchisees and revenue received from the training academies also forms part of our operating income. Operating income for the period ended November 20, 2011 includes income from selling retail floor space available across 225 outlets for advertisement and by sharing training contents in geographies beyond India.

Operating Expenses

The break-up of standalone operating expenses are as under:

(₹ In Lakhs)

Segment		Till 20.11.10		2009-10		2008-09		2007-08		2006-07	
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Material & Consumable	1. Salon consumables										
	2. Kit pack items										
	3. Education CD's	21.65	2.54	29.79	2.52	131.42	23.86	144.55	30.63	77.44	26.38
Infrastructure Charges	1. Franchise's share of revenue										
	2. Partner's share of revenue										
	3. Maintenance charges of the location (CAM)	829.83	97.46	1153.54	97.48	419.27	76.14	327.37	69.37	216.13	73.62
Total		851.48	100	1183.33	100	550.69	100	471.92	100	293.57	100

The operating expenses includes expenses on material and consumables, franchise's share of revenue, rents, maintenance charges for Company owned outlets. Infrastructure charges accounts for more than 60% of total operating expenses in all preceding years.

Other Expenses

Administration & Other Expenses

Administration & other expense includes rent, rates & taxes , professional fees, advertisement & publicity, insurance, electricity & fuel, repair and maintenance, travelling and conveyance, auditor's remuneration, brokerage & commission, premium on chit fund (net of discount received) and other miscellaneous expenses.

Employee Remuneration & benefits

Employee remuneration & benefits consist of salaries and bonus, trainee stipend, contributions towards employees' welfare funds and staff welfare expenses.

Finance Charges

Finance charges consist of interest paid to bank & others and bank charges & commission.

Depreciation

Depreciation has been provided on Written Down Value Method as per rates specified in Schedule XIV of the Companies Act, 1956 as amended from time to time.

Net Profit after Tax

(₹ In Lakhs)

Particular	Period Ended				
	20.11.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007
PAT	447.61	69.06	57.38	(115.32)	63.81
Total Income	2253.46	1961.95	1919.17	1308.64	931.64
PAT / Total Income (%)	19.86	3.52	2.99	(8.81)	6.85

The efforts of management in streamlining the operations of the Company has resulted in increase in margin from 3.52% in Fiscal 2010 to 19.86% for the period ended November 20, 2010.

Sundry Debtors

The details of debtors for the respective period are as under:

(₹ In Lakhs)

Product	Period Ended				
	20.11.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007
Operating Income	2238.50	1958.02	1916.87	1303.82	930.11
Debtors					
Debtors less than 180 days	615.21	246.53	18.78	61.60	39.32
Debtors more than 180 days	842.81	268.61	263.06	8.78	2.71
Bad Debts written off	0	0	0	0	0
No of days outstanding debtors (days)	153	96	54	20	16
% of bad debts to sales (%)	0	0	0	0	0

Discussion on Results of Operations on a Standalone Basis

(₹ In Lakhs)

Particulars	Period ended									
	20.11.2010	% of Total Income	31.03. 2010	% of Total Income	31.03. 2009	% of Total Income	31.03. 2008	% of Total Income	31.03. 2007	% of Total Income
INCOME										
Operating Income	2238.50	99.34	1958.02	99.80	1961.87	99.88	1303.82	99.63	930.11	99.84
Other income	14.96	0.66	3.93	0.20	2.30	0.12	4.82	0.37	1.53	0.16
Total Income	2253.46	100.00	1961.95	100.00	1919.17	100.00	1308.64	100.00	931.64	100.00
EXPENDITURE										
Operating Expenses	851.48	37.79	1183.33	60.31	550.69	28.69	471.92	36.06	293.57	31.51
Administration & Other Expenses	537.40	23.85	408.83	20.84	765.75	39.90	499.15	38.14	286.38	30.74
Employee Remuneration & benefits	120.90	5.37	134.32	6.85	427.60	22.28	403.80	30.86	218.24	23.43
Finance charges	65.53	2.91	80.16	4.09	76.23	3.97	23.71	1.81	1.94	0.21
Depreciation	23.36	1.04	41.03	2.09	42.40	2.21	19.86	1.52	17.96	1.93
Amortization of Deferred Revenue Expenditure	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.50	0.81
Total Expenditure	1598.67	70.94	1847.68	94.18	1862.69	97.06	1418.44	108.39	825.60	88.62
Profit before tax	654.79	29.06	114.28	5.82	56.49	2.94	(109.80)	(8.39)	106.04	11.38
Taxation										
Current Tax	185.00	8.21	58.23	2.97	123.38	6.43	0.11	0.01	44.52	4.78
FBT etc.	0	-	0	-	3.50	0.18	2.69	0.21	2.00	0.21
Deferred tax	22.17	0.98	(13.01)	(0.66)	(127.77)	(6.66)	2.72	0.21	(4.29)	(0.46)
Net Profit after tax	447.61	19.86	69.06	3.52	57.38	2.99	(115.32)	(8.81)	63.81	6.85

Adjustments

The financial information for FY 2007, 2008, 2009, 2010 and period ended November 20, 2010 has been restated in compliance with the ICDR Regulations. In accordance with Indian GAAP, the effects of restatement are shown as a restatement of individual line items in our profit and loss statement.

Set out below is the summary of the result of the restatement of the audited standalone financial statements for the respective years and its impact on the company:

(₹ In Lakhs)

	Particulars	20.11.2010	31. 03 2010	31.03.2009	31.03.2008	31.03.2007
A.	Profit after tax & extra ordinary item as per audited Financial Statements	415.63	83.92	72.97	(117.91)	67.93
	Adjustments to Profit & Loss Account					
B.	Prior period items Debited in Audited Statement	(21.31)	-	-	-	-
C.	Prior period items belongs to earlier year as :					
	Gratuity Expenses (Income)	-	(5.37)	9.30	1.76	2.39
	Material & Consumables	-	3.34	-	-	-
	Personnel's Expenses	-	6.87	-	-	-
	Administrative & General Expenses	-	3.00	-	-	-
	Financial Charges	-	0.02	-	-	-
	Total C	-	7.86	9.30	1.76	2.39
D.	Income Tax for Earlier Years					
	Income Tax related to earlier years debited	(13.35)	-	-	0.30	-
	Interest on Income Tax debited to Financial Charges included in Income Tax Provision in Restated Statement	-	-	-	3.58	-

	Total D	(13.35)	-	-	(3.88)	-
E.	Income Tax Relates to the Following Years:					
	FY-2007-08	-	-	-	-	3.88
	FY 2010-11	-	5.23	9.37	0.11	(1.36)
	Total E	-	5.23	9.37	0.11	2.52
F.	Adjustments relating to Deferred Tax due to accounting of Gratuity in FY 2010-11 and Deferred Tax also accounted in Financial Statement of 2010-11 but belongs to Earlier Years	2.68	1.78	(3.09)	(0.58)	(0.79)
G.	Gross effect on P&L for the year G = (B+C+D+E+F)	(31.98)	14.87	15.59	(2.59)	4.12
H.	Net profit as per restated Profit & Loss Account H = (A +/- G)	447.61	69.06	57.38	(115.32)	63.81

NOTES ON RESTATED ACCOUNTS:

1. Prior Period Adjustments:

For fiscal 2010-11, certain items of expenses were identified as prior period items. For the purpose of the restatement, such prior period items have been appropriately adjusted in the respective years to which they pertain to.

2. Retirement Benefits:

During fiscal 2010-11, provision for gratuity was made on the basis of actuarial valuation in compliance with Accounting Standard 15 (Revised), which was earlier accounted for on cash basis. Accordingly, provision for gratuity has been recomputed on actuarial valuation basis for each of the preceding years and consequently, the adjustments have been made in the expenses for gratuity for fiscal 2006-07, 2007-08, 2008-09 and 2009-10.

3. Current Tax and Deferred Tax

Income Tax Adjustments for Earlier Years: The profit and loss account for some years included amounts paid or provided for, in respect of shortfall in income tax arising out of final returns, assessments, appeals etc. which has now been adjusted in our restated consolidated summary statements for fiscal 2007, 2008, 2009 and 2010 i.e. in the year to which the same belonged. Further, tax expense (current tax and deferred tax) has been computed on adjustments made as detailed above and has been adjusted in our restated consolidated profits and losses for fiscal 2007, 2008, 2009 and 2010.

Results of operations from April 01, 2010 till November 20, 2010

Operating Income:

Our total operating income for the period ended November 20, 2010 was ₹2238.50 lakhs which primarily consisted of the income from Hair & Beauty Services and Academy Income, representing 64.75% and 26.35%, respectively, of the total operating income for the period. Income from our Franchisee Fees and Other Misc. Income of Salon & Academy represented 8.89% and 0.01% of the total operating income.

Operating Income: Hair & Beauty Services

Hair and Beauty Services Income constitute the major part of our income from operations. Income from Hair & Beauty Service was ₹1449.46 Lakhs or 64.75% of total operating income for the period. The Company has decided to exploit huge retail floor space available across 225 outlets for advertising purposes and sharing training contents developed over the years for geographies beyond India. This has lead to incremental income to the tune of ₹942.26 lakhs out of which ₹500 lakhs for the sale of retail space and ₹442.26 lakhs for sharing training contents during the period.

Operating Income: Franchises Fees

Income from Franchises Fees was ₹198.98 Lakhs or 8.89% of total operating income for the period. There is increase in number of franchises in the period.

Operating Income: Academy

Income from Academy was ₹589.75 Lakhs or 26.35% of total operating income for the period. Academy business is second highest contributor to the operating income. Our latest and scientific training methodologies have helped us in improving the number of enrolments for our academies.

Operating Income: Other Misc Income of Saloons & Academy

Income from Other Misc Income of Saloons & Academy was ₹0.31 Lakhs or 0.01% of total operating income for the period.

Other Income

Other income was ₹14.96 lakhs, constituting 0.66% of the total income for the period. Other income for the period comprised interest income of ₹2.96 lakhs from fixed deposit, exchange gain of ₹11.70 lakhs and miscellaneous receipt of ₹0.30 lakhs.

Expenses

Our total expenditure was ₹1598.67 lakhs for the period. This expenditure comprised operating expenses, personnel expenses and other expenses. Expenditure as a percentage of total income for the period was 70.94%.

Operating Expenses:

Operating expenses were ₹851.48 lakhs for the period. The operating expenses consist of Material & Consumables and Infrastructure Charges. Operating expenses constitute 37.79% of our Operating Income.

Administration & Other Expenses:

The administration & other expenses were ₹537.40 lakhs for the period. The significant constituents of administration and other expenses were advertisement & publicity, rent, rates & taxes and professional fees. Administration and other expenses as a percentage of total income for the period was 23.85%.

Employee Remuneration & benefits:

Employee Remuneration & benefits were ₹120.90 lakhs. Employee Remuneration & benefits as a percentage of total income for the period was 5.37%.

Finance Charges:

Finance charges were ₹65.53 lakhs for the period, primarily on Interest on Loan and Others. Finance Charges as percentage of the total income for the period was 2.91%.

Depreciation

We provided depreciation of ₹23.36 laks for this period. Depreciation as a percentage of total income for the period was 1.04%.

Net Profit after tax

The net profit after tax for the period is ₹447.61 lakh. As a percentage of total income for the period, our net profit after tax was 19.86%.

Comparison of Fiscal Year 2010 with 2009*Operating Income:*

Operating income as a percentage of total income stood at 99.80% in FY 2010 as compared to 99.88% in FY 2009. Our total operating income increased from ₹1916.87 lakhs in FY 2009 to ₹1958.02 lakhs in fiscal 2010.

Operating Income: Hair & Beauty Services - Income

Income from Hair & Beauty Service increased from ₹1363.39 Lakhs in FY 2009 to ₹1501.22 lakhs in FY 2010 showing an increase of 10.11%. The increase is mainly on account of increased number of outlets which has increased from 91 in 2009 to 156 in 2010.

Operating Income: Franchises Fees

Income from Franchises Fees reduced from ₹315.08 Lakhs in FY 2009 to ₹184.11 lakhs in FY 2010 showing a reduction of 41.57% compared to FY 2009. The reduction is mainly on account of less number of franchisee agreements entered by the Company in FY 2010. New franchisee agreements entered by the Company were 65 in 2010 whereas the same were 28 in FY 2009.

Operating Income: Academy Income

Income from Academy Income increased from ₹228.07 Lakhs in FY 2009 to ₹270.63 lakhs in FY 2010. There is 18.66% increase from FY 2009 to FY 2010. Our latest and scientific training methodologies have helped us in improving the number of our academies from 21 in 2009 to 33 in 2010.

Other Misc Income of Saloons & Academy

Income from Other Misc Income reduced from ₹10.33 Lakhs in FY 2009 to ₹2.07 lakhs in FY 2010.

Other Income

Other income increased by 70.87% from ₹2.30 lakhs in FY 2009 to ₹3.93 lakhs in FY 2010. This increase was primarily due to an increase in Interest on Fixed Deposits with banks in FY 2010.

Expenses*Operating Expenses:*

Operating expenses has been increased by 114.88% from ₹550.69 lakhs in FY 2009 to ₹1183.33 lakhs in FY 2010. The total operating expenses as a percentage of total income has gone up from 28.69% to 60.31% for FY 2010. Increase in operating expenses is mainly due to increase in infrastructure charges. In FY 2009, Company started converting most of its joint venture outlets into franchises thereby affecting the infrastructure and maintenance charges. In the same year the share of revenue component has gone up from ₹12.47 lakhs in the FY 2009 to ₹1044.95 lakhs in the FY 2010. The share of revenue component reflects the outflow to the franchises which was higher because the operating expenses of running the outlets were borne by the franchises and not by the Company. This is primarily because in FY 2010 the partners' share was as high as 85% of the total income compared to 35% in FY 2009.

Administration & Other Expenses:

The administration & other expenses reduced from ₹765.75 lakhs in the FY 2009 to ₹408.83 lakhs during the FY 2010 showing a reduction of 46.61%. This reduction is primarily because of the change in operating model from joint venture/company owned salons to majorly franchise outlets, where all these expenses are borne by the franchise instead of the Company.

Further, administrative and other expenses have gone down from 39.90% to 20.84% of the total income from FY 2009 to FY 2010.

Employee Remuneration & benefits:

Employee Remuneration & benefits which includes the salaries of salon managers and hair stylists working in the outlets have reduced from ₹427.60 lakhs in the FY 2009 to ₹134.32 lakhs in the FY 2010, showing a reduction of 68.59%. The reduction was primarily due to change in operating model from joint venture/company owned salons to majorly franchise outlets, where all these expenses are borne by the franchise instead of the Company as well as substantial reduction in stipend given to trainee.

Finance Charges:

Finance charges increased from ₹76.23 lakhs for the FY 2009 to ₹80.16 lakhs for the FY 2010 showing an increase of 5.15 %. The increase is mainly due to higher rate of interest of the loan taken by the Company.

Depreciation

The depreciation has reduced from ₹42.40 lakhs for the FY 2009 to ₹41.03 lakhs for the FY 2010 showing a reduction of 3.23%.

Net Profit after tax

As a result of foregoing, the net profit after tax of the Company has increased from ₹57.38 lakhs for the FY 2009 to ₹69.06 lakhs for the FY 2010 showing an increase of 20.36%. The operational model of the Company has become efficient both operationally as well as financially as there is less burden on the Company to manage the territories and which shows the increased margins in FY 2010.

Comparison of Fiscal Year 2009 with 2008*Operating Income:*

Our total operating income increased from ₹1303.82 lakhs in FY 2008 to ₹1961.87 lakhs in FY 2009 representing an increase of 50.47%. This increase was primarily due to increase in Income from Hair & Beauty Services and Franchisee Fees.

Operating Income: Hair & Beauty Services - Income

Income from Hair & Beauty Service increased from ₹1140.16 Lakhs in FY 2008 to ₹1363.39 lakhs in FY 2009. There was an increase of 19.58% from FY 2008 to FY 2009. The increase is mainly on account of increased number of outlets which has increased from 63 in 2008 to 91 in 2009.

Operating Income: Franchises Fees

Income from Franchises Fees increased from ₹30.21 Lakhs in FY 2008 to ₹315.08 lakhs in FY 2009 which is due to sale of territory region to Master's Franchisee. It showed exceptional increase of 942.97%.

Operating Income: Academy Income

Income from Academy increased from ₹128.51 Lakhs in FY 2008 to ₹228.07 lakhs in FY 2009. It showed an increase of 77.47%. Our latest and scientific training methodologies have helped us in improving the number of enrolments for our academies from 11 in 2008 to 21 in 2009.

Operating Income: Other Misc Income of Saloons & Academy

Income from Other Misc Income increased from ₹4.95 Lakhs in FY 2008 to ₹10.33 lakhs in FY 2009. It showed 108.69%.

Other Income

Other income reduced by 52.28% from ₹4.82 lakhs in FY 2008 to ₹2.30 lakhs in FY 2009. This reduction was primarily due to a reduction in Interest on Fixed Deposits with banks in FY 2009.

Expenses*Operating Expenses:*

Operating expenses has been increased by 16.69% from ₹471.92 lakhs in FY 2008 to ₹550.69 lakhs in FY 2009. The number of outlet has gone up from 63 in 2008 to 91 in 2009. Increase in operating expenses mainly due to increase in infrastructure charges on account of increase in number of outlets. Most of the outlets in the FY 2009 were Company owned or joint venture due to which there was a huge outflow which was reflected in infrastructure charges. Operating expenses constitutes 28.73% of our Operating Income in FY 2009 and 36.19% in FY 2008.

Administration & Other Expenses:

The administration & other expenses increased from ₹499.15 lakhs in the FY 2008 to ₹765.75 lakhs during the FY 2009 showing an increase of 53.41% mainly on account of increase in rent, rates & taxes, repairs & maintenance in FY 2009.

Employee Remuneration & benefits:

Employee Remuneration & benefits have increased from ₹403.80 lakhs in the FY 2008 to ₹427.60 lakhs in the FY 2009, showing an increase of 5.89%. The increase was primarily due to general increase in salaries & bonus and contribution towards Employees Welfare Funds.

Finance Charges:

Finance charges increased from ₹23.71 lakhs for the FY 2008 to ₹76.23 lakhs for the FY 2009 showing an increase of 221.51%. The increase is mainly due to unsecured loan taken from the banks as well as Body Corporates. Total loan outstanding as at March 31, 2009 was ₹520.68 lakhs showing an increase of ₹329.62 lakhs over the previous year end balance.

Depreciation

The depreciation has increased from ₹19.86 lakhs for the FY 2008 to ₹42.40 lakhs for the FY 2009 showing an increase of 113.49%. This is mainly due to addition in Fixed Assets.

Net Profit after tax

The company has made loss of ₹115.32 lakhs for the FY 2008. But the Company has made turnaround in the FY 2009 and booked a net profit of ₹57.38 lakhs representing an increase of 149.76%.

Comparison of Fiscal Year 2008 with 2007*Operating Income:*

Operating income as a percentage of total income stood at 99.63% in FY 2008 as compared to 99.84% in FY 2007. Our total operating income increased from ₹930.11 lakhs in FY 2007 to ₹1303.82 lakhs in FY 2008. This increase was primarily due to increase in Income from Hair & Beauty Services.

Operating Income: Hair & Beauty Services

Income from Hair & Beauty Service increased from ₹714.99 Lakhs in FY 2007 to ₹1140.16 lakhs in FY 2008 representing an increase of 59.47%. The increase is mainly on account of increased number of outlets which has increased from 37 in 2007 to 63 in 2008.

Operating Income: Franchises Fees

Income from Franchises Fees reduced from ₹31.34 Lakhs in FY 2007 to ₹30.21 lakhs in FY 2008.

Operating Income: Academy

Income from Academy Income reduced from ₹180.74 Lakhs in FY 2007 to ₹128.51 lakhs in FY 2008.

Operating Income: Other Misc Income of Saloons & Academy

Income from Other Misc Income increased from ₹3.31 Lakhs in FY 2007 to ₹4.95 lakhs in FY 2008.

Other Income

Other income increased by 215.03% from ₹1.53 lakhs in FY 2007 to ₹4.82 lakhs in FY 2008. This increase was primarily due to an increase in Interest on Fixed Deposits with banks in FY 2008.

Expenses

Operating Expenses:

Operating expenses has been increased by 60.75 % from ₹293.57 lakhs in FY 2007 to ₹471.92 lakhs in FY 2008. Increase in operating expenses is because of increase in material & consumables and infrastructure charges. However, Operating expenses constitute 36.20 % of our Operating Income in FY 2008 compared to 31.56 % in FY 2007.

Administration & Other Expenses:

The administration & other expenses increased from ₹286.38 lakhs in the FY 2007 to ₹499.15 lakhs during the FY 2008 showing an increased of 74.30% mainly on account of increase of rent, Professional Fees and advertisement & publicity, losses due to fire and sundry expenses.

Employee Remuneration & benefits:

Employee Remuneration & benefits have increased from ₹218.24 lakhs in the FY 2007 to ₹403.80 lakhs in the FY 2008, showing an increase of 85.03%. The increase was primarily due to increase in salaries, wages & bonus, statutory payments like P.F etc.

Finance Charges:

Finance charges were significantly increased from ₹1.94 lakhs for the FY 2007 to ₹23.71 lakhs for the FY 2008. The increase is mainly due to loan taken by the company for expansion.

Depreciation

The depreciation had increased from ₹17.96 lakhs for the FY 2007 to ₹19.86 lakhs for the FY 2008 showing an increase of 10.58%.

Net Profit after tax

Due to high operating expenses and other expenses, the Company had made loss of ₹115.32 lakhs in FY 2008. During this period there was a slowdown in income generation which had also affected profitability.

Discussion on Consolidated results of operations for the period ended November 20, 2010

The Company has a subsidiary, viz. Jawed Habib Hair & Beauty Studio Private Limited converted from partnership firm M/s Jawed Habib's Hair Express under part IX of the Companies Act, 1956 is engaged in hair and beauty care business in India. Following are consolidated financial statement of the Company.

(₹. In Lakhs)

Particulars	20.11.2010	% of Total Income
INCOME		
Operating Income	2,858.07	99.48
Other income	14.96	0.52
Total Income	2,873.03	100.00
EXPENDITURE		
Operating Expenses	857.66	29.85
Administration & Other Expenses	952.07	33.14
Employee Remuneration & benefits	171.58	5.97
Finance charges	65.67	2.29
Depreciation	34.64	1.21
Total Expenditure	2,081.62	72.45
Profit before tax	791.41	27.55
Taxation		
Current Tax	228.30	7.95
FBT etc.	-	-
Deferred tax	22.12	0.77
Net Profit after tax	540.99	18.83

Operating Income

The break-up of consolidated operating income into different segment for the period ended are as under:

(₹. In Lakhs)

Segment	Till 20.11.10	
	Amount	%
Hair & Beauty Services – Income	1,470.49	51.45
Franchisee Fees	792.10	27.71
Academy Income	595.17	20.82
Other Misc. Income of Saloon and Academy	0.31	0.01
Total	2,858.07	100.00

Operating income is mainly derived from coming from Hair & Beauty Services and Franchise Fees. Income from Hair & Beauty Services was 51.45% of the total operating income. It is major revenue earning segment of the operating income. Our subsidiary operates the brand HairXpreso.

Other Income

Other income comprises of interest on fixed deposits with banks, exchange rate difference and misc income. Other income stood at 0.52% of the total income.

Operating Expenses

(₹. In Lakhs)

Segment	Till 20.11.2010	
	Amount	%
Material & Consumable	27.83	3.24
Infrastructure Charges	829.83	96.76
Total	857.66	100

The operating expenses include expenses on material consumables and infrastructure charges. Infrastructure charges includes franchises' share of revenue which accounts for 96.76% of total operating expenses.

Other Expenses

Administration & Other Expenses

Administration & other expense include Rent, Brokerage & Commission, advertisement & publicity etc, which accounts for 33.14% of the total income.

Employee Remuneration & benefits

Employee remuneration & benefits consist of salaries and bonus, staff welfare expenses etc. Employee remuneration & benefits are 5.97% of the total income.

Finance Charges

Finance charges consist of interest paid to bank & others and bank charges & commission, which is 2.29% of the total income

Depreciation

Depreciation has been provided on Written Down Value Method as per rates specified in Schedule XIV of the Companies Act, 1956 as amended from time to time.

Net Profit after Tax

(₹ In Lakhs)

Particular	20.11.2010
PAT	540.99
Total Income	2873.03
PAT / Total Income (%)	18.83

Net Profit after tax for the period ended November 20, 2010 was ₹540.99 lakhs which shows a margin of 18.83%.

Cash Flow Statement

Set forth below is a table of selected, standalone restated cash flow statement data for the period ended November 20, 2010 and for Fiscal 2010, 2009, 2008 and 2007 :

(₹ in Lakhs)

	For the period ended	Fiscal year ended March 31,			
	November 20, 2010	2010	2009	2008	2007
Cash generated from/(used in) Operations	(1,964.24)	221.69	(69.05)	478.32	(573.00)
Cash flow from / (used in) Investing Activities	(25.75)	(15.14)	(172.38)	(1.52)	(137.46)
Cash flow From / (used in) Financing Activities	2,107.97	(154.16)	253.38	(582.73)	898.43
Net increase / (decrease) in Cash and Cash Equivalents	102.12	6.61	3.40	(150.40)	168.26

Net cash generated from operating activities

Our net cash generated from operating activities is principally used for our operating expenses, general and administration expenses and our employee remuneration & benefits expenses.

We have gone through three phases of operating model. We have started from completely company owned/joint venture model to the equal mix of both company owned and franchise and currently we are skewed towards franchise base model. These phase shifts are done to ensure Company not only keep moving up the ladder on increasing profit margins but also to ensure that the growth is maintained at a higher level. However, the effect of quick changes in the model is reflected in the negative cash flows.

Fiscal year 2007

In the FY 2007, when the Company was opening owned/joint venture, there was a huge capital investment in terms of security deposits and interiors. At the same time, there were pressure of salaries and rents, this primarily lead to negative cash flow situation in the FY 2007. To address this huge capital requirement, the Company raised funds by diluting equity (in the form of share application money) and unsecured loan. We have purchased fixed assets like interiors, salon and office equipment, furniture and computers.

Fiscal year 2008

In the FY 2008, the cash generated from operations become positive though the Company had made losses. Some of the business proposals/plans of the Company that were initiated in FY 2007 did not work out and hence part of the advances & deposits given in FY 2007 were returned to the Company. At the same time, majority of the equity raised by way of application money in the FY 2007 had been refunded.

Further, the Company has taken secured loans to the tune of ₹108.98 lakhs to meet the working capital expenditure requirements.

Fiscal year 2009

Cash generated from operation has become negative as the Company continued to make investment in the business by opening new outlets and aggravated by increase in debtors.

The Company has purchased fixed assets like diesel generator motor, office and salon equipment and paid master franchisees to Clara International, a Malaysian aesthetic brand for exclusively using their brand name/knowledge to build aesthetic academies in our Country.

The Company has also taken unsecured loans from body corporates and banks for funding expansion

Fiscal year 2010

The Company slowly started reaping the benefits of change in operational model from Company owned/joint venture model to franchise model and hence cash generated from operation has become positive despite increase in debtors compared to the previous year.

The Company invested a small amount on purchasing of furniture and computers. The negative cash flow from financing activities is mainly due to repayment of loans.

For the period ended November 20, 2010

The cash flow from operations has become negative and from financing activities has become positive in this period mainly because of the following business expansion plans of the Company during the same period.

1. The Company has paid an advance of ₹1200 lakhs to Brand Equity Treaties Limited for the purpose of building the brand through advertising in various media and in turn issued convertible debentures to the extent of the same amount.
2. The Company has also paid an advance of ₹231 lakhs to Katha Mediatix Limited for the same purpose of advertising through ad films, hoardings, etc;
3. The Company has paid advance of ₹267.30 lakhs for purchase of consumables to be used in across franchises;
4. The Company has received proceeds from the issue of equity shares to the extent of ₹814 lakhs.

FACTORS THAT MAY AFFECT THE RESULTS OF THE OPERATIONS:**1. Unusual or infrequent events or transactions.**

There have been no unusual or infrequent events or transactions that have taken place.

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

There have been no significant economic changes that materially affected or likely to affect income from continuing operations.

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

Other than described in the Chapter titled "Risk Factors" and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" beginning on pages 11 and 175, respectively of the Draft Red Herring Prospectus, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our income from continuing operations.

4. Future changes in relationship between costs and incomes

Other than described in the Chapter titled "Risk Factors" and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" beginning on pages 11 and 175, respectively of the Draft Red Herring Prospectus, to our knowledge there are no known factors which will have a material adverse impact on our operations and finances.

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

The increase in operating income is mainly on account of increase in franchises and academies in the normal course of business.

6. Total turnover of each major industry segment in which the issuer company operated.

Please refer to Chapter titled 'Industry Overview' beginning on page 77 of the Draft Red Herring Prospectus. However, there are no published data available with the Company for total turnover of the industry in which the Company operates.

7. Status of any publicly announced new products or business segment.

The Company has not announced any new product and segment except in the ordinary course of our business.

8. The extent to which business is seasonal.

The Company's business is not seasonal.

9. Any significant dependence on a single or few suppliers or customers.

There is no significant dependence on a single or few suppliers.

10. Competitive conditions.

Please refer to Chapter titled "Industry Overview" and "Business Overview" beginning on pages 77 & 89 respectively of the Draft Red Herring Prospectus for details on competitive conditions.

Material Recent Developments

Except as disclosed under the chapter "Business Overview" beginning on page 89 and under the heading "Material Developments occurring after last balance sheet date i.e November 20, 2010" on page 192, in the opinion of our directors, there has not arisen any circumstances since the date of the last financial statements as disclosed in the Draft Red Herring Prospectus and which materially and adversely affect or is likely to affect the trading or profitability of the Company, or the value of our assets, or our ability to pay our liabilities within the next twelve months.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES

Except as described below, there are no outstanding litigations, suits, civil or criminal prosecutions, proceedings before any judicial, quasi-judicial, arbitral or administrative tribunals, including pending proceedings for violation of statutory regulations or, alleging criminal or economic offences or tax liabilities or 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) against the Company, our Directors, our Promoter and our Group Entities that would have a material adverse effect on our business. Further there are no defaults, non-payments or overdue of statutory dues, institutional/bank dues and dues payable to holders of debentures or fixed deposits and arrears of cumulative preference shares that would have a material adverse effect on our business.

This section has been divided into seven parts:

Part 1 Contingent Liabilities of the Company

Part 2 Litigation relating to the Company

Part 3 Litigation against our Directors

Part 4 Litigation relating to Subsidiary

Part 5 Litigation relating to our Promoter and Group Companies

Part 6 Amounts owed to Small Scale Undertakings and other Creditors

Part 7 Material Developments

PART 1: CONTINGENT LIABILITIES OF THE COMPANY

As on November 20, 2010, there are no Contingent Liabilities

PART 2: LITIGATION RELATING TO THE COMPANY

A) Filed against the Company

1. Litigation Involving Civil Laws:

- A suit for recovery of ₹45,01,306/- and future interest @ 18% p.a. has been instituted against the Company by Mr. Rajesh Choudhary in the Hon'ble High Court of Delhi, at New Delhi alleging non-payment of the rent, interest payable @ 18% p.a., Service tax, Cess etc. payable @ 12.36% for the period March 2008 to September 2010 for the premises being 737sq. feet on the 1st Floor, situate at Plot No. 2, Market, Sector No. 4, NWA, West Punabi Bagh, New Delhi -110026. The matter is pending.
- A suit for specific performance of the contract (Franchise Agreement), permanent and mandatory injunctions and for damages/ compensation has been instituted against the Company by Mrs. Rajinder Kaur and Mr. Prabhjot Singh alleging non performance of franchisee agreement, allowing franchisees to function in the territory granted to the plaintiffs and damages for loss of business. The matter is pending.

2. Litigation Involving Criminal Laws: NIL

3. Litigation Involving Securities and Economic Laws: NIL

4. Litigation Involving Statutory Laws:

The Company had received a notice dated March 10, 2010, from the Superintendent Service Tax: Div IV, Mumbai alleging that he has reason to believe that the Company has evaded payment of service tax and calling upon the Company to produce certain documents. The total amount claimed by the said officer is ₹ 1,97,32,549/- [₹1,62,76,415/- (ST plus interest) for beauty parlour services; ₹19,33,421/- (ST plus interest) for coaching class services; ₹9,29,068/- (ST plus interest) for franchise services; ₹5,14,163/- (ST plus

interest) for convention services and ₹69,982/- (ST plus interest) for other payment card services as also penalty for late submission of ST Returns (₹9500/-)]. Thereafter, the Company has received a notice dated 17th June 14, 2010 from the Superintendent Service Tax: Div IV, Mumbai alleging that he has reason to believe that the Company has evaded payment of service tax and calling upon the Company to produce certain documents. The Company has vide its letter dated 6th July, 2010, explained to the Superintendent Service Tax: Div IV, Mumbai relevant facts of the matter and admitted that though certain amounts were payable, the claims to the tune as claimed by the said officer were not correct. The Company has paid the sum of ₹1,74,26,879/- (inclusive of cenvat credit) as on August 03, 2010 and Rs. Thereafter, the Company has not received any communication from the The matter is pending with Superintendent Service Tax.

5. Litigation Involving Labour Laws: NIL

B) Filed by the Issuer Company

1. Litigation Involving Civil Laws

- Mr. Jawed Habib Akhter, Mr. Vinitkumar Gupta and the Company had filed a L C Suit No. 84 of 2008 against MCGM to restrain MCGM from demolishing the mezzanine floor in the premises of the Company situate at Laxmi Plaza. The Court vide its order dated 29th January, 2008, rejected the application of the Company for stay on the order of demolition. The Company challenged the said order in appeal before the High Court of Judicature at Mumbai. The said appeal was dismissed for default. Thereafter, the L C Suit No. 84 of 2008 has come for hearing. The matter is pending.
- The Company through its group company, Habibs Hair & Beauty Studio Private Limited has taken it on lease the premises bearing no. 48, First Floor, Khan Market, New Delhi from Smt. Punam Malhotra. The said Smt Punam Malhotra vide her letter dated April 16, 2010 informed Habibs Hair & Beauty Studio Private Limited that she has transferred the said property to Admiral Finstock Private Limited but has not called upon to terminate the tenancy as the Company never defaulted in paying the rent. Suddenly, the Admiral Finstock Private Limited had sent a legal notice dated May 13, 2010 to terminate the tenancy. Hence, Habibs Hair & Beauty Studio Private Limited challenged the notice by filing a civil application dated July 27, 2010 in the Hon'ble High Court of Delhi against Admiral Finstock Private Limited and Smt. Punam Malhotra for mandatory and permanent injunction restraining the defendants from causing eviction of the Company from the property without any cause, legal rights and remedy. The matter is pending.

In the meantime, the said Finstock Private Limited has filed a Criminal Complaint against Habibs Hair & Beauty Studio Private Limited and Mr. Jawed Habib Akhter in his capacity as Managing Director of Habibs Hair & Beauty Studio Private Limited and the Company alleging dishonor of cheque given by the Company towards the rent. The Complaint has been filed under the provisions of Sections 138 and 142 of the Negotiable Instruments Act, 1881 for reliefs as per the said Sections. The said Complaint is pending.

2. Litigation Involving Criminal Laws: NIL
3. Litigation Involving Securities and Economic Laws: NIL
4. Litigation Involving Statutory Laws: NIL
5. Litigation Involving Labour Laws: NIL

PART 3 - LITIGATION AGAINST THE DIRECTORS

A) Litigations against Directors of the Company:

A criminal complaint had been filed by M/s Admiral Finstock Private Limited against M/s. Habibs Hair and Beauty Studio Private Limited, Mr. Jawed Habib Akhter in the capacity of director and Managing Director of M/s. Habibs Hair and Beauty Studio Private Limited and Jawed Habib Hair & Beauty Limited, in the court of Chief Metropolitan Magistrate, Tis Hazari Court, Delhi under section 138 and 142 of Negotiable Instrument Act, 1881. The complaint pertains to the dishonour of cheque amounting to ₹6,98,414/-. The complaint is currently pending.

B) Cases Filed by Directors of the Company: NIL

PART 4 - LITIGATION RELATING TO SUBSIDIARY - NIL

PART 5 - LITIGATION RELATING TO OUR PROMOTER AND GROUP COMPANIES

- **OUR PROMOTER**

A. Litigation against Promoter of the Company: NIL

B. Cases Filed by Promoter of the Company: NIL

- **OUR GROUP COMPANIES**

A. Litigation against group company:

A criminal complaint had been filed by M/s Admiral Finstock Private Limited against M/s.Habib Hair and Beauty Studio Private Limited, Mr. Jawed Habib Akhter in the capacity of director and Managing Director of M/s.Habib Hair and Beauty Studio Private Limited and Jawed Habib Hair & Beauty Limited, in the court of Chief Metropolitan Magistrate, Tis Hazari Court, Delhi under section 138 of Negotiable Instrument Act. The complaint pertains to the dishonour of cheque amounting to ₹6,98,414/-. The complaint is currently pending.

B. Cases Filed by group companies: NIL

PART 6 – AMOUNTS OWED TO SMALL SCALE UNDERTAKINGS AND OTHER CREDITORS

The Company is in the process of identifying the Micro, Small and Medium Enterprises as defined under “The Micro, Small and Medium Enterprises Development Act, 2006.” However, based on the information so far available with the Company in respect of Micro, Small and Medium Enterprises, there are no delays in the payments of dues to such enterprises.

PART 7 – MATERIAL DEVELOPMENTS OCCURING AFTER LAST BALANCE SHEET DATE i.e NOVEMBER 20, 2010

There has been no material development in relation to the Company, its Promoter or our Group Companies since November 20, 2010, except as disclosed below.

- The Authorized capital of the Company was increased from ₹15,00,00,000/- (Rupees Fifteen Crores) to ₹17,00,00,000/- on December 24, 2010;
- Mr. Jawed Habib Akhter, Managing Director has become brand ambassador of Panasonic Home Appliance India Company Limited for their hair drier products;
- The Company has repaid in full the entire outstanding unsecured loans obtained from Kotak Mahindra Bank Limited, HDFC Bank Limited and Religare Finvest Limited;
- The Company and the promoter have entered into a Shareholders’ Agreement with Greenfield Investments 2 (“Greenfield”);
- Marketing & Promotional Agreement and Brand Licence Agreement, entered into between Home Shoppe Direct Merchandising Private Limited “HSD”, the Company and the Promoter of the Company on January 20, 2011;

GOVERNMENT/ STATUTORY AND OTHER APPROVALS

In view of the approvals listed below, we can undertake the Issue and our current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to be undertaken in respect of the Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of the Draft Red Herring Prospectus.

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 major approvals are required for carrying on our present business.

Further, except as mentioned hereinbelow, the Company has not yet applied for any licenses, consents, permissions and approvals for the proposed activities as contained in the chapter titled "Objects of the Issue" beginning on page 57 of the Draft Red Herring Prospectus. It must be distinctly understood that, in granting these approvals, the Government of India does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf.

Approvals related to the Issue

1. In Principle approval dated [●] from the NSE.
2. In Principle approval dated [●] from the BSE.

Approvals for the business

Sr. No	Act under which the license/approval is issued	Details of the Applicable Statute and Section	Issuing Authority	Details of the license / approval
A. Approval from Central and State Government Approvals				
1.	The Companies Act, 1956		Registrar of Companies, Maharashtra	Certificate of Incorporation Corporate Identification Number(CIN): U93020MH2006PLC160931 Dated: April 03, 2006
2.	Income Tax Act, 1961	The Company is required to complete the assessments for the respective financial years and duly file the returns with the Income Tax Authorities.	Income Tax PAN Services Unit (Managed by National Securities Depository Limited)	Permanent Account Number (PAN): AABCJ6635N
3.	Income Tax Act, 1961	The Company is required to obtain Tax Deduction Account Number (TAN) and pay the tax deducted at source to the Central Government within the prescribed time	National Securities Depository Limited	Tax Deduction Number (TAN): MUMJ11806E
4.	Central Sales Tax Act, 1961	The Company is required to obtain registration as a dealer	Assistant Commercial Tax Officer, Registering Authority	TIN: 27460544544C With effect from: June 19, 2006
5.	Maharashtra Value Added Tax Act, 2002	The Company is required to obtain registration as a dealer.	Commercial Tax Officer, VAT Registering Authority.	TIN: 27460544544V With effect from: June 19, 2006
6.	Foreign Trade Policy 2009-2014	The Company is required to obtain an Importer Exporter Code(IEC) from the Joint	Foreign Trade Development Officer	Importer Exporter Code (IEC): 0308054334

Sr. No	Act under which the license/approval is issued	Details of the Applicable Statute and Section	Issuing Authority	Details of the license / approval
		Director General of Foreign Trade		Dated: October 27, 2008
7.	Finance Act, 2002	The Company is required to obtain service tax registration for providing services which come under the category of taxable services.	Superintendent, Service Tax - Mumbai	Service Tax Registration Number- AABCJ6635NST001 Issued Dated: May 08, 2006 Amended Issue Date: July 17, 2006
B. Labour related approvals				
8.	The Employees Provident Funds and Miscellaneous Provisions Act, 1952	As per the provisions of the Employees Provident Fund and Miscellaneous Provisions Act 1952, the Company is required to provide and formulate a scheme for the provision of Provident Fund, Pension and an Employees Deposit Linked Life Assurance Scheme.	Regional Provident Fund Commissioner	Registration Code number: MH/94913 Issued dated: April 17, 2007 Effective: April 02, 2007
9.	The Employees State Insurance Act, 1948	As per the provisions of the Employees State Insurance Act 1948, the Company is required to provide and formulate a scheme for the benefit of its employees and to make contributions in terms of the said legislation and obtain the statutory registration.	E.S.I.C	Registration Code number: DL/1835/B Issued dated: November 20, 2008 Effective: April 01, 2007
10.	Maharashtra State Tax on Professions, Trades, Callings and Employment Act, 1975	Registration as "Employer" required in order to remit the professional tax to the Government.	Professional Tax Officer	Registration number: PT/R/1/1/29/26711 Dated:- October 13, 2006
11.	Bombay Shops and Establishment Act, 1948	The Company is required to obtain a registration under Bombay Shops and Establishments Act, 1948.	Senior Inspector	Registration number: KW013419/COMMERCIAL II. Issue Date: August 30, 2006 Renewed and valid till December 31, 2011

The Company Owned Outlets

a. SALON AND ACADEMY, MUMBAI

Unit No. 11-14, Laxmi Plaza Bldg No. 9, Laxmi Ind. Estate, Andheri - (W), Mumbai.

1. The Company has obtained a Shops and Establishment Registration Certificate as a Commercial Establishment under The Bombay Shops and Establishment Act, 1948. The Registration Certificate of Establishment is dated 30th August 2006 bearing Registration No. KW013419/COMMERCIAL II. The Registration is valid upto 31st December 2011.

b. ACADEMY, PUNE

Silver Terrace, Fatima Nagar, Pune

1. The Company has obtained a Shops and Establishment Registration Certificate as a Commercial Establishment under The Bombay Shops and Establishment Act, 1948. The Registration Certificate of Establishment is dated 8th September 2010 bearing Registration No. WANOWRI / I /. The Registration is valid upto December 2012.

c. SALON, NEW DELHI

48, Khan Market, New Delhi-110003

1. The Company has obtained a Shops and Establishment Registration Certificate as a Commercial Establishment under The Delhi Shops and Establishment Act, 1954. The Registration Certificate of Establishment is dated 3rd January 2011 bearing Registration No. 2011000122.

Intellectual Properties

The Company has the following registered trademarks for “JAWED HABIB”:

Sr. No.	Trade Mark No.	Date of Registration	Class
1.	1440697	29.03.2006	16
2.	1440696	29.03.2006	42
3.	1440670	29.03.2006	35
4.	1440679	29.03.2006	8
5.	1440721	29.03.2006	41
6.	1440705	29.03.2006	18
7.	1440666	29.03.2006	38
8.	1440667	29.03.2006	3
9.	1440720	29.03.2006	21
10.	1440698	29.03.2006	25
11.	1712924	22.07.2008	37
12.	1712923	22.07.2008	36
13.	1712915	22.07.2008	27
14.	1712914	22.07.2008	26
15.	1712910	22.07.2008	19
16.	1712905	22.07.2008	12
17.	1712903	22.07.2008	10
18.	1712901	22.07.2008	6
19.	1712900	22.07.2008	5
20.	1712897	22.07.2008	1
21.	1712920	22.07.2008	32
22.	1712921	22.07.2008	33
23.	1712922	22.07.2008	34
24.	1712925	22.07.2008	39
25.	1712926	22.07.2008	40
26.	1712909	22.07.2008	17
27.	1712917	22.07.2008	20
28.	1712911	22.07.2008	22
29.	1712912	22.07.2008	23
30.	1712916	22.07.2008	28
31.	1712918	22.07.2008	30
32.	1712917	22.07.2008	29
33.	1712919	22.07.2008	31
34.	1712904	22.07.2008	11
35.	1712906	22.07.2008	13
36.	1712907	22.07.2008	14
37.	1712908	22.07.2008	15
38.	1712902	22.07.2008	7
39.	1712899	22.07.2008	4
40.	1712898	22.07.2008	2
41.	1440669	29.03.2006	9

The Company has applied for the following trademarks,

Sr. No.	Application No.	Date	Class	Name of Applicant	Trade Mark
1.	1712913	22.07.2008	24	Jawed Habib Hair and Beauty Limited	JAWED HABIB
2.	1843852	27.07.2009	42	Jawed Habib and Zafar Khan trading as Jawed Habib's Hair Express (Partnership Firm)	HAIR XPRESO
3.	1843853	27.07.2009	42	Jawed Habib and Zafar Khan trading as Jawed Habib's Hair Express (Partnership Firm)	HAIR XPRESS
4.	1843854	27.07.2009	42	Jawed Habib and Zafar Khan trading as Jawed Habib's Hair Express (Partnership Firm)	hairXpreso
5.	2078980	20.12.2010	1	Jawed Habib Hair and Beauty Limited	J H
6.	2078981	20.12.2010	2	Jawed Habib Hair and Beauty Limited	J H
7.	2078982	20.12.2010	3	Jawed Habib Hair and Beauty Limited	J H
8.	2078983	20.12.2010	5	Jawed Habib Hair and Beauty Limited	J H
9.	2078984	20.12.2010	8	Jawed Habib Hair and Beauty Limited	J H
10.	2078985	20.12.2010	9	Jawed Habib Hair and Beauty Limited	J H
11.	2078986	20.12.2010	10	Jawed Habib Hair and Beauty Limited	J H
12.	2078987	20.12.2010	11	Jawed Habib Hair and Beauty Limited	J H
13.	2078988	20.12.2010	21	Jawed Habib Hair and Beauty Limited	J H
14.	2078989	20.12.2010	22	Jawed Habib Hair and Beauty Limited	J H
15.	2078990	20.12.2010	26	Jawed Habib Hair and Beauty Limited	J H
16.	2078991	20.12.2010	42	Jawed Habib Hair and Beauty Limited	J H
17.	2078992	20.12.2010	44	Jawed Habib Hair and Beauty Limited	J H
18.	20789993	20.12.2010	42	Jawed Habib Hair and Beauty Limited	JAWED HABIB
19.	20789994	20.12.2010	44	Jawed Habib Hair and Beauty Limited	JAWED HABIB

The Company has applied for following trademarks for “JH hairXpreso”:

Sr. No.	Application No.	Date	Class	Name of Applicant	Trade Mark
1.	2085983	06.01.2011	1	Jawed Habib Hair and Beauty Limited	JH hairXpreso
2.	2085984	06.01.2011	2	Jawed Habib Hair and Beauty Limited	JH hairXpreso
3.	2085985	06.01.2011	3	Jawed Habib Hair and Beauty Limited	JH hairXpreso
4.	2085986	06.01.2011	5	Jawed Habib Hair and Beauty Limited	JH hairXpreso
5.	2085987	06.01.2011	8	Jawed Habib Hair and Beauty Limited	JH hairXpreso
6.	2085988	06.01.2011	9	Jawed Habib Hair and Beauty Limited	JH hairXpreso
7.	2085989	06.01.2011	10	Jawed Habib Hair and Beauty Limited	JH hairXpreso
8.	2085990	06.01.2011	11	Jawed Habib Hair and Beauty Limited	JH hairXpreso
9.	2085991	06.01.2011	21	Jawed Habib Hair and Beauty Limited	JH hairXpreso
10.	2085992	06.01.2011	22	Jawed Habib Hair and Beauty Limited	JH hairXpreso
11.	2085993	06.01.2011	26	Jawed Habib Hair and Beauty Limited	JH hairXpreso
12.	2085994	06.01.2011	42	Jawed Habib Hair and Beauty Limited	JH hairXpreso
13.	2085995	06.01.2011	44	Jawed Habib Hair and Beauty Limited	JH hairXpreso

COPYRIGHT APPLICATIONS

- In accordance with section 45 of Copyright Act, 1957 (14 of 1957), the Company has applied for the copyright registration of Artistic work of “ **Jawed Habib Caricature**” on 20th December, 2010 and received diary no. 396/11 dated January 19, 2011. The artistic work is published only in India and there are no subsequent publications in any other country.
- In accordance with section 45 of Copyright Act, 1957 (14 of 1957), the Company has applied for the copyright registration of Artistic work of vedigraphics film of “**Jawed Habib Hair & Beauty Education Program Part - I**” on January 14, 2011.
- In accordance with section 45 of Copyright Act, 1957 (14 of 1957), the Company has applied for the copyright registration of Artistic work of vedigraphics film of “**Jawed Habib Hair & Beauty Education Program Part - II**” on January 14, 2011.

The domain name, www.jawedhabib.co.in is registered under the name of the company.

Compounding Applications and Application for Central Government Approval under the Companies Act

- The Company has suo moto filed an application dated October 14, 2010 before the ROC, requesting compounding of the offence of violation of Section 295 of the Companies Act, which was committed by granting of loan to Tulip Films International, on behalf of Mr. Jawed Habib Akhter, the director of the Company, without obtaining the approval of the Central Government.
- The Company has suo moto filed an application dated October 14, 2010 before the ROC, requesting compounding of the offence of violation of Section 210 of the Companies Act, which was committed by not adopting the Accounts for the year 2008-2009 within the time lines prescribed under Section 210 of the Companies Act and consequently not holding the AGM of the Company within the prescribed time span as provided under Section 166 of the Companies Act.
- The Company has applied to the Central Government for permission under Section 309 (5B) of the Companies Act for waiving the recovery of the excess remuneration paid by the Company without obtaining the approval of the Central Government as required under Section 309 of the Companies Act, to its directors Mr. Jawed Habib Akhter, Mrs. Shaheen Akhter and Mr. Vinit Gupta.
- The Company has applied to the Central Government for permission under Section 309 (5B) of the Companies Act for waiving the recovery of the excess remuneration paid by the Company without obtaining the approval of the Central Government as required under Section 309 of the Companies Act, to its directors Mr. Jawed Habib Akhter, Mrs. Shaheen Akhter and Mr. Vinit Gupta.
- The Company has applied to the Central Government under Sections 269, 309 (3) and clause B of Section II of Part II of Schedule XIII of the Companies Act for seeking approval for payment of remuneration in excess of the remuneration mentioned clause B of Section II of Part II of Schedule XIII of the Companies Act for its directors Mr. Jawed Habib Akhter, Mrs. Shaheen Akhter and Mr. Rohit Arora.

SECTION VII: OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board has, pursuant to a resolution dated December 15, 2010 authorized the Issue, subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act.

The shareholders of the Company have authorized the Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, passed at the EGM of the Company held on December 24, 2010.

The Company has received in-principle approvals from BSE and NSE for the listing of our Equity Shares pursuant to letters dated [●] and [●] respectively. [●] is the Designated Stock Exchange for the purpose of the Issue.

Prohibition by SEBI

We confirm that neither (i) the Company, its Subsidiaries, the Promoter, Promoter Group, persons in control of the Company or the Group Companies; nor (ii) companies with which any of the Promoter, the Directors, persons in control of the Company or any natural person behind the Promoter are or were associated as a promoter, director or person in control, are debarred or have been prohibited from accessing the capital markets under any order or direction passed by the SEBI or any other authority.

There has been no action taken by the SEBI against the Directors or any other entity with which our Directors are associated as promoters or directors. Neither the Company, nor our Promoter, Promoter Group, Group Companies, or Directors have been declared as wilful defaulters by the RBI or any other governmental authority. There are no violations of securities laws committed by them in the past or pending against them.

Prohibition by RBI

The Company, its Directors, its Promoter, relatives of the Promoter (as defined under the Companies Act) and Group Companies have not been declared as wilful defaulter by RBI or any other government authority and there have been no violation of securities laws committed by them in the past or no such proceeding are pending against the Company or them.

Eligibility for the Issue

Eligibility criteria mentioned in Chapter III, Part I, Regulation 26 (1) of SEBI (ICDR) Regulations, 2009 calculated in accordance with unconsolidated restated financial statements under Indian GAAP are as under:

- a. The Company has net tangible assets of at least ₹300 Lakhs in each of the preceding three full years. The monetary assets held by the company for the financial year ended 31st March 2010, 2009 & 2008 are less than 50% of the net tangible assets out of the three preceding full years. Eligibility condition is satisfied as per calculation given in following table.
- b. The Company has a track record of distributable profits in accordance with Section 205 of Companies Act, for at least three of the immediately preceding five years; Eligibility condition is satisfied as per calculation given in following table.
- c. The Company has a net worth of at least ₹100 Lakhs in each of the three preceding full years; Eligibility condition is satisfied as per calculation given in following table.
- d. The aggregate of the proposed issue and all previous issue made during the same financial year in terms of issue size does not exceed five times its pre-issue net worth as per audited balance sheet of the preceding financial year. This condition is not satisfied by company as its proposed issue size & all previous size exceeds five times of pre-issue net worth as per audited balance sheet of preceding financial year.
- e. The company has not changed its name within the last one year.

The net tangible assets, monetary assets, distributable profits as per Section 205 of the Companies Act, 1956 and net worth for the past four years are as follows:

₹ in Lakhs

Particulars	As At			
	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
Net tangible assets	489.15	489.89	295.79	967.40
Monetary Assets	27.86	21.25	17.86	168.26
Monetary assets as a % of Net tangible assets	4.07	3.36	5.11	16.56
Distributable profits	83.92	72.97	NIL	67.93
Net worth	232.73	163.67	105.59	113.61

Note:

- Net tangible assets are defined as the sum of fixed assets (including capital work in progress and capital advances and excluding intangible assets and revaluation reserves), investments, current assets (excluding deferred tax assets) less current liabilities (including working capital loans), and short term liabilities.
- Monetary assets include cash on hand, bank balances and investments in mutual funds.
- The distributable profits of the Company, as per section 205 of the Companies Act, have been calculated from the audited financial statements of the respective years and/or period before making adjustments for restatement of Financial Statements.
- Net Worth = Equity Share Capital + Reserves & Surplus (Excluding revaluation reserve, if any) – Miscellaneous Expenditure

As the company is not fulfilling the **criteria no d, of the Regulation 26(1) of SEBI Regulation, 2009**, the company is not eligible for the proposed Initial Public offer under Chapter III, Part I, Regulation 26(1) of SEBI (ICDR) Regulation, 2009 and **hence is eligible under Chapter III, Part I, Regulation 26(2) of the said Regulations.**

Further, in accordance with Regulation 26(4) of the SEBI Regulations, the Company shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted will be not less than 1,000; otherwise the entire application money will be refunded forthwith. If such application 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 Bid Closing Date, whichever is earlier), the Company will, on and from the expiry of eight days, be liable to repay such application money with interest thereon at the rate of 15.0% p.a., as prescribed under Section 73 of the Companies Act.

Disclaimer Clause of SEBI

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF DRAFT RED HERRING PROSPECTUS TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (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 ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, BOB CAPITAL MARKETS LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER, BOB CAPITAL MARKETS LIMITED IS 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 MANAGER, BOB CAPITAL MARKETS LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JANUARY 24, 2011 WHICH READS AS FOLLOWS:

- (1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- (2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**
 - (A) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - (C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- (3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
- (4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.- NOTED FOR COMPLIANCE**
- (5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF**

PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

- (6) **WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.**
- (7) **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE.**
- (8) **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**
- (9) **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.**
– NOTED FOR COMPLIANCE
- (10) **WE CERTIFY THAT A DISCLOUSER HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. – NOT APPLICABLE**
- (11) **WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**
- (12) **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:**
- (A) **AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND**
- (B) **AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.**

(13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.

(14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER EXPERIENCE ,ETC.

(15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

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

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies, Maharashtra in terms of Section 60B of the Companies Act. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the Registrar of Companies, Maharashtra in terms of Sections 56, 60 and 60B of the Companies Act.

Our Promoter, Mr. Jawed Habib Akhter confirms that no information/material likely to have a bearing on the decision of investors in respect of the shares offered in terms of the Draft Red Herring Prospectus has been suppressed withheld and / or incorporated in the manner that would amount to mis-statement/misrepresentation and in the event of its transpiring at any point in time till allotment/refund, as the case may be, that any information/material has been suppressed/withheld and/ or amounts to a mis-statement/ misrepresentation, our Promoter and Directors undertake to refund the entire application monies to all subscribers within 7 days thereafter without prejudice to the provisions of section 63 of the Act.

Caution- Disclaimer from the Company and BRLM

The Company, the Directors, and the BRLM accept no responsibility for statements made otherwise than in the Draft Red Herring Prospectus or in the advertisements or any other material issued by or at the instance of the above mentioned entities and anyone depending on any other source of information, including our website www.jawedhabib.co.in or Promoter Group, Group Companies, or any affiliate or associate of the Company or its subsidiaries, would be doing so at his or her own risk.

The BRLM accepts no responsibility, save to the limited extent as provided in the Issue Agreement entered into between the BRLM and us dated January 21, 2011 and the Underwriting Agreement to be entered into among the Underwriters and us.

All information shall be made available by the Company and the BRLM 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.

The BRLM and their respective associates and affiliates may engage in transactions with, and perform services for, the Company, our Promoter Group, Group Companies, or our affiliates or associates in the ordinary course of business and have engaged, or may in future engage, in commercial banking and investment banking transactions with the Company, our Promoter Group, Group Companies, and our affiliates or associates, for which they have received and may in future receive compensation. As on date, our BRLM is not a banker to the Company.

Neither we 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.

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to the Company, 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, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company

Disclaimer in respect of Jurisdiction

The Issue 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, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorized under their constitution to hold and invest in shares, Public financial institutions as specified in Section 4A of the Companies Act, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of ₹ 250 million and pension funds with minimum corpus of ₹ 250 million, and to non-residents including multilateral and bilateral institutions, FIIs registered with SEBI and eligible NRIs provided that they are eligible under all applicable laws and regulations to hold Equity Shares of the Company. The Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered 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 the Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of the Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai, Maharashtra India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been submitted to SEBI. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and the Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since 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 offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold outside the United States in compliance with Regulation S of the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

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.

Further, each Bidder where required agrees that such Bidder will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws and legislations in each jurisdiction, including India.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

Disclaimer clause of the Bombay Stock Exchange Limited (BSE):

As required, a copy of the Draft Red Herring Prospectus has been submitted to the BSE. BSE has given, by letter dated [●], permission to the Company to use BSE's name in the Draft Red Herring Prospectus as one of the stock exchanges on which the Company's securities are proposed to be listed. The BSE has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. The BSE does not in any manner:

- ii. Warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; or
- iii. Warrant that the Company's securities will be listed or will continue to be listed on the BSE; or
- iv. Take any responsibility for the financial or other soundness of the Company, our Promoter, our management or any scheme or project of the Company;

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

The disclaimer clause as intimated by the BSE to us, post scrutiny of the Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Disclaimer clause of the NSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to National Stock Exchange of India Limited. NSE has given, by its letter dated [●], permission to the Company to use the NSE's name in the Draft Red Herring Prospectus as one of the stock exchanges on which the Company's 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 the Company. It is to be distinctly understood that the aforesaid permission given by the NSE should not in any way be deemed or construed that the offer document 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 the Company's securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of the Company, our Promoter, our management or any scheme or project of the Company.

Every person who desires to apply for or otherwise acquire any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE 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.

The disclaimer clause as intimated by the NSE to us, post scrutiny of the Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Disclaimer Clause of IPO Grading Agency

[●]

FILING

A copy of the Draft Red Herring Prospectus dated January 24, 2011 has been filed with the SEBI at Plot No. C-4A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

A copy of the Red Herring Prospectus, along with the other 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, along with the other documents required, to be filed under section 60 of the Companies Act will be delivered for registration to the RoC at the Office of the Registrar of Companies, Ministry of Corporate Affairs, Everest 5th Floor, 100 Marine Drive, Mumbai-400002.

LISTING

Applications will be made to BSE and NSE for permission to deal in and for an official quotation of the Equity Shares of the Company. [●] shall be the Designated Stock Exchange with which the basis of allocation will be finalised.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges mentioned above, the Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of the 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 Bid/Issue Closing Date, whichever is earlier), then the Company, and every Director of the Company who is an officer in default shall, on and from expiry of eight 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 twelve Working Days from the Bid /Issue Closing Date.

Impersonation

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:

- a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, Or**
- b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."**

CONSENTS

Consents in writing of the Directors, Company Secretary and Compliance Officer, the Auditors, the Legal Advisor, Bankers to the Company, Bankers to the Issue, BRLM, Syndicate Members, Escrow Collection Bankers and the Registrar to the Issue to act in their respective capacities, have been obtained and will be obtained as and when appointed and will be filed along with a copy of the DRHP 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 Prospectus for registration with the ROC.

M/s. Bharat Shah & Associates, Chartered Accountants, Auditors of the Company have also given their consent to the inclusion of their report as appearing in the form and context in the Draft Red Herring Prospectus and also of the tax benefits accruing to the Company and to the members of the Company and such consent and report have not been withdrawn up to the time of signing the Draft Red Herring Prospectus.

[●], a SEBI registered credit rating agency engaged by us for the purpose of obtaining IPO grading in respect of the Issue, has given its written consent to being named as an expert for purposes of grading of the Issue and to the inclusion of its grading of the Issue 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 to the Designated Stock Exchange.

EXPERT OPINION OBTAINED, IF ANY

Except the report of [●] in respect of the IPO grading of the Issue annexed herewith and the report of our Auditor in respect of the information in “Financial Information” and “Statement of Tax Benefits” on pages 125 and 67 respectively the Company has not obtained any other expert opinions.

EXPENSES OF THE ISSUE

Our Management estimates an expense or ₹ [●] Lakhs towards issue expense. The expenses of the Issue include, among others, underwriting and lead management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. All expenses with respect to the Issue will be borne by the Company. The estimated Issue expenses are as follows:

(₹ In Lakhs)

Activity	Expenses	% of the Issue Expenses	% of the Issue Size
Lead management, underwriting and selling commission*	[●]	[●]	[●]
Registrar Fees*	[●]	[●]	[●]
Advertising and Marketing expenses*	[●]	[●]	[●]
Printing and stationery*	[●]	[●]	[●]
Fees paid to the IPO grading agency*	[●]	[●]	[●]
Bankers to the Issue*	[●]	[●]	[●]
Others (Registrar's fee, legal fee, listing fee, etc.)*	[●]	[●]	[●]
Total estimated Issue expenses*	[●]	[●]	[●]

**Will be completed after finalization of the Issue Price*

DETAILS OF FEES PAYABLE

Book Running Lead Manager to the Issue and the Syndicate Members

The total fees payable to the Book Running Lead Manager and the Syndicate Members (including underwriting commission and selling commission and reimbursement of their out of pocket expenses) will be as per the Issue Agreement dated January 21, 2011 signed with the BRLM and the Syndicate Agreement dated [●] amongst the Company, the BRLM and the Syndicate members, copies of which are available for inspection at the Registered Office of the Company. The BRLM will be reimbursed for all relevant out-of-pocket expenses such as cost of travel, stationery, postage and communication expenses.

Fees Payable to the Registrar to the Issue

The fees payable by the Company to the Registrar to the Issue 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 dated July 29, 2010 a copy of which is available for inspection at the Company's registered office.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided by the Company to the Registrar to the Issue to enable them to send refund orders or Allotment advice by registered post/ speed post/ under certificate of posting.

PREVIOUS PUBLIC OR RIGHTS ISSUE

The Company has not made any public or rights issue of shares either in India or abroad since the time of its incorporation.

PREVIOUS ISSUE OF SHARES OTHERWISE THAN FOR CASH

Except as stated in the chapters titled “Capital Structure” and “History and Certain Corporate Matters” beginning on pages 48 and 102, respectively, of the Draft Red Herring Prospectus, the Company has not made any previous issues of shares for consideration other than cash.

COMMISSION AND BROKERAGE ON PREVIOUS ISSUES

Since this is the initial public offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since inception of the Company.

LISTED COMPANIES UNDER THE SAME MANAGEMENT

Nil

CAPITAL ISSUE DURING THE LAST THREE YEARS

The Company has not made any capital issues in the last three years.

PROMISE VIS-A-VIS PERFORMANCE

Nil

OUTSTANDING DEBENTURES OR BONDS AND REDEEMABLE PREFERENCE SHARES AND OTHER INSTRUMENTS

There are no outstanding debentures or bonds or redeemable preference shares and other instruments issued by the Company as on the date of the Draft Red Herring Prospectus.

STOCK MARKET DATA

This being an initial public offering of the Company, the Equity Shares are not listed on any stock exchange.

PURCHASE OF PROPERTY

Except as stated in “Objects of the Issue” beginning on page 57, there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of the Draft Red Herring Prospectus, other than property, in respect of which:

1. The contract for the purchase or acquisition was entered into in the ordinary course of business, nor was the contract entered into in contemplation of the Issue, nor is the issue contemplated in consequence of the contract; or;
2. The amount of the purchase money is not material.

Except as stated in the Draft 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.

INVESTOR GRIEVANCES AND REDRESSAL SYSTEM

The Company has appointed the Registrar to the Issue, to handle the investor grievances in co-ordination with the Compliance Officer of the Company. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of equity shares applied for, amount paid on application and bank and branch. The Agreement between the Registrar to the Issue and the Company provides for retention of records with the Registrar to the Issue for a period of three years to enable the investors to approach the Registrar to the Issue for redressal of their grievances. We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be seven Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints

where external agencies are involved, we will seek to redress these complaints as expeditiously as possible. The Company would monitor the work of the registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid-cum-Application Form was submitted by the ASBA Bidders.

The Registrar to the issue, namely, Link Intime India Private Limited, will handle investor's grievances pertaining to the issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be co-ordinating with the Registrar to the issue in attending to the grievances to the investor. The Company assures that the Board of Directors in respect of the complaints, if any, to be received shall adhere to the following schedules:

Sr. No.	Nature of complaint	Time Table
1	Non-receipt of refund	Within 7 days of receipt of complaint subject to production of satisfactory evidence
2	Non Receipt of Share Certificate/Demat Credit	Within 7 days of receipt of complaint subject to production of satisfactory evidence
3	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details

Redressals of investors' grievance are given top priority by the Company. The Committee oversees redressal of complaints of shareholders/investors and other important investor related matters. The Company has adequate arrangements for redressal of investor complaints as follows:

Share transfer/ dematerialisation/ rematerialisation are handled by well equipped professionally managed Registrar and Transfer Agent, appointed by the Company in terms of SEBI's direction for appointment of Common Agency for physical as well as demat shares. The Registrars are constantly monitored and supported by qualified and experienced personnel of the Company.

We have appointed Mr. Gaurav Raghuvanshi , Company Secretary as the Compliance Officer and he may be contacted in case of any pre-issue or post-issue problems. He can be contacted at the following address:

Mr. Gaurav Raghuvanshi
Jawed Habib Hair and Beauty Limited
Unit No. 546, 5th Floor, Laxmi Plaza,
Laxmi Industrial Estate,
Off New Link Road,
Andheri (West),
Mumbai – 400053,
Maharashtra, India
Tel: +91-22- 4099 5000
Fax:+91-22- 4099 5065
E-mail: investors@jawedhabib.co.in
Website: www.jawedhabib.co.in

CHANGES IN AUDITORS IN THE LAST THREE YEARS

Change in Auditors	Date of Appointment	Date of Resignation
M/s Oswal Desai & Kothari	April 06,2006	August 18,2009
M/s Ladha Singhal & Associates	August 18,2009	October 25, 2010
M/s Bharat Shah & Associates	November 03, 2010	-

CAPITALIZATION OF RESERVES OR PROFITS DURING LAST 5 YEARS

Except as disclosed in the chapter titled “Capital Structure” beginning on page 48 of the Draft Red Herring Prospectus, the Company has not capitalised its reserves or profits at any time since incorporation.

TAX IMPLICATIONS

Investors that are allotted Equity Shares in the Issue will be subject to capital gains tax on any resale of the Equity Shares at applicable rates, depending on the duration for which the investors have held the Equity Shares prior to such resale and whether the Equity Shares are sold on the stock exchanges. For details, please see the chapter titled “Statement of Tax Benefits” beginning on page 67 of the Draft Red Herring Prospectus.

REVALUATION OF ASSETS DURING THE LAST 5 YEARS

The Company has not revalued its assets during the last 5 years.

PAYMENT OR BENEFIT TO OFFICERS OF THE COMPANY

Except statutory benefits upon termination of their employment in the Company or superannuation, no officer of the Company is entitled to any benefit upon termination of his employment in the Company or superannuation. Except as disclosed in “Financial Statements - Related Party Transactions” beginning on page 142, none of the beneficiaries of loans and advances and sundry debtors are related to the Directors of the Company.

SECTION VIII: ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

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

RANKING OF EQUITY SHARES

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles and shall rank pari passu in all respects with the existing Equity Shares including rights in respect of dividend. The Allottees will be entitled to dividend or any other corporate benefits, if any, declared by the Company after the date of allotment.

MODE OF PAYMENT OF DIVIDEND

We shall pay dividend to our shareholders as per the provisions of the Companies Act, 1956.

FACE VALUE AND ISSUE PRICE

The face value of the Equity Shares is ₹ 10 each and the Floor Price is ₹ [●] and the Cap Price is ₹ [●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares subject to the applicable laws. The Price Band and the minimum Bid lot size for the Issue will be decided by the Company, in consultation with the BRLM, and advertised in [●] edition of [●] newspaper in English language, in [●] edition of [●] newspaper in Hindi language and in [●] edition of [●] newspaper in Marathi language with wide circulation, at least two Business Days prior to the Bid/Issue Opening Date.

COMPLIANCE WITH SEBI REGULATIONS

The Company shall comply with applicable disclosure and accounting norms specified by SEBI from time to time.

RIGHTS OF THE EQUITY SHAREHOLDERS

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

- a) Right to receive dividend, if declared;
- b) Right to attend general meetings and exercise voting powers, unless prohibited by law;
- c) Right to vote on a poll either in person or by proxy;
- d) Right to receive annual reports and notices to members;
- e) Right to receive offers for rights shares and be allotted bonus shares, if announced;
- f) Right to receive surplus on liquidation subject to any statutory and preferential claims being satisfied;
- g) Right of free transferability, subject to applicable foreign exchange regulations and other applicable laws; and
- h) Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, 1956, the terms of the Equity Listing Agreement, and the Memorandum and Articles of the Company.

MARKET LOT

In terms of Section 68B of the Companies Act, 1956, the Equity Shares of the Company shall be allotted only in dematerialized form. In terms of the existing SEBI (ICDR) Regulations, the trading in the Equity Shares of the Company shall only be in dematerialized form for all investors. Since trading of our Equity Shares will be in dematerialized mode, the tradable lot is one Equity Share. Allotment of Equity Shares through the Issue will be done only in electronic form in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares.

JOINT HOLDERS

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint-tenants with benefits of survivorship.

NOMINATION FACILITY TO INVESTOR

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

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

1. To register himself or herself as the holder of the Equity Shares; or
2. 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 a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

MINIMUM SUBSCRIPTION

In the event the Company does not receive a minimum subscription of 90% of the Issue, including devolvement to the Underwriters within 60 days from the Bid Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Company becomes liable to pay the amount, we shall pay such interest prescribed under Section 73 of the Companies Act.

Further, in accordance with Rule 19(2)(b)(i) of the SCRR read with Regulation 26(4) of the SEBI (ICDR) Regulations, the Company shall ensure that the number of Allottees under the Issue shall not be less than 1,000, failing which the entire application money will be refunded forthwith.

BIDDING PERIOD

Bidders may submit their Bids only in the Bidding Period. The Bid/Issue Opening Date is [●] and the Bid/Issue Closing Date is [●].

ARRANGEMENTS FOR DISPOSAL OF ODD LOTS

The Company's Equity Shares will be traded in dematerialized form only. Marketable lot is one Equity Share. Hence there is no possibility of odd lots.

RESTRICTIONS ON TRANSFER OF SHARES

Except for the lock-in of the post-Issue Equity Shares forming the Promoters' contribution in the Issue and the balance pre-Issue share capital of the Company as detailed in "Capital Structure" beginning on page 48 of the Draft Red Herring Prospectus, there are no restrictions on the transfer and transmission of shares/debentures and on their consolidation/ splitting except as provided for in our Articles. Please see the section titled "Main Provisions of the Articles of Association" beginning on page 246 of the Draft Red Herring Prospectus.

WITHDRAWAL OF THE ISSUE

The Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Board meeting for Allotment, without assigning any reason therefor. If the Company withdraws from the Issue, it shall issue a public notice within two days of the closure of the Issue. The notice shall be issued in the same newspapers where the pre-Issue advertisements have appeared and the Company shall also promptly inform the Stock Exchanges. If the Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. In terms of the SEBI (ICDR) Regulations, the QIBs shall not be allowed to withdraw their Bids after the Bid/Issue Closing Date.

ISSUE STRUCTURE

The present Issue of [●] Equity Shares of ₹ 10 each at a price of ₹ [●] for cash, aggregating up to ₹ 6000 lakhs is being made through the Book Building Process. The Issue will constitute [●] % of the fully diluted post Issue paid up capital of the Company.

The Issue is being made through a Book Building Process.

Particulars	QIBs#	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	At least [●] Equity Shares.	Not less than [●] Equity Shares or Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation.	Not less than [●] Equity Shares or the Issue size less allocation to QIB Bidders and Non- Institutional Bidders shall be made available for allocation.
Percentage of Issue size available for Allocation	At least 50% of the Issue. However, up to 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only. The Unsubscribed portion, if any, in the Mutual Fund Portion will be available to QIBs.	Not less than 15% of the Issue or the Issue less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation.*	Not less than 35% of the Issue or the Issue less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation.*
Basis of Allocation if Respective Category is Oversubscribed	Proportionate as follows: (a) Equity Shares constituting 5% of the QIB portion shall be allocated on a proportionate basis to Mutual Funds (b) The balance Equity Shares shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above. The Unsubscribed portion, if any, in the Mutual Fund Portion will be available to QIBs. #	Proportionate.	Proportionate.
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares.	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares.	[●] Equity Shares
Maximum Bid	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Issue subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed ₹ 200,000.
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Bid/ Allotment lot	[●] Equity Shares and in multiples on [●] Equity Shares thereafter	[●] Equity Shares and in multiples on [●] Equity Shares thereafter	[●] Equity Shares and in multiples on [●] Equity Shares thereafter
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply**	Public financial institution as defined in section 4A of the	Resident Indian individuals, NRIs, HUF	Individuals, including NRIs and HUF (in the name of Karta), applying for

Particulars	QIBs#	Non-Institutional Bidders	Retail Individual Bidders
	Companies Act, 1956, scheduled commercial banks, mutual funds, foreign institutional investor registered with SEBI other than sub-account which is a foreign corporate or foreign individual, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority (IRDA), Insurance funds set up and managed by the Department of Posts, India, provident funds with minimum corpus of ₹ 2,500 Lakhs, pension funds with minimum corpus of ₹ 2,500 Lakhs, National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India.	(in the name of Karta), companies, bodies' corporate, scientific institutions societies, trusts, any FII sub-account registered with SEBI, which is a foreign corporate or foreign individual and societies.	Equity Shares such that the Bid Amount per individual Bidder does not exceed ₹ 200,000 in value.
Terms of Payment***	Full Bid Amount on Bidding.	Full Bid Amount on Bidding.	Full Bid Amount on Bidding.

* Subject to valid Bids being received at or above the Issue Price, Under-subscription, if any, in the Non-Institutional Portion or Retail Portion would be allowed to be met with spill-over from any other category or combination of categories at the sole discretion of the Company in consultation with the BRLM and the Designated Stock Exchange.

** In case the Bid cum Application Form or the Application Supported by Blocked Amount 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 or the Application Supported by Blocked Amount.

*** In case of ASBA bidders, the SCSB shall be authorised to block such funds in the bank account of the ASBA bidder that are specified in the Bid cum ASBA Form.

If the aggregate demand by Mutual Funds is less than [●] Equity Shares, balance Equity Shares available for allocation in the Mutual Funds Portion will be added to the QIB Portion and be allocated proportionately to the QIB Bidders.

Withdrawal of the Issue

The Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Board meeting for Allotment, without assigning any reason there for. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment and (ii) the final RoC acknowledgement of the Prospectus after it is filed with the RoC. In such an event the Company would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two days of the Bid/ Issue Closing Date, providing reasons for not proceeding with the Issue. The Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day from the date of receipt of notification of withdrawal of the issue. Under the SEBI Guidelines, QIBs are not allowed to withdraw their Bids after the Bid/Issue Closing Date. If the Company does not receive minimum subscription of 90% of the Issue size, including devolvement of the members of the syndicate, the Company shall forthwith refund the entire subscription amount received. In case, the Company receives minimum subscription but wishes to withdraw the Issue after Issue Opening but before allotment, the Company will give public notice giving reasons for withdrawal of Issue but if the Company thereafter decides to proceed with the initial public offering of its Equity Shares, it shall file a fresh draft red herring prospectus. The Public Notice will appear in an English national newspaper, a Hindi national newspaper and one regional language newspaper with wide circulation.

Letters of Allotment or Refund Orders

The Company shall credit each beneficiary account with its depository participant within 10 Working Days of the Bid/Issue Closing Date. Applicants those who are residents of the 68 cities notified by SEBI through its notification (Ref. No. SEBI/CFD/DILDIP/29/2008/01/02) dated February 1, 2008 will receive refunds through NECS only (subject to availability of all information for crediting the refund through NECS) except where the applicant is eligible to receive refunds through direct credit, NEFT or RTGS. In the case of other applicants, the Company shall ensure the dispatch of refund orders, if any, of value up to ₹1,500 by “Under Certificate of Posting”, and shall dispatch refund orders above ₹1,500, if any, by registered post or speed post at the sole or First Bidder’s, sole risk within 10 Working Days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter (refund advice) through ordinary post informing them about the mode of credit of refund, within 10 Working Days of the Bid/Issue Closing Date.

In case of ASBA Bidders, the Registrar to the Issue will, within 9 Working Days of the Bid Closing Date, instruct the relevant SCSB to, on the receipt of such instructions from the Registrar to the Issue, unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the Bid cum Application Form or the relevant part thereof, for withdrawn, rejected, unsuccessful or partially successful ASBA Bids.

Interest in case of delay in dispatch of Allotment Letters/Refund Orders

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, the Company undertakes that:

- Allotment shall be made only in dematerialized form within 10 Working Days from the Bid/Issue Closing Date;
- Dispatch of refund orders shall be done within 10 Working Days from the Bid/Issue Closing Date; and
- The Company shall pay interest at 15% per annum, if Allotment is not made and refund orders are not dispatched to the applicant or if, in a case where the refund or portion thereof is made in electronic mode/manner, the refund instructions have not been given to clearing members and/or demat credits are not made to investors within the 15 day time period prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar.

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, except where the refund or portion thereof is made in electronic

mode/manner. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Bid/Issue Program

BID/ISSUE OPENS ON	[●]
BID / ISSUE CLOSES (EXCEPT FOR QIB BIDDERS) ON	[●]
BID / ISSUE CLOSES (FOR QIB BIDDERS) ON	[●]

Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form or incase of bids submitted through ASBA, the designated branches of the SCSBs except that on the Bid/Issue Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded till (i) 4.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders (ii) till until 5.00 p.m. in case of Bids by Retail Individual Bidders. Due to limitation of the 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 advised that due to clustering of last day applications, as is typically experienced in public offerings, some Bids may not get uploaded on the last date. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Issuer, BRLM and Syndicate members will not be responsible. Bids will be accepted only on Business Days, i.e. Monday to Friday (excluding any public holiday). Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

On the Bid/Issue Closing Date, extension of time may be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders after taking into account the total number of Bids received up to the closure of timings for acceptance of Bid cum Application Forms and ASBA Form as stated herein and reported by the BRLM to the Stock Exchange within half an hour of such closure.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid form, for a particular bidder, the details as per physical application form of that Bidder may be taken as the final data for the purpose of allotment. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Bid cum Application Form submitted through the ASBA process, for a particular ASBA Bidder, the Registrar to the Issue shall ask for rectified data from the SCSB.

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 the times mentioned above on the Bid/Issue Closing Date. All times are Indian Standard Time. 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, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Issuer, BRLM and Syndicate members will not be responsible. Bids will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holidays).

The Company reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI ICDR Regulations provided that the Cap Price is less than or equal to 20% of the Floor Price. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price advertised at least one day before the Bid /Issue Closing Date.

In case of revision in the Price Band, the Issue Period will be extended for three additional Business Days after revision of Price Band subject to the Bidding Period/Issue Period not exceeding 10 Business Days. Any revision in the Price Band and the revised Bidding Period/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 web sites of the Book Runners at the terminals of the Syndicate.

ISSUE PROCEDURE

BOOK BUILDING PROCEDURE

The Issue is being made through a Book Building Process wherein at least 50% of the Issue will be allocated on a proportionate basis to Qualified Institutional Buyers (“QIBs”). Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

The Issuer undertakes to allot at least 50% of the Issue to Qualified Institutional Buyers and to refund full subscription monies if it fails to make allotment to the Qualified Institutional Buyers.

Any Bidder may participate in the Issue through the ASBA process, by providing details of the respective bank accounts in which the corresponding Bid Amounts will be blocked by the SCSBs. Bidders are required to submit their Bids through the members of the Syndicate. ASBA investors intending to subscribe to the issue shall submit a complete ASBA form to the designated branch of the SCSB. We, in consultation with the BRLM reserve the right to reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of rejection of the Bid. In the cases of Non-Institutional Bidders and Retail Individual Bidders, the Company will have a right to reject the Bids only on technical grounds.

ASBA Process

In accordance with the ICDR Regulations, all Bidders (including QIB Bidders) can participate in the Issue through the ASBA process. ASBA Bidders shall submit an ASBA Bid-cum-Application Form either (i) in physical form to the Designated Branch of an SCSB or (ii) in electronic form through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the bank account (“ASBA Account”) specified in the ASBA Bid-cum- Application Form used by ASBA Bidders. The SCSB shall block an amount equal to the Bid Amount in the ASBA Account, on the basis of an authorization to this effect given by the account holder at the time of submitting the Bid. The ASBA data shall be uploaded by the SCSB in the electronic bidding system of the Stock Exchanges. The Bid Amount shall remain blocked in the ASBA Account until approval of the basis of Allotment in the Issue by the Designated Stock Exchange and consequent transfer of the Bid Amount against the allocated shares to the Public Issue Account, or until withdrawal or failure of the Issue or until withdrawal or rejection of the ASBA Bid, as the case may be. Once the basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the requisite amount to the Public Issue Account. In case of withdrawal or failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the BRLM and/or the Registrar.

Investors should note that allotment of Equity Shares to all successful Bidders will only be in the dematerialized form. The Bid-cum-Application Forms and ASBA Bid-cum-Application Forms which do not have the details of the Bidders’ Depository Account shall be treated as incomplete and are liable to be rejected. Bidders will not have the option of being allotted the Equity Shares in physical form. Upon allotment, the Equity Shares shall be traded only in the dematerialized segment of the Stock Exchanges.

BID CUM APPLICATION FORM

Bidders (other than ASBA 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. Before being issued to the Bidders, the Bid-cum-Application Form shall be serially numbered and date and time stamped and such form shall be issued in duplicate signed by the Bidder. The Bid-cum-Application Form shall contain information about the Bidder, the price and the number of Equity Shares that the Bidder wishes to Bid. The Bidders shall have the option to make a maximum of three (3) Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. On filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as a valid Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorized the Company to make the necessary changes in the 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 SEBI and/or the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

ASBA Bid-cum-Application Form

The ASBA Bid-cum-Application Form shall contain all relevant information, including as specified in the relevant regulations, and shall be uniform for all ASBA Bidders. ASBA Bidders shall use the ASBA Bid-cum-Application Form bearing the code of the Designated Branch of an SCSB for the purpose of making a Bid in terms of the Red Herring Prospectus. The list of banks notified by SEBI to act as SCSBs for the ASBA process and details of Designated Branches of SCSBs collecting the ASBA Bid-cum-Application Forms are available at <http://www.sebi.gov.in/pmd/scsb.html>. On filing of the Prospectus with the RoC, the ASBA Bid-cum-Application Form shall be considered as a valid Application Form. Upon completing and submitting the ASBA Bid-cum-Application Form, the ASBA Bidder is deemed to have authorized: (i) the SCSBs to do all acts as are necessary to make an application in the Issue, including uploading his or her or its Bid, blocking or unblocking of funds in the ASBA Account and transfer funds to the Public Issue Account on receipt of instruction from the Registrar to the Issue after approval of the basis of Allotment by the Designated Stock Exchange; and (ii) the Registrar to the Issue to issue instructions to the Controlling Branch of the SCSBs to unblock the funds in the ASBA Account, upon approval of the basis of Allotment by the Designated Stock Exchange. Further, upon completing and submitting the ASBA Bid-cum-Application Form, the ASBA Bidder is deemed to have authorized the Company to make the necessary changes in the Red Herring Prospectus and the ASBA Bid-cum-Application Forms as would be required for filing the Prospectus with the RoC and as would be required by SEBI and/or the RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

The prescribed colour of the Bid cum Application Form /ASBA Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians, Eligible NRIs applying on a non-repatriation basis	[•]
Non-Institutional Bidders and QIB Bidders including Eligible NRIs, FVCIs and FIIs applying on a repatriation basis	[•]

Who can Bid?

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
- Indian nationals resident in India who are not minors in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in the equity shares;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in the issue;
- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI and the SEBI Regulations and regulations, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or a foreign individual in the QIB Bidders' category;
- FIIs and FII sub-accounts registered with the SEBI, which are foreign corporates or foreign individuals, only under the Non Institutional Bidders' Category;
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI;
- Multilateral and Bilateral development financial institutions;
- 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;
- Scientific and/or industrial research organizations authorized to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- Provident Funds with minimum corpus of ₹2500 Lakhs and who are authorized under their constitution to hold and invest in equity shares;
- Pension Funds with a minimum corpus of ₹2500 Lakhs and who are authorized under their constitution to hold and invest in equity shares; and

- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India; and
- As per the existing regulations, OCBs cannot participate in the Issue.
- Insurance funds set up and managed by the Department of Posts, India

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.

Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act and referred to in this DRHP as “U.S. QIBs”); for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this DRHP as “QIBs”), in transactions exempt from the registration requirements of the U.S. Securities Act and (b) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

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.

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.

Participation by associates of BRLM and Syndicate Members

The BRLM and Syndicate Members shall not be allowed to subscribe to the Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM and Syndicate Members may subscribe for Equity Shares in the Issue, including the QIB Portion and Non-Institutional Portion where the allotment is on a proportionate basis, either on their own account or on behalf of their clients.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by 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 Funds Portion.

The Bids made by the asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with the 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 for which the Bid has been made. 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 capital carrying voting rights.

Bids by Non Residents

There is no reservation for Non Residents, including Eligible NRIs, FIIs and FVCIs registered with SEBI. All Non Residents, including Eligible NRIs, FII and FVCIs registered with SEBI will be treated on the same basis with other categories for the purpose of allocation.

Bids by Eligible NRIs

Bid cum Application Forms have been made available for Eligible NRIs at the registered office of the Company and with members of the Syndicate and the Registrar to the Issue.

Eligible NRI applicants should note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for Resident Indians.

Eligible NRIs Bidding on a repatriation basis should use the Bid cum Application Forms which are [●] in colour (other than in case of ASBA Bidders submitting the ASBA Bid cum Application Form in electronic form).

In case of Bids by NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue paid-up capital. In respect of an FII investing in the 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 of the Company or 5% of the total issued capital, in case such sub-account is a foreign corporate or an individual. In accordance with the foreign investment limits applicable to us, the total FII investment currently cannot exceed 49% of our total issued capital unless approved by the shareholders of the Company.

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 hereinabove is made to any person other than a regulated entity.

Bids 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 registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund; a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the funds available for investment by way of subscription to an initial public offer.

The above information is given for the benefit of the Bidders. The Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations

and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Bids by ASBA Investor

For ASBA process, please refer “ASBA Process” beginning on page 219 in the Draft Red Herring Prospectus.

Maximum and Minimum Bid Size (including ASBA Bidder)

- (i) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Price payable by the Bidder does not exceed ₹200,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Price does not exceed ₹200,000. In case the Bid Price is over ₹200,000 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 Issue Price as determined at the end of the Book Building Process.
- (ii) **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 ₹200,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the Issue. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws.

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than ₹200,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to ₹200,000 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 allotment under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at ‘Cut-Off’.

QIB Bidders cannot withdraw their Bids after the Bid Closing Date & is required to pay the entire Bid amount upon submission of the Bid.

Payments made upon any revision of Bids shall be adjusted against the payment made at the time of the original Bid or the previously revised Bid.

Information for the Bidders:

1. The Company will file the Red Herring Prospectus with the Designated Stock Exchange at least 3 (three) days before the Bid/Issue Opening Date.
2. The Company and the BRLM shall declare the Bid/ Issue Opening Date, Bid/ Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with the Designated Stock Exchange and also publish the same in three widely circulated newspapers (one each in English, Hindi and Marathi). The Company may not disclose the floor price or price band in the Red Herring Prospectus if the same is disclosed at least two Business Days before the opening of the bid, by way of an announcement in all the newspapers in which the pre-issue advertisement was released by the Company or the BRLM.
3. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.
4. 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 the Registered Office or from any of the members of the Syndicate and should approach any of the BRLM or Syndicate Members or their authorized agent(s) to register their bids.
5. The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.
6. 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.
7. For ASBA process, please refer “ASBA Process” beginning on page 219 in the Draft Red Herring Prospectus.
8. The Bidding/ Issue Period shall be for a minimum of 3 (three) Business Days and not exceeding 7 (seven) Business Days. In case the Price Band is revised, the revised Price Band and the Bidding/ Issue Period will be published in one English national daily newspaper, one Hindi national newspaper and one regional language newspaper all having wide circulation and the Bidding/ Issue Period may be extended,

if required, by an additional 3 (three) days, subject to the total Bidding/ Issue Period not exceeding 10 (ten) Business Days.

9. The Price Band has been fixed at ₹[●] to ₹[●] per Equity Share of ₹10 each, ₹[●] being the lower end of the Price Band and ₹[●] being the higher end of the Price Band. The Bidders can bid at any price within the Price Band, in multiples of ₹1 (One)
10. The Company in consultation with the BRLM, reserve the right to revise the Price Band, during the Bidding/ Issue Period, in accordance with SEBI (ICDR) Regulations. 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.
11. In case of revision in the Price Band, the Bidding/ Issue Period will be extended for 3 (three) additional Business Days after revision of Price Band subject to a maximum of 10 (ten) Business Days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in three widely circulated newspapers (one each in English, Hindi and regional language) with wide circulation, and also by indicating the change on the websites of the BRLM and at the terminals of the Syndicate Members.
12. The Company in consultation with the BRLM, can finalize the Issue Price within the Price Band without the prior approval of, or intimation, to the Bidders.
13. With effect from August 16, 2010, the demat accounts of Bidders for whom PAN details have not been verified shall be suspended for credit and no credit of Equity Shares pursuant to the Issue will be made into the accounts of such Bidders.

Method and Process of Bidding

1. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph titled “Bids at Different Price Levels and Revision of Bids” beginning on page 225 of the Draft Red Herring Prospectus) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/ Allotment and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
2. The Bidder cannot Bid on another Bid cum Application Form after Bid(s) 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 the Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled “Bids at Different Price Levels and Revision of Bids” beginning on page 225 of the Draft Red Herring Prospectus.
3. 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.
4. During the Bidding/Issue 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 Draft Red Herring Prospectus.
5. The Members of the Syndicate shall accept Bids from the Bidders during the Bid/Issue Period in accordance with the terms of the Syndicate Agreement.
6. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled “Terms of Payment and Payment into the Escrow Accounts” beginning on page 231 of the Draft Red Herring Prospectus.

Bids at Different Price Levels and Revision of Bids

1. 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 applying for a maximum Bid in any of the bidding options not exceeding ₹200,000 may bid at Cut-Off Price. However, bidding at Cut-Off Price is prohibited for QIB, Non-Institutional Bidders bidding in excess of ₹200,000 and such bids shall be rejected.
2. 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 Issue multiplied by the Issue Price), the Retail Individual Bidders who Bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account.
3. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the Revised Price Band (such that the total amount i.e., original Bid Price plus additional payment does not exceed ₹200,000 for Retail Individual Bidders, if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Price plus additional payment) exceeds ₹200,000 for Retail Individual Bidders the Bid will be considered for allocation under the Non- Institutional Portion in terms of the Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and such Bidder is deemed to have approved such revised Bid at Cut-off Price.
4. 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.
5. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [●] Equity Shares irrespective of whether the Bid Price payable on such minimum application is not in the range of ₹5,000 to ₹7,000.
6. During the Bidding/ Issue Period, any bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
7. Revisions can be made in both the desired number of Equity Shares and the Bid price by using 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 complete all 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.
8. The Bidder can make this revision any number of times during the Bidding/ Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had place the original Bid.
9. 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.
10. 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 the Draft Red Herring Prospectus. In case of the QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or electronic transfer of funds through RTGS for the incremental amount in the Bid 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.
11. 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 revision of the original bid.
12. The Company, in consultation with the BRLM, shall finalise the Issue Price within the Price Band, without the prior approval of, or intimation to, the Bidders.

Electronic Registration of Bids

1. The Members of the Syndicate will register the Bids using the on-line facilities of the BSE and the NSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.
2. The BSE and the NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Members of the Syndicate and their authorized agents during the Bidding/Issue Period. The members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Members of the Syndicate shall upload the Bids until such time as may be permitted by the Stock Exchanges.
3. The aggregate demand and price for Bids registered on the electronic facilities of the BSE and the NSE will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centres and the website of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding/ Issue Period.
4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - (a) Name of the investor
 - (b) Investor category – Individual, Corporate, Eligible NRI, FII or Mutual Fund, QIBs, etc;
 - (c) Numbers of Equity Shares bid for;
 - (d) Bid price;
 - (e) Bid cum Application Form number;
 - (f) Bid Amount
 - (g) Depository Participant identification number and client identification number of the beneficiary account of the Bidder.
5. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated/ Allotted either by the members of the Syndicate or the Company.
6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
7. 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, Retail Individual Bidders, Bids would not be rejected except on the technical grounds mentioned beginning on page 234 of the Draft Red Herring Prospectus.
8. It is also to be distinctly understood that the approval given by the BSE and the NSE to use their network and software of the online IPO system should not in any way be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; nor does it warrant that our Equity Shares will be listed or will continue to be listed on the BSE and NSE.
9. Only bids that are uploaded on the online IPO system of the BSE and NSE 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 BRLM based on the physical records of the Bid cum Application Forms shall be final and binding on all concerned.

GENERAL INSTRUCTIONS**Do's:**

- a) Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of the Red Herring Prospectus;
- b) Ensure that you Bid within the Price Band;
- c) In case you are an ASBA Bidder, ensure that you use the ASBA Bid-cum-Application Form specified for the purposes of the ASBA process. Bidders should read all the instructions;
- d) carefully and complete the Bid-cum-Application Form/ASBA Bid-cum-Application Form;
- e) Read all the instructions carefully and complete the applicable Resident Bid cum Application Form ([●] in colour) or Non Resident Bid cum Application Form ([●] in colour).
- f) Ensure that the details about Depository Participant and beneficiary account are correct as Allotment of Equity Shares will be in the DEMATERIALIZED form only;
- g) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;

- h) Ensure that have been given a TRS for all your Bid options;
- i) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- j) Each of the Bidders, should mention his/ her Permanent Account Number (PAN) allotted under the IT Act;
- k) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects; and
- l) 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.
- m) In addition, ASBA Bidders should ensure that:
 - i. the ASBA Bid-cum-Application Form is signed by the account holder in case the applicant is not the account holder;
 - ii. the correct bank account numbers have been mentioned in the ASBA Bid-cum- Application Form;
 - iii. the authorization box in the ASBA Bid-cum-Application Form has been correctly checked, or an authorization to the SCSB through the electronic mode has been otherwise provided, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the ASBA Bid-cum-Application Form in the ASBA Account maintained with a branch of the concerned SCSB; and
 - iv. an acknowledgement from the Designated Branch of the concerned SCSB for the submission of the ASBA Bid-cum-Application Form has been obtained.

Don'ts:

- a) Do not Bid for lower than the minimum Bid size;
- b) Do not Bid/revise Bid Price to less than the Floor Price or higher than the Cap Price;
- c) If you are a Bidder other than an ASBA Bidder, Do not Bid on another Bid cum Application Form or an ASBA Bid-cum-Application Form after you have submitted a Bid to the members of the Syndicate. If you are an ASBA Bidder, do not Bid on another ASBA Bid-cum-Application Form or a Non-ASBA Bid-cum-Application Form after you have submitted a Bid to a Designated Branch of an SCSB or to a member of the Syndicate;
- d) Do not submit more than five (5) ASBA Bid-cum-Application Forms per bank account for the Issue
- e) Do not pay the Bid Price in cash, by money order or by postal order or by stockinvest. If you are an ASBA Bidder, the payment of the Bid Amount in any mode other than blocked amounts in the bank account maintained with an SCSB shall not be accepted under the ASBA process;
- f) Do not send Bid-cum-Application Forms/ASBA Bid-cum-Application Forms by post; instead only submit them to a member of the Syndicate or a Designated Branch of an SCSB, as the case may be;
- g) Do not Bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders);
- h) Do not complete the Bid-cum-Application Form/ASBA Bid-cum-Application Form such that the Equity Shares Bid for exceeds the Issue size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;
- i) Do not bid at Bid Amount exceeding ₹200,000, in the case of a Bid by a Retail Individual Bidder;
- j) In case you are a Bidder other than an ASBA Bidder, do not submit the Bid without payment of the entire Bid Amount. In case you are an ASBA Bidder, do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are blocked in the relevant ASBA Account;
- k) In case you are an ASBA Bidder, do not instruct your respective banks to release the funds blocked in the bank account under the ASBA process; and
- l) Do not submit the incorrect PAN, depository participant identification number or client identification number details or 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 other than ASBA Bidders can obtain Bid-cum-Application Forms and/or Revision Forms from the members of the Syndicate. ASBA Bidders can obtain ASBA Bid-cum-Application Forms and/or ASBA Revision Forms from the Designated Branches of the SCSBs. ASBA Bidders can also obtain a copy of the ASBA Bid-cum-Application Form and/or ASBA Revision Form in electronic form from the websites of the SCSB or the Stock Exchanges.

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid-cum-Application Form/ASBA Bid-cum-Application Form or Revision Form/ASBA Revision Form, as applicable.
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form/ASBA Bid-cum-Application Form or in the Revision Form/ ASBA Revision Form. Bidders must provide details of valid and active DP ID, client ID and PAN clearly and without error. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment. Incomplete or illegible Bid cum Application Form/ASBA Bid-cum-Application Form or in the Revision Form/ ASBA Revision Form is liable to be rejected.
- (c) Information provided by the Bidders will be uploaded in the electronic Bidding system by the Syndicate and the SCSBs, and the electronic data will be used to make allocation and Allotment. Bidders are advised that the Syndicate and the SCSBs will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms or Revision Forms.
- (d) For Retail Bidders (including Eligible NRIs), the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of ₹200,000. In case the Bid Amount is over ₹200,000 due to revision of the Bid or revision of the Price Band or on exercise of the option of Bidding at the Cut-Off Price, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The option to Bid at the Cut-Off Price is given only to the Retail Bidders indicating their agreement to Bid and purchase at the Issue Price as determined at the end of the Book Building Process.
- (e) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or is equal to ₹200,000 and in multiples of [●] Equity Shares thereafter. QIB shall not be allowed to withdraw their bids after the closure of the issue.
- (f) In a single name or in joint names (not more than three, and in the same order in which they appear in the beneficiary account held with the Depository Participant).
- (g) 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 Depository Account and Bank Account Details

Bidders should note that on the basis of Bidder's PAN, Depository Participant's name, DP ID number and the client ID number provided by them in the Bid cum Application Form/ASBA Bid cum Application Form and as entered into the electronic bidding system of the Stock Exchanges by the members of the Syndicate and the SCSBs as the case may be, the Registrar to the Issue will obtain from the Depository, the demographic details of the Bidders including the Bidder's address, occupation and bank account details including the nine-digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf ('Demographic Details'). These Demographic Details would be used for giving refunds and allocation advice (including through physical refund warrants, Direct Credit, NECS, NEFT and RTGS) or unblocking of ASBA Account or mailing of Allotment Advice/CANs to the Bidders. It is mandatory to provide the bank account details in the space provided in the Bid cum Application Form/ASBA Bid cum Application Form, and any Bid cum Application Form/ASBA Bid cum Application Form that does not contain such details is liable to be rejected. Hence, Bidders are advised to immediately update their bank account details and Demographic Details as appearing on the records of the Depository Participant and ensure that they are true and correct. Failure to do so could result in delays in dispatch/credit of refunds to Bidders or unblocking of ASBA Accounts at the Bidders' sole risk and none of the Company, the Syndicate, the Registrar to the Issue, the Escrow Collection Banks or the SCSBs shall have any

responsibility and undertake any liability for the same. **Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form/ASBA Bid cum Application Form.**

IT IS MANDATORY FOR ALL THE BIDDERS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER, CLIENT IDENTIFICATION NUMBER AND PAN IN THE BID-CUM-APPLICATION FORM/ASBA BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN ON THE BID-CUM-APPLICATION FORM/ASBA BID-CUM-APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. ADDITIONALLY, THE PAN IN THE BID-CUM-APPLICATION FORM/ASBA BIDCUM- APPLICATION FORM SHOULD BE EXACTLY THE SAME AS PROVIDED TO THE DEPOSITORY PARTICIPANT. IF THE BID-CUM-APPLICATION FORM/ASBA BID-CUMAPPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND SUCH JOINT NAMES ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR ON THE BID CUM APPLICATION FORM/ASBA BID CUM APPLICATION FORM.

Since these Demographic Details will be used for all correspondence with the Bidders, they are advised to update the Demographic Details as provided to their Depository Participants. The Demographic Details given by Bidders in the Bid-cum-Application Form/ASBA Bid-cum-Application Form will not be used for any other purposes by the Registrar to the Issue.

By signing the Bid-cum-Application Form/ASBA Bid-cum-Application Form, the Bidder will be deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Allotment advice/CAN, refund orders and letters notifying the unblocking of the bank accounts of ASBA Bidders would be mailed to the addresses of the Bidders as per the Demographic Details received from the Depositories. Bidders may note that delivery of Allotment advice/CANs, refund orders and letters notifying the unblocking of the bank accounts of ASBA Bidders may get delayed if such documents, 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 and ASBA Bid cum- Application Form would be used only to ensure dispatch of refund orders and letters notifying the unblocking of the bank accounts of ASBA Bidders, respectively. Please note that any such delay shall be at the Bidder's sole risk and none of the members of the Syndicate, the Designated Branches of the SCSBs, the Company shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or pay any interest for such delay. **In case of refunds to Bidders other than ASBA Bidders through electronic modes as detailed in the Red Herring Prospectus, Bidders may note that refunds may get delayed if bank particulars obtained from the Depository Participant are incorrect.**

Where no corresponding record is available with the Depositories that matches three parameters, namely, PAN of the sole/First Bidder, the Depository Participant's identification number (DP ID) and the client identification number (Client ID), then such Bids are liable to be rejected.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only at the prevailing exchange rate 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 US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids under Power of Attorney

In the case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies or 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 and articles of association and/or bye laws must be submitted along with the Bid-cum-Application Form/ASBA Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid, in whole or in part, in either case, without assigning any reason therefor.

In the 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 submitted with the Bid-cum-Application Form/ASBA Bid-cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid, in whole or in part, in either case, without assigning any reason therefor.

In the case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid-cum-Application Form/ASBA Bid-cum- Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In the case of Bids made by provident funds, subject to applicable law, with a minimum corpus of ₹2500 lakh and pension funds with a minimum corpus of ₹2500 lakh, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid-cum-Application Form/ASBA Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In the case of Bids made by Mutual Funds and VCFs registered with the SEBI and FVCIs registered with the SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid-cum- Application Form/ASBA Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

The Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form/ASBA Bid-cum Application Form, subject to such terms and conditions that the Company, the BRLM may deem fit. The Company, in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that, for the purpose of printing particulars on the refund order and mailing of the allotment advice/CANs/refund orders/letters notifying the unblocking of the bank accounts of ASBA Bidders, the Demographic Details given on the Bid-cum-Application Form/ASBA Bid-cum-Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar to the Issue shall use Demographic Details as given on the Bid-cum-Application Form/ASBA Bid-cum-Application Form instead of those obtained from the Depositories.

PAYMENT INSTRUCTIONS

Escrow Mechanism (not applicable to ASBA Investors)

We shall open Escrow Accounts with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allotment in the Issue.

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 Banks 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 Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Issue Account shall be held for the benefit of the Bidders who are entitled to refunds. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Draft Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between us, the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Accounts

Each Bidders shall pay the entire Bid Amount at the submission of the Bid cum Application Form, and shall, along with the submission of the Bid-cum-Application Form, draw a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash/stockinvest/money order/postal order shall not be accepted.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account. The balance amount after transfer to the Public Issue Account of the Company shall be transferred to the Refund Account on the Designated Date. Within 12 working days of the Bid/Issue Closing Date, the Escrow Collection Bank(s) shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment, to the Bidders.

Payment into Escrow Account

1. All Bidders are required to pay the entire Bid Amount at the time of submission of the Bidcum Application Form. The Bidders 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.
2. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - a. In case of Resident QIB Bidders: [●]
 - b. In case of Non Resident QIB Bidders: [●]
 - c. In case of Resident Retail and Non-Institutional Bidders: [●]
 - d. In case of Non Resident Retail and Non-Institutional Bidders: [●]
3. In case of Bids by Eligible NRI's 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 the 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 or FCNR Account.
4. In case of Bids by Eligible NRI's applying on non-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 or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.
5. In case of Bids by FIIs the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
6. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated/Allotted will be refunded to the Bidder from the Refund Account.
7. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue and the surplus amount shall be transferred to the Refund Account.

8. Within 12 working days from the Bid/Issue Closing Date, the Refund Banks shall refund all amounts payable to unsuccessful Bidders and the excess amount paid on Bidding, if any, after adjusting for Allotment to the Bidders.

Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/Money Orders/ Postal orders will not be accepted.

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.

Separate receipts shall not 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.

An ASBA investor shall submit an ASBA physically or electronically through the internet banking facility, to the SCSB with whom the bank account is to be blocked, is maintained. For further details pertaining to ASBA process, please refer "ASBA Process" in the Draft Red Herring Prospectus.

Mode of Payment for ASBA Bidders

ASBA Bidders shall specify the bank account number in the ASBA Bid-cum-Application Form and the SCSB shall block an amount equivalent to the application money in the bank account specified in the ASBA Bid-cum-Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal or rejection of the Bid or receipt of instructions from the Registrar to the Issue to unblock the Bid Amount.

In the event of withdrawal or rejection of the Bid or in respect of unsuccessful ASBA Bid-cum- Application Forms, the Registrar to the Issue shall give instructions to the Controlling Branch of the SCSB to unblock the application money in the relevant bank account. The entire Bid Amount, as specified in the ASBA Bid-cum-Application Form submitted by an ASBA Bidder, will be required to be blocked in the relevant ASBA Account until the approval of the basis of Allotment in the Issue by the Designated Stock Exchange and consequent transfer of the Bid Amount against allocated Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Upon completing and submitting the ASBA Bid-cum-Application Form, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount, in the ASBA Account maintained with the SCSB.

An ASBA Bid-cum-Application Form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted.

After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid-cum-Application Form until the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Accounts, in accordance with the ICDR Regulations, into Public Issue Account. The balance amount, if any, against any Bid in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

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 refund payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form/ASBA Bid cum Application Form or Revision Form/ASBA Revision Form. All communication 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, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name, age, status and first line address will be accumulated and taken to a separate process file which would serve as a multiple master document.
2. 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.
3. The Registrar to the Issue will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid cum Application Form/ ASBA Bid cum Application Form and create an address master.
4. The addresses of all these applications in the multiple master will be strung from the address master. 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. The applications with same name and same address will be treated as multiple applications.
5. The applications will be scanned for similar DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
6. Subsequent to the aforesaid procedures, a print out of the multiple master will be taken and the applications physically verified to tally signatures as also father's/husband's names. On completion of this, applications will finally 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 registered with SEBI 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.

For Bids from FII sub-accounts which are submitted under the same PAN but different demat numbers. Such Bids will not be treated as multiple bids.

Bids on behalf of the Central or State Government, an official liquidator or receiver appointed by a court and residents of Sikkim for which submission of PAN is not mandatory, the Bids will be scrutinised for DP ID and Beneficiary Account Numbers. In case such Bids bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple Bids and will be rejected.

The Company, in consultation with the BRLM, reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number or PAN

Pursuant to the circular MRD/DoP/Circ-05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number (PAN) to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction with effect from July 2, 2007. **Applications without this information will be considered incomplete and are liable to be rejected.**

The SEBI has exempted Bids on behalf of the Central or State Government officials and the officials appointed by the courts from the abovementioned requirement in terms of a SEBI circular dated June 30, 2008 and has exempted persons resident in the state of Sikkim from the abovementioned requirement (subject to the Depository Participants collecting sufficient documentary evidence to verify that such persons are Sikkim residents) in terms of a SEBI circular dated July 20, 2006.

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. With effect from August 16, 2010, the demat accounts of Bidders for whom PAN details have not been verified shall be “suspended for credit” and no credit of Equity Shares pursuant to the Issue will be made into the accounts of such Bidders.

Unique Identification Number (“UIN”)

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining UIN and the requirement to contain/quote UIN under the SEBI MAPIN Regulations/Circulars vide its circular MAPIN/Cir-13/2005. However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UIN’s in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of ₹100,000 to ₹500,000 or more. The limit will be reduced progressively. For trade order value of less than ₹500,000, an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of the Red Herring Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations.

Therefore, MAPIN is not required to be quoted with the Bids.

Right to Reject Bids

In case of QIB Bidders, the Company in consultation with the BRLM 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, the 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.

GROUND FOR TECHNICAL REJECTIONS

Bidders are advised to note that Bids are liable to be rejected on *inter alia*, the following technical grounds:

- i. Applications on plain paper;
- ii. Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. In case of Bids through the ASBA process, the amount mentioned in the ASBA Bid cum Application Form does not tally with the entire amount payable for the value of the Equity Shares Bid for;
- iii. Bank account details (for refund) are not given;
- iv. Age of First Bidder not given;
- v. 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;
- vi. Bids by persons not competent to contract under the Indian Contract Act, 1872 including minors and insane persons;
- vii. PAN is not stated or is stated incorrectly in the Bid-cum-Application Form/ASBA Bid-cum- Application Form (except for Bids on behalf of the Central or State Government officials, residents of Sikkim and the officials appointed by the courts) or GIR number given instead of PAN;
- viii. Bids for lower number of Equity Shares than specified for that category of investors;
- ix. Bids at a price less than lower end of the Price Band;
- x. Bids at a price more than the higher end of the Price Band;
- xi. Bids at Cut-off Price by Non-Institutional and QIB Bidders whose Bid Amount exceeds ₹200,000;
- xii. Bids for number of Equity Shares, which are not in multiples of [●];
- xiii. Category not ticked;
- xiv. Multiple Bids as defined in the Draft Red Herring Prospectus;
- xv. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- xvi. Bids accompanied by Stockinvest/ money order/postal order/cash;

- xvii. Signature of sole and/or joint Bidders missing. In addition, with respect to ASBA Bids, the ASBA Bid-cum-Application Form not being signed by the account holders, if the account holder is different from the ASBA Bidder;
- xviii. Bid cum Application Form/ ASBA Bid-cum-Application Form does not have the stamp of the BRLM or the Syndicate Members or the SCSB;
- xix. Bid cum Application Form/ ASBA Bid-cum-Application Form does not have the Bidder's depository account details;
- xx. Bid cum Application Form/ ASBA Bid-cum-Application Form is not delivered by the Bidder within the time prescribed as per the Bid cum Application Forms/ ASBA Bid-cum-Application Form, Bid/ Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms/ ASBA Bid-cum-Application Form;
- xxi. In case no corresponding record is available with the Depositories that matches three parameters namely, PAN of the First Bidder, the Depository Participant's identity (DP ID) and the beneficiary's account number;
- xxii. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- xxiii. Bids by QIBs not submitted through members of the Syndicate;
- xxiv. Bids in respect where the Bid cum Application form do not reach the Registrar prior to the finalisation of the basis of allotment;
- xxv. Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- xxvi. Bids by OCBs;
- xxvii. Bids by SEBI registered venture capital funds or foreign venture capital funds;
- xxviii. Bids by U.S. persons, other than "qualified institutional buyers" as defined in Rule 144A under the Securities Act or other than in reliance on Regulation S under the Securities Act; and
- xxix. Bids by persons outside India if not in compliance with applicable foreign and Indian laws or by any persons who are not eligible to acquire Equity Shares of the Company, in terms of all applicable laws, rules, regulations, guidelines and approvals.
- xxx. Bids not uploaded on the terminals of the Stock Exchanges.

In addition to the grounds listed above, applications under the ASBA process are liable to be rejected on, *inter alia*, the following technical grounds:

1. Submission of more than five (5) ASBA Bid-cum-Application Forms per account for the Issue;
2. Authorization for blocking funds in the ASBA Bidder's bank account not ticked or provided;
3. Inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the ASBA Account; and
4. Application on plain paper or on split form.

Bidders are advised that Bids under the ASBA process that are not uploaded in the electronic book of the Stock Exchanges due to any of the grounds mentioned above will be rejected.

In the event that the Depository Participant identification number (DP ID), the beneficiary account number and PAN mentioned in the Bid-cum-Application Form/ASBA Bid-cum-Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members or Designated Branches of the SCSBs, as the case may be, do not match with the DP ID, beneficiary account number and PAN available in the Depository database, then such Bid is liable to be rejected.

Equity Shares in Dematerialized Form with NSDL or CDSL

As per the provisions of Section 60B of the Companies Act, the Allotment of Equity Shares in the Issue shall be only in a dematerialized form (i.e., not in the form of physical certificates but the fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

- a) Tripartite Agreement dated November 27, 2010 with NSDL, the Company and the Registrar to the Issue;
- b) Tripartite Agreement dated November 23, 2010 with CDSL, the Company and the Registrar to the Issue.

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 Participant 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/ASBA Bid-cum-Application Form or Revision Form/ASBA 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/ASBA Bid-cum-Application Form or Revision Form/ASBA 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/ASBA Bid-cum-Application Form or Revision Form/ASBA 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/ASBA 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 or CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with NSDL and CDSL.
- 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.
- i) Non-transferable allotment advice or refund orders will be directly sent to the Bidders by the Registrar to the Issue.

COMMUNICATIONS

All future communications in connection with Bids made in the Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid-cum-Application Form/ASBA Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid-cum-Application Form/ASBA Bid-cum-Application Form, name and address of the member of the Syndicate or the Designated Branch of the SCSB where the Bid-cum-Application Form/ASBA Bid-cum-Application Form was submitted and cheque/draft number and issuing bank thereof or the bank account number in which the amount equivalent to the Bid Amount was blocked and a copy of the acknowledgement slip.

Investors can contact the Compliance Officer or the Registrar to the Issue in the case of any pre-Issue or post-Issue related problems such as non-receipt of allotment advice, non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, refund orders, etc.

ASBA Bidders may address all grievances relating to the ASBA process to the Registrar to the Issue, with a copy to the relevant SCSB, giving full details such as name and address of the applicant, the number of Equity Shares applied for, the Bid Amount blocked on application, bank account number and the Designated Branch or the collection center of the SCSB where the ASBA Bid-cum-Application Form was submitted by the ASBA Bidder.

The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or willful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held. The Company, the BRLM, the Syndicate Members and the Registrar accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable ICDR Regulations.

PAYMENT OF REFUND

Bidders (other than ASBA Bidders) should note that on the basis of the Depository Participant identification number, the beneficiary account number and the PAN provided by them in the Bid-cum- Application Form, the Registrar to the Issue will obtain from the Depository the Bidder's bank account details including a nine-digit Magnetic Ink Character Recognition ("MICR") code. 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 Bidder's sole risk and none of the Company, the Syndicate Members, the Escrow Collection Banks, the Registrar to the Issue, the BRLM shall have any responsibility and undertake any liability for the same.

In the case of Bids from Eligible NRIs and FIIs, refunds, if any, will generally be payable in Indian Rupees only and net of bank charges and/or commission. If so desired, 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. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Mode of making refunds for Bidders other than ASBA Bidders

The payment of refund, if any, would be done through various modes as mentioned below:

- **NECS** - Payment of refund would be done through NECS for Bidders having an account at any of the centers specified by the RBI. This mode of payment of refunds would be subject to availability of complete bank account details including the nine-digit MICR code as obtained from the Depository.
- **NEFT** - Payment of refund may be undertaken through NEFT wherever the branch of the applicants' bank is NEFT enabled and has been assigned the Indian Financial System Code ("IFSC"), which can be linked to a Magnetic Ink Character Recognition ("MICR") of that particular branch. The IFSC Code will be obtained from the website of RBI as at a date 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. The process flow in respect of refunds by way of NEFT is in an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency and the past experience of the registrars to the initial public offerings. In the event NEFT is not operationally feasible, the payment of refunds will be made through any one of the other modes as discussed above.
- **Direct Credit** - Applicants having their bank account with the Refund Bankers shall be eligible to receive refunds, if any, through direct credit. Charges, if any, levied by the Refund Banks for the same will be borne by the Company.
- **RTGS** - Applicants having a bank account at any of the centers notified by SEBI where clearing houses are managed by the RBI, and whose Bid Amount exceeds ₹200,000, shall have the option to receive refunds, if any, through RTGS. Such eligible applicants who indicate their preference to receive refunds through RTGS are required to provide the IFSC Code in the Bid-cum-Application Form. In the event of failure to provide the IFSC Code in the Bid-cum-Application Form, the refund shall be made through NECS or direct credit, if eligibility is disclosed. Charges, if any, levied by the Refund Banks for the same will be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit will be borne by the applicant.
- For all the other applicants, including applicants who have not updated their bank particulars along with the nine-digit MICR code, the refund orders will be dispatched under certificate of posting for refund orders, if any, of value less than ₹1,500 and through speed post or registered post for refund orders, if any, of ₹1,500 and above. Some refunds will be made by cheques, pay orders or demand drafts drawn on the Refund 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.

Mode of making refunds for ASBA Bidders

In case of ASBA Bidders, the Registrar to the Issue shall instruct the Controlling Branch of the SCSB to unblock the funds in the relevant ASBA Account for any withdrawn, rejected or unsuccessful ASBA Bids or in the event of withdrawal or failure of the Issue.

Interest on refund of excess Bid Amount

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders /instruction to Self Certified Syndicate Banks by the Registrar are not dispatched within 15 Working Days from the Bid/Issue Closing Date.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

With respect to Bidders, other than ASBA Bidders, the Company shall ensure dispatch of Allotment Advice/CANs, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two working days of the Allotment of Equity Shares.

In case of Bidders who receive refunds through NECS, NEFT, direct credit or RTGS, the refund instructions will be given to the clearing system within 12 working days from the Bid/Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through the electronic mode within 12 working days of the Bid/Issue 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 shall use its best efforts to ensure that all steps for completion of the necessary formalities for listing is completed and trading commences within 12 working days of the Bid/Issue Closing Date at all the Stock Exchanges where the Equity Shares are proposed to be listed. In accordance with the Companies Act, the requirements of SEBI, the Stock Exchanges and the ICDR Regulations, the Company further undertakes that:

- Allotment/transfer of the Equity Shares shall be made only in dematerialized form, including the credit of Allotted/transferred Equity Shares to the beneficiary accounts of the Depository Participants, within 12 working days of the Bid/Issue Closing Date;
- With respect to Bidders, other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 12 working days of the Bid/Issue Closing Date would be ensured. With respect to the ASBA Bidders' instructions for unblocking of the funds in the ASBA Account shall be made within 12 working days from the Bid/Issue Closing Date; and
- The Company shall pay interest at 15% per annum for any delay beyond 15 days from the Bid/Issue Closing Date as mentioned above, if Allotment is not made or if dispatch of refund orders, or in case where the refund or a portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner, or in case of ASBA Bidders, instructions for unblocking of funds in the ASBA Account, and/or demat credits are not made to investors within the 15 day time period prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Price Discovery and Allocation

1. After the Bid/Issue Closing Date, the Registrar to the Issue shall aggregate the demand generated under the ASBA process with the Bids received under the non-ASBA process to determine the demand generated at different price levels. Thereafter, the BRLM shall analyze the demand generated at various price levels and discuss pricing strategy with the Company.
2. The Company in consultation with the BRLM shall finalize the Issue Price, the number of Equity Shares to be allotted in each investor category.
3. The allocation to QIBs will be at least 50% of the Issue and the availability for allocation to Non-Institutional and Retail Individual Bidders will not less than 15% and 35% of the Issue respectively, and, would be on proportionate basis, in the manner specified in the SEBI Regulations and the Draft Red Herring Prospectus, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
4. *The Issuer undertakes to allot at least 50% of the Issue to Qualified Institutional Buyers and to refund full subscription monies if it fails to make allotment to the Qualified Institutional Buyers.*
5. Under-subscription, if any, in any category except QIB would be met with spill over from any other category at the sole discretion of the Company in consultation with the BRLM. However, if the aggregate demand by

Mutual Fund is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders.

6. Allocation to Non-Residents, including Eligible NRI's, FIIs and FVCIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.
7. The BRLM, in consultation with us, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
8. The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning any reasons whatsoever. In terms of the SEBI Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.
9. If an ASBA Bidder wants to withdraw the ASBA Bid-cum-Application Form during the Bidding Period, the ASBA Bidder shall submit the withdrawal request to the SCSB, which shall perform the necessary actions, including deletion of details of the withdrawn ASBA Bid-cum- Application Form from the electronic bidding system of the Stock Exchanges and unblocking of funds in the relevant bank account.

If an ASBA Bidder wants to withdraw the ASBA Bid-cum-Application Form after the Bid/Issue Closing Date, the ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue before finalization of basis of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file. The instruction for and unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrar to the Issue to the SCSB once the basis of Allotment has been approved by the Designated Stock Exchange.

10. The allotment details shall be put on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and Filing with the Designated Stock Exchange

- (a) The Company, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation/ Allotment to the Bidders.
- (b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with the Designated Stock Exchange, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with the Registrar of Companies

We will file a copy of the Prospectus with the Registrar of Companies in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Announcement of pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall after receiving final observations, if any, on the Red Herring prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI Regulations in three widely circulated newspapers (one each in English, Hindi & Marathi).

Advertisement regarding Issue 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 Issue Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note ("CAN")

- (a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLM or the Registrar to the Issue shall send to the members of the Syndicate and to the Controlling Branches of the SCSBs, a list of their Bidders who have been allocated Equity Shares in the Issue. 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 Retail Bidders and Non-Institutional Bidders. However, the investor should note that the Company shall ensure that the date of Allotment of the Equity Shares to all investors in the Issue shall be done on the same date.

- (b) The Registrar to the Issue will then dispatch the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder.

Unblocking of ASBA Account

Once the basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue shall provide the following details to the Controlling Branches of each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the Public Issue Account designated for this purpose, within the timelines specified in the ASBA facility: (i) the number of Equity Shares to be Allotted against each valid ASBA Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each valid ASBA Bid, (iii) the date by which funds referred to in (ii) above shall be transferred to the Public Issue Account, and (iv) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn and/or unsuccessful ASBA Bids, if any, to enable SCSBs to unblock the respective bank accounts. On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Bidder to the Public Issue Account and shall unblock the excess amount, if any, in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of notification from the Registrar to the Issue by the Controlling Branch of the SCSB in relation to the approval of the basis of Allotment in the Issue by the Designated Stock Exchange in the event of withdrawal or failure of the Issue or rejection of the ASBA Bid, as the case may be.

Designated Date and Allotment of Equity Shares

- (a) The Company will ensure that (i) Allotment of the Equity Shares; (ii) credit to the successful Bidder's depository account is completed within 12 working days of the Bid/Issue Closing Date.
- (b) In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees.
- (c) Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of 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 the Issue.

Allotment Advice or Refund Orders or Instructions to the SCSBs

The Company shall credit each Equity Share Allotted to the applicable beneficiary account with its Depository Participant within 12 working days of the Bid/Issue Closing Date. Applicants residing at any of the centers where clearing houses are managed by the RBI will get refunds through NECS only (subject to availability of all information for crediting the refund through NECS) except where the applicant is otherwise disclosed as eligible to receive refunds through Direct Credit, NEFT and RTGS. In the case of other applicants, the Company shall ensure the dispatch of refund orders, if any, of value less than ₹1,500 under certificate of posting, and shall dispatch refund orders, if any, of ₹1,500 and above by registered post or speed post at the sole or First Bidder's sole risk within 12 working days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter (refund advice) through ordinary post informing them about the mode of credit of refund within 10 working days of the Bid/Issue Closing Date. In case of ASBA Bidders, the Registrar to the Issue shall instruct the Controlling Branch of the SCSB to unblock the funds in the relevant ASBA Account for any withdrawn, rejected or unsuccessful ASBA Bids within 10 days of the Bid/Issue Closing Date.

Save and except refunds effected through the electronic mode, i.e., NECS, NEFT, direct credit or RTGS, refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by the Company, as a Refund Bank and payable at par at places where Bids are received. 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 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".

BASIS OF ALLOTMENT

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the valid bid in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the valid bid in this category is greater than [●] Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate basis of Allotment, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the valid bid in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- If the valid bid in this category is greater than [●] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate basis of allotment, refer below.

C. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for Allotment to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
 - i. In the event that 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.
 - ii. In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.
 - iii. Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;

- b) In the second instance, Allotment to all QIBs shall be determined as follows:
- In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be Allotted Equity Shares on a proportionate basis for upto 95% of the QIB Portion.
 - Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
 - Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
- The aggregate Allotment to QIB Bidders shall be atleast [●] Equity Shares.

The Issuer undertakes to allot at least 50% of the Issue to Qualified Institutional Buyers and to refund full subscription monies if it fails to make allotment to the Qualified Institutional Buyers.

Method of Proportionate Basis of Allotment in the Issue

In the event the Issue is over-subscribed, the basis of Allotment shall be finalized by the Company in consultation with the BRLM and the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that basis of allotment is finalized in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

- Bidders will be categorized according to the number of Equity Shares applied for by them.
- The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:
 - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above; and
 - Each successful Bidder shall be allotted a minimum of [●] Equity Shares.
- If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.
- If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Illustration of Allotment to QIBs and Mutual Funds (“MF”)

A. Issue Details

Sr. No.	Particulars	Issue details
1	Issue size	200 million equity shares
2	Allocation QIB (50%)	100 million equity shares
	Of which:	
3	a. Allocation to MF (5%)	5 million equity shares
4	b. Balance for all QIBs including MFs	95 million equity shares
5	No. of QIB applicants	10
6	No. of shares applied for	500 million equity shares

B. Details of QIB Bids

Sr. No	Type of QIB bidders#	No. of shares bid for (in millions)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	Total	500

A1-A5: (QIB Bidders other than MFs), MF1-MF5 (QIB Bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/ Applicants

Type of QIB bidders	Shares bid for	Allocation of 5 million equity shares to MF proportionately (please see note 2 below)	Allocation of balance 95 million equity shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
<i>(Number of equity shares in million)</i>				
A1	50	0	9.6	0
A2	20	0	3.8	0
A3	130	0	24.9	0
A4	50	0	9.6	0
A5	50	0	9.6	0
MF1	40	1.00	7.5	8.5
MF2	40	1.00	7.5	8.5
MF3	80	2.00	15.0	17.0
MF4	20	0.50	3.7	4.2
MF5	20	0.50	3.7	4.2
	500	5.00	95.0	42.4

Please note:

1. The illustration presumes compliance with the requirements specified in the Draft Red Herring Prospectus in the chapter titled "Issue Structure" on page 215 of the Draft Red Herring Prospectus.
2. Out of 100 million Equity Shares allocated to QIBs, 5 million (i.e. 5%) will be allocated on proportionate basis among 5 Mutual Fund applicants who applied in QIB category.
3. The balance 95 million Equity Shares (i.e. 100.00 - 2.50 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied.
4. The figures in the fourth column titled "Allocation of balance 95 million equity shares to QIBs proportionately" in the above illustration are arrived as under:
 - For QIBs other than Mutual Funds (A1 to A5)= No. of shares bid for (i.e. in column II) X 95/495
 - For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e. in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 95/495
 - The numerator and denominator for arriving at allocation of 95 million equity shares to the 10 QIBs are reduced by 5 million equity shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

UNDERTAKINGS BY THE COMPANY

We undertake that:

- The complaints received in respect of the captioned Public Issue shall be attended to by the Company expeditiously and satisfactorily. The Company has authorized the Company Secretary and Compliance Officer to redress all complaints, if any, of the investors participating in the Issue;
- All steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed are taken within 12 Working Days of the Bid / Issue Closing Date;
- The funds required for making refund to unsuccessful applicants as per the modes disclosed shall be made available to the registrar to the captioned Public Issue;
- Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 Working Days of Bid / Issue Closing Date, giving details of the bank where refund shall be credited along with amount and expected date of electronic credit of refund;
- The promoters' contribution in full, wherever required, shall be brought in advance before the Issue opens for public subscription;
- The certificates of the shares/ refund orders to the Non-Resident Indians shall be dispatched within the specified time;
- No further issue of securities shall be made till the shares offered through the prospectus are listed or till the application moneys are refunded on account of non-listing, undersubscription, etc;
- That at any given time there shall be only one denomination for the shares of the company;
- That the company shall comply with such disclosure and accounting norms specified by the Board (SEBI) from time to time; and
- That the adequate arrangements shall be made to collect all Applications Supported by Blocked Amount (ASBA) and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

UTILISATION OF ISSUE PROCEEDS

Our Board of Directors certify that:

- (a) all monies received out of the issue of equity shares to the public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act, 1956.
- (b) details of all monies utilised out of the issue referred to in sub-item (a) shall be disclosed and continue to be disclosed till the time any part of issue proceeds remain unutilised under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies had been utilised, and
- (c) details of all unutilised monies out of the issue of equity shares, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested.

The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

The Board of Directors also certifies that:

- the utilization of monies received shall be disclosed under an appropriate head in the balance sheet of the issuer company, indicating the purpose for which such monies have been utilized and,
- the details of all monies out of the funds received shall be disclosed under a separate head in the balance sheet of the issuer company, indicating the form in which such monies have been invested.

RESTRICTION ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of GoI, as notified through press notes and press releases issued from time to time, and FEMA and circulars and notifications issued thereunder. 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. The government bodies responsible for granting foreign investment approvals are FIPB and the RBI. Foreign investment limit is allowed up to 100% under automatic route in the Company.

FII's are permitted 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.

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, as amended (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.

As per the existing policy of the Government of India, OCBs cannot participate in the Issue.

100% foreign investment is permissible under the automatic route in the services industry, provided that the company complies with the requirements as specified under FEMA and the relevant Rules and Regulations framed thereunder.

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 Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

The above information is given for the benefit of the Bidders. The Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION IX: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Preliminary

Table A not to apply but Company to be governed by these Articles

1. No regulations contained in Table 'A' in the First Schedule to the Companies Act, 1956, shall apply to this Company, but the regulations for the management of the Company and for the observance of the Members thereof and their representatives, shall subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of, or additional to, its regulation by Special Resolution, as prescribed by the Companies Act, 1956, be such as are contained in these Articles.

Interpretation

2. In the interpretation of these Articles, unless repugnant to the subject or context: -

The Company or this Company

The "Company" or this "Company" means "JAWED HABIB HAIR & BEAUTY LIMITED"

The Act

The "Act" means the "Companies Act, 1956" or any statutory modification or re-enactment thereof for the time being in force.

Annual General Meeting

"Annual General Meeting" means a general meeting of the Members held in accordance with the provisions of Section 166 of the Act and any adjourned holding thereof.

Auditors

"Auditors" means and includes those persons appointed as such for the time being by the Company at its General Meeting.

Board or Board of Directors

"Board" or "Board of Directors" means the duly constituted Board of Directors of the Company.

Bye-Laws

"Bye-laws" means bye-laws made by a Depository under Section 26 of the Depositories Act.

Beneficial Owner

"Beneficial Owner" means a person whose name is recorded as such with a Depository.

BSE

"BSE" means the Bombay Stock Exchange at Mumbai.

Capital

"Capital" means the Share capital for the time being raised or authorised to be raised, for the purpose of the Company.

Debenture

"Debenture" includes Debenture-stock.

Depositories Act

"**Depositories Act**" means the Depositories Act, 1996, including any statutory modifications or re-enactment thereof for the time being in force

Depository

"**Depository**" means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992

Directors

"**Directors**" means the Directors for the time being of the Company, appointed in terms of these Articles or as the case may be, the directors assembled at a board

Dividend

"**Dividend**" includes bonus and interim dividend.

Extraordinary General Meeting

"**Extraordinary General Meeting**" means an extraordinary general meeting of the Members duly called and constituted and any adjourned holding thereof

JHHBL

"**JHHBL**" means "**Jawed Habib Hair & Beauty Limited**"

In writing and written

"**In writing**" and "**Written**" include printing, lithography and any or all other modes of representing or reproducing words in visible form duly authenticated.

Manager

"**Manager**" means an individual as defined under Section 2(24) of the Act

Managing Director

"**Managing Director**" means an individual as defined under Section 2(26) of the Act

Member

"**Member**" means the duly registered holder, from time to time, of the shares of the Company and includes every person whose name is entered as a Beneficial Owner as defined in clause (a) of Sub-section (1) of Section 2 of the Depositories Act, 1996.

Meeting or General Meeting

"**Meeting**" or "**General Meeting**" means a meeting of Directors or Members or creditors as the case may be.

Month

"**Month**" means a calendar month

Non-retiring Director

"**Non-retiring Director**" means a director not subject to retirement by rotation

NSE

"**NSE**" shall mean the National Stock Exchange

Office

"**Office**" means the registered office for the time being of the Company

Paid up

"**Paid up**" includes capital credited as paid up

Participant

"**Participant**" means a person registered as such under Section 12(1A) of the Securities and Exchange Board of India Act, 1992

Person

"**Person**" means any natural person, firm, company, governmental authority, joint venture, partnership, association or any other entity (whether or not having a separate legal personality)

Register of Members

"**Register of Members**" means the Register of Members to be kept pursuant to Section 150 of the Act

The Registrar

"**The Registrar**" means the Registrar of Companies of the State in which the office of the Company is for the time being situate

Record

"**Record**" includes the records maintained in the form of books or stored in Computer or in such other form as may be determined by regulations made by SEBI in relation to the Depositories Act, 1996.

Regulations

"**Regulations**" means the regulations made by the SEBI.

Secretary

"**Secretary**" means the Company Secretary appointed in pursuance of Section 383 A of the Act.

Seal

"**Seal**" means the Common Seal for the time being of the Company.

Share

"**Share**" means a share in the share capital of the Company and includes stock except where a distinction between stock and shares is expressed or implied.

Statutory Meeting

"**Statutory Meeting**" means a meeting of the Members as defined under Section 165 of the Act.

SEBI

"**SEBI**" means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.

Security

"**Security**" means such security as may be specified by the SEBI.

Words

"**Words**" importing the singular number include, where the context admits or requires, the plural number and vice versa.

Ordinary Resolution and Special Resolution

"**Ordinary Resolution**" and "**Special Resolution**" shall have the meanings assigned thereto by Section 189 of the Act.

Year

"**Year**" means the calendar year and "**Financial Year**" shall have the meaning assigned thereto by Section 2 (17) of the Act.

Words bear same meaning as defined under Act

Gender

Marginal Notes shall not affect construction

Subject as aforesaid, any words or expression defined in the Act, shall, except where the subject or context forbids, bear the same meaning in these Articles.

Words importing the masculine gender also include the feminine gender.

The marginal notes and catch lines used in these Articles shall not affect the constructions hereof.

Save as aforesaid, any words or expression defined in the Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

Capital Increase and Reduction of Capital

Capital

3. The Authorised Share Capital of the Company shall be as per Clause V of the Memorandum of Association of the Company with rights to alter the same in whatever way as deemed fit by the Company. The company may increase or decrease the Authorised Share Capital in accordance with Company's regulations and legislative provisions for the time being in that behalf.

Increase of capital by the Company and how carried into effect.

4. The Company in General Meeting may, from time to time, increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amount as the resolution shall prescribe. Subject to the provisions of the Act, any share 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 is 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, and with a right of voting at general meeting of the Company in conformity with Section 87 of the Act. Whenever the capital of the Company has been increased under the provisions of these Articles, the Directors shall comply with the provisions of Section 97 of the Act.

Subject to the applicable provisions of the Act and/or any other applicable Rules, Guidelines or any other statutory provisions, the Company acting through its Board of Directors shall have power to issue equity share capital with differential rights as to dividend, voting and/or otherwise in such manner and on such terms and conditions as may be prescribed by the resolution authorising such issue.

New Capital same as existing capital

5. Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise. Provided however that all the equity shares issued by the Company to the Members shall be of the same class and shall be alike ranking parri passu in all respect and the holders thereof shall be entitled to identical rights and privileges including, without limitation, to identical rights and privileges with respect to dividend, voting rights, payment of calls, liens, transfers, transmission, forfeiture, and the distribution of assets in the event of voluntary or involuntary liquidation, dissolution or winding up of the Company on a pro rata basis. Provided that the above provision does not prohibit the Company from issuing redeemable preference shares. Subject to Article 6 hereinbelow, the Company in general meeting may also, from time to time, by special resolution capitalise the undistributed profits standing to the credit of the Company's Free Reserves and to apply the same in paying up new equity shares in the share capital of the Company and to appropriate the same as capital and not as income and allot and distribute as fully paid-up bonus shares to and amongst the persons registered in the Register of Members as the holders of equity shares of the Company on such date and in such proportion as may be decided by the Board of Directors.

Redeemable Preference Shares

6. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue Preference Shares which are, or at option of the company, liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.

Provisions to apply on issue of Redeemable Preference Shares

7. On the issue of Redeemable Preference Shares under the provisions of Article 6 hereof the following provisions shall take effect: -

- (a) no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption;
- (b) no such shares shall be redeemed unless they are fully paid;

- (c) the premium, if any, payable on redemption must have been provided for out of the profits of the Company or the Company's Share Premium Account before the shares are redeemed;
- (d) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called the "Capital Redemption Reserve Account", a sum equal to the nominal amount of the shares redeemed and the provisions of the Act, relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.
- (e) subject to the provisions of Section 80 and 80A of the Act, the redemption of preferential share hereunder may be effected in accordance with the terms and conditions of their issue and the absence of any specific terms and conditions in that behalf in such manner as the Directors determine;
- (f) whenever the Company shall redeem any redeemable preference shares, the Company shall, within one month thereafter, give notice thereof to the Registrar of Companies as required by Section 95 of the Act.

Reduction of Capital

8. The Company may (subject to the provisions of Section 78, 80 and 100 to 105 inclusive, of the Act) from time to time by Special Resolution, reduce its share 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 called upon again or otherwise. This Article is not to derogate from any power the Company would have if it were omitted.

Sub-division and consolidation of shares

9. Subject to the provisions of Section 94 of the Act, the Company, in General Meeting, may, from time to time, sub-divide or consolidate its shares, or any of them or any part of them, and the resolution whereby any share is sub-divided, may determine that as between the holder 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 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.

Modification of rights

10.

- a) Whenever the 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 each 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 be varied, modified, commuted, affected or abrogated, or dealt with by Agreement between the Company and any person purporting to contract on behalf of that class provided such agreement is ratified in writing by holders of at least three fourths in nominal value of the issued shares of the class or is confirmed by a Special Resolution passed at a separate General Meeting of the holders of shares of that class. This Article is not to derogate from any power the Company would have if this Article were omitted.
- b) The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless otherwise the shares of that class be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

Shares at a discount

11. Subject to the provisions, the Company may issue Shares at a discount of a class already issued, if the conditions contained in Section 79 of the Act are fulfilled.

Shares without voting rights

12. Subject to the provisions of the Act, the Company may issue shares without voting right attached to them, upon such terms and conditions and with such rights and privileges attached thereto, as the Board may deem fit.

Shares and Certificates

Register and Index of Members

13. The Company shall cause to be kept a Register and Index of Members in accordance with Sections 150 and 151 of the Act. The Company shall be entitled to keep in any State or country outside India a Branch Register of Members resident in that State or Country.

- (a) Notwithstanding anything herein contained, a person, whose name is at any time entered in the Register of Members of the Company as the holders of a share in the Company, but who does not hold the beneficial interest in such share, shall, within such time and in such form as may be prescribed, make a declaration to the Company specifying the name and other particulars of the person or persons, who hold the beneficial interest in such share in the manner provided in Section 187-C of the Act;
- (b) A person who holds a beneficial interest in a share or a class of shares of the Company shall, within the time prescribed, after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in Section 187-C of the Act;
- (c) Whenever there is a change in the beneficial interest in a share referred to above, the beneficial owner shall, within the time prescribed from the date of such change, make a declaration to the Company in such form and containing such particulars as may be prescribed as provided in Section 187-C of the Act;
- (d) Notwithstanding anything herein contained in Section 153 of the Act and Sub-Article (a), (b), (c) above, where any declaration referred to above is made to the Company, the Company shall make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Registrar with regard to such declaration.

Shares to be numbered progressively and no share to be sub-divided

14. Save and except for dematerialisation of Share or Shares held in fungible form with a Depository, the shares in the capital shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

Further Issue of capital

15.

(a) Subject to the provisions of the Act, where at any time after the expiry of two years from the formation of the Company or the expiry of one year from the allotment of shares made for the first time after its formation whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares, whether out of unissued share capital or out of increased share capital, then such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on these shares at the date. Such offer shall be made by a notice specifying the number of 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. Such offer shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to above hereof shall contain this statement of this right, provided that the directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him. After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner as they think most beneficial to the Company.

(b) Notwithstanding anything contained in the preceding sub-clause, the Company may:-

- i) by a special resolution; or
- ii) where no such special 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 Members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy exceed the votes, if any, cast against the proposal by Members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company, offer further shares to any person or may not include the persons who at the date of the offer, are the holders of the equity shares of the Company.

- (c) Notwithstanding anything contained in sub-clause (a) above, but subject, however, to Section 81 (3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to the debentures issued or loans raised by the Company to convert such debenture or loans into shares, or to subscribe for shares in the Company, provided however that the terms of the debentures or loans include a term providing for such option is in conformity with the rules, if any made by the Central Government in this behalf and has also been approved by a special resolution in the General Meeting.

Shares under control of Directors

16. Subject to the provisions of these Articles and of the Act, the shares (including any shares forming part of any increased capital of the Company) shall be under the control of the Directors; who may allot or otherwise dispose of the same to such persons in such proportion on such terms and conditions and at such times as the Directors think fit and subject to the sanction of the Company in General Meeting with full power, to give any person the option to call for or be allotted shares of any class of the Company either (subject to the provisions of Sections 78 and 79 of the Act) at premium or at par or a discount and such option being exercisable for such time and for such consideration as the Directors think fit. The Board shall cause to be filed the returns as to allotment provided for in Section 75 of the Act.

17. The Board shall observe the restrictions as to allotment of shares to the public contained in Sections 69 and 70 of the Act, and shall cause to be made the returns as to allotment provided for in Section 75 of the Act.

Power also to Company to issue shares in General Meeting

18. In addition to and without derogating from the powers for that purpose conferred on the Board under Articles 15 and 16 the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such person (whether members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount as such General Meeting shall determine and with full power to give any person (whether a member or not) the option to call for or be allotted shares of any class of the Company either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment, or disposal of any shares.

Acceptance of Shares

19. Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is entered on the Register of Members shall, for the purposes of these Articles, be a Member.

Deposit and call etc. to be a debt payable immediately

20. 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 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

21. Every Member, or his heirs, executors, or administrator 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 Board shall, from time to time in accordance with the Company's regulations, require or fix for the payment thereof.

Share Certificates

22. (a) Every Member or allottee of shares shall be entitled, with or without payment, within three months after the allotment of shares and within two months after the application for the registration of transfer of any shares, the certificate in respect of such shares, unless the conditions of issue of shares otherwise provide. Every Member or allottee of shares shall be entitled, with or without payment, to receive one share certificate specifying the name of the person in whose favour it is issued, the shares to which it relates and the amount paid-up thereon. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in case of issues against letters of acceptance or of renunciation or in case of issue of bonus shares. Every such

certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose, and two Directors or their Attorneys and the Secretary or other person shall sign the share certificate, provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or whole time Director. Particulars of every share Certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued, indicating the date of issue, provided however that no share certificate(s) shall be issued for shares held by a Depository.

- (b) Any two or more joint allottees of a share shall, for the purpose of this Article, be treated as a single Member, and the certificate of any share, which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupee One. The Company shall comply with the provisions of Section 113 of the Act.
- (c) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.
- (d) The Company shall not be bound to register more than 3 persons as the joint holders of any share except in the case of executors or trustees of a deceased member and in respect of a share held jointly by several persons, the Company shall not issue more than one certificate and the delivery of a certificate for a share to any one of several joint holders shall be sufficient delivery to all such holders.
- (e) Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued indicating the date of issue.
- (f) The provisions stated above shall not be applicable to dematerialised Shares and shares held in fungible form with a Depository.

Renewal of Share Certificate

- 23. (a) No certificate of any share or shares shall be issued either in exchange for those which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the cages on the reverse for recording transfers have been duly utilised unless the certificate in lieu of which it is issued is surrendered to the Company.
- (b) When a new share certificate has been issued in pursuance of clause (a) of this Article, it shall state on the face of it and the stub or counterfoil to the effect that it is "issued in lieu of share certificate No. And sub-divided/ replaced/on consolidation of shares".
- (c) If a share certificate is lost or destroyed, a new certificate in lieu thereof shall be issued only with the prior consent of the Board or its duly constituted Committee and on such terms, if any, as to evidence and indemnity as to the payment of out-of- pocket expenses incurred by the Company in investigating evidence, as the Board thinks fit.
- (d) When a new share certificate has been issued in pursuance of clause (c) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is "duplicate issued in lieu of share certificate No." The word "Duplicate" shall be stamped or punched in bold letters across the face of the share certificate.
- (e) Where a new share certificate has been issued in pursuance of clause (a) or clause (c) of this Article, particulars of every such share certificate shall be entered in a Register of Renewal and Duplicate Certificates indicating against the name of the persons to whom the certificate is issued, the number and date of issue of the share certificate in lieu of which the new certificate is issued, and the necessary changes indicated in the Register of Members by suitable cross reference in the "Remarks" Column.
- (f) All blank forms to be issued for issue of share certificates shall be printed and the printing shall be done only on the authority of a resolution of the Board. The blank forms shall be consecutively machine numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such

forms shall be kept in the custody of the Secretary or of such other person as the Board may appoint for the purpose and the Secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the Board.

- (g) The Managing Director of the Company for the time being or, if the Company has no Managing Director, every Director of the Company shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates except the blank forms of shares certificates referred to in Sub-Article (f).

First named holder is deemed to be sole owner

24. If any share stand in the names of two or more persons, the person first named in the Register of Members shall as regards receipt of dividends or bonus or service of notices, subject to the provisions of Article 22 and all or any other matter connected with 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 recognize any interest in share other than that of registered holder

25. Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognise any benami trust or equity or equitable, contingent or other claim or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.

Funds of the Company not to be applied in the purchase of shares of the company

26. None of the funds of the Company shall be applied in the purchase of any shares of the Company, and it shall not give any financial assistance for or in connection with the purchase or subscription of any shares in the Company or in its holding Company save as provided by Section 77 of the Act.

Dematerialisation of Securities

27. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing securities, rematerialise its securities held in the Depositories and / or offer its fresh securities in a dematerialised form pursuant to the Depositories Act, and the rules framed thereunder, if any.

Option to receive Securities certificates or hold Securities with Depository

28. Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository.

29. If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its records the name of the allottees as the Beneficial Owner of the security.

Securities in Depositories

30. All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act, shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owner.

Rights of Depositories and Beneficial Owners

31. Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be registered owner for the purpose of effecting transfer of ownership of security on behalf of the Beneficial Owner.

32. Save as otherwise provided in (a) above, the Depository, as the registered owner of the securities, shall not have any voting rights or any other rights in respect of the security held by it.

33. Every person holding securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a Depository.

Beneficial Owner deemed as absolute owner

34. Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest in any share, or (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, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be entitled 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.

Depository to furnish information

35. Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.

Cancellation of certificates upon surrender by a person

36. Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a Participant, the Company shall cancel such certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.

Option to opt out in respect of any security

37. If a Beneficial Owner seeks to opt out of a Depository in respect of any security, the Beneficial Owner shall inform the Depository accordingly.

38. The Depository shall, on receipt of information as above, make appropriate entries in its records and subsequently inform the Company.

39. The Company shall within thirty (30) days of the receipt of the intimation from the Depository and on fulfillment of such conditions and payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.

Service of Documents

40. Notwithstanding anything in the Act, or these Articles to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

Provisions of Articles to apply to shares held in Depository

41. Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares in physical form subject to the provisions of the Depository Act.

Allotment of Securities dealt with in a Depository

42. Notwithstanding anything in the Act, or these Articles where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

Distinctive number of securities held in a Depository

43. The shares in the capital shall be numbered progressively according to their several denominations provided, however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.

Register and Index of Beneficial Owners

44. The Company shall cause to keep a Register and index of Members and a Register and index of Debenture holders in accordance with Section 151 and 152 of the Act, respectively, and the Depositories Act, with details of shares and debentures held in material/physical and dematerialised form in any media as may be permitted by law including in any form of electronic media. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act, 1996 shall be deemed to be Register and Index of Members

and Register and Index of Debenture holders, as the case may be, for the purpose of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Members resident in that state or country.

Register of Members

45. The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form.

Underwriting and Brokerage**Commission may be paid**

46. 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 subscriptions (whether absolute or conditional) for any shares 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 per cent of the price at which the debentures are issued, or such higher rate or rates as may be permissible under any statutory provision for the time being in force. 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.

Brokerage on issue of Shares or Debentures

47. The Company may pay a reasonable sum for brokerage.

Interest out of Capital**Interest may be paid out of capital**

48. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provision of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building, or the provision of plant.

Calls**Directors may make calls**

49. The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by resolution by circulation) make such call as it thinks fit upon the Members in respect of all moneys unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to the person or persons and at all times and places appointed by the Board. A call may be made payable by installments.

50. Whenever any calls for further share capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class. For the purposes of this Article shares of the same nominal value of which different amounts have been paid up shall not be deemed to fall under the same class.

Notice of Calls

51. Fifteen days' notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to who such call shall be paid.

Call to date from resolution

52. A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board and may be made payable by the Members whose names appears on the Register of Members on such date or at the discretion of the Board on such subsequent date as may be fixed by the Board.

Call may be revoked or postponed

53. A call may be revoked or postponed at the discretion of the Board.

Liability of joint holders

54. The joint-holder of a share shall be jointly and severally liable to pay all calls in respect thereof.

Directors may extend time

55. 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 who from 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

56. 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

57. 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.

Proof on trial of suit for money due to shares

58. On the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the Member in respect of whose shares the money is sought to be recovered appears entered on the Register of Members as the holder, at or subsequently to the date at which the money is sought to be recovered is alleged to have become due on the share in respect of which such money is sought to be recovered; that the resolution making the call is duly recorded in the Minute Book, and that notice of such call was duly given to the Member or his representatives issued in pursuance of these Articles, and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Partial payment not to preclude forfeiture

59. Neither 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 his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

Payment in anticipation of calls may carry interest

60.

- (a) The Board may, if it thinks fit, agree to and receive from any Member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums, actually called up and upon the moneys so paid in advance or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made, the Board may pay or allow interest, at such rate as the Member paying the sum in advance and the Board agree upon. The Board may agree to repay at any time the amount so advanced or may at any time repay the same upon giving to the Member three months' notice in writing. Provided that moneys paid in advance of calls on any shares may carry interest but shall not confer a right to dividend or participate in profits.

Voting rights in respect of calls in advance

- (b) No Member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable

Company's lien on shares

61. The Company shall have a first and paramount lien on every share (other than fully paid-up shares) for all moneys (whether presently payable or not) payable at a fixed time in respect of such share. Provided that the Board may, at any time, declare any share to be wholly or in part exempt from the provisions of these Articles.

62. The Company's lien, if any, on a share shall extend to all dividends payable thereon.

63. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares, as against the transferor.

As to enforcing lien by sale

64. For the purpose of enforcing such lien as aforesaid, the Directors may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made:

- (a) unless a sum in respect of which the lien exists is presently payable; and
- (b) until the expiration of seven days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists and as is presently payable, has been given to the registered holder for the time being of the share or to the person entitled thereto by transmission, and default shall have been made by him in payment of the sum payable as aforesaid for seven days after such notice.

Application of proceeds of sale

65. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of sale.

Forfeiture of Shares**If money payable on shares not paid notice to be given to Members**

66. If any Member fails to pay any call or installment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may at any time thereafter, during such time as the call or installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

Form of notice

67. The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or installment and such interest thereon at such rate as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state that, in the event of the non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or installment is payable, will be liable to be forfeited.

In default of payment, shares to be forfeited

68. 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 installments, 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 share not actually paid before the forfeiture.

Notice of forfeiture to a Member

69. When any share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members but no forfeiture shall be in any manner invalidated by any commission or neglect to give such notice or to make any such entry as aforesaid.

Forfeited Share to be property of the Company and may be sold etc.

70. Any share so forfeited shall be deemed to be the property of the Company and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit.

Members still liable to pay calls owing at the time of forfeiture and interest

71. Any member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment at such rate as the Board may determine and the Board may enforce the payment thereof, if it thinks fit.

Effect of forfeiture

72. 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.

Evidence of forfeiture

73. A declaration in writing that the declarant is a Director or Secretary of the Company and that a share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.

Validity of sale under Articles 64 and 70

74. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the shares sold and may cause the purchaser's name to be entered in the Register of Members in respect of the shares sold, and the Purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

Cancellation of share certificate in respect of forfeited shares

75. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect. Where any shares under the powers in that behalf herein contained are sold by the Board of Directors and the certificate in respect thereof has not been delivered to the Company by the former holder of such shares, the Board of Directors may issue a new certificate for such shares distinguishing it in such manner as it may think fit from the certificate not so delivered.

Power to annul forfeiture

76. The Board may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof, upon such conditions as it think fit.

Joint-holders

77. Where two or more persons are registered as the holders of any share, they shall be deemed (so far as the Company is concerned) to hold the same as joint holders with benefits of survivorship subject to the following and other provisions contained in these Articles:-

- (a) The Company shall be entitled to decline to register more than three persons as the holders of any share.
- (b) The joint-holders shall be liable severally as well as jointly for and in respect of all calls or installments and other payments which ought to be made in respect of the share.
- (c) On the death of any one or more of such joint-holders, the survivor or survivors shall be the only person or persons recognised by the Company as having any title to the share but the directors may require such evidence of death as may deem fit and 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.

Receipts

- (d) Any one of such joint-holders may give effectual receipts of any dividends or other moneys payable in respect of such share.

Delivery of Certificate and giving of notice to first named holder

(a) Only the person whose name stands first in the Register of Members as one of the joint-holders shall be entitled to delivery of the certificates relating to the share or to receive notices. In the case of shares held in a dematerialised or fungible form every beneficial owner in the records of the Depository shall be entitled to receive notices.

Votes of Joint-holders

Any one of two or more joint-holders may vote at any meeting either personally or by an agent duly authorised under a power of attorney or by proxy in respect of a share as if he were solely entitled thereto and if more than one of such persons be present, that person whose name stands first or higher (as the case may be) on the Register in respect of such share shall alone be entitled to vote.

Provided always that a person present at any meeting personally shall be entitled to vote in preference to a person present by an agent, duly authorised under power of attorney or by proxy although the name of such person present by an agent or proxy stands first or higher in the Register. Several executors of a deceased member in whose (deceased member's) name any share stands shall for the purposes of this sub clause be deemed joint-holders.

Transfer and Transmission of Shares

Register of Transfers

78. The Company shall keep a "Register of Transfer" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share in the material form.

Form of Transfer

79. A Common Form of Transfer shall be used.

80. The instrument of transfer shall be in writing and all the provisions of Section 108 of the Act, and or any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and their restrictions thereof.

Execution and Registration of transfer etc.

81. The Instrument of transfer duly stamped and executed by the Transferor and the Transferee shall be delivered to the Company in accordance with the provisions of the Act. The Instrument of Transfer shall be accompanied by such evidence as the Board may require to prove the title of Transferor and his right to transfer the shares and every registered Instrument of Transfer shall remain in the custody of the Company until destroyed by order of the Board. The Transferor shall be deemed to be the holder of such shares until the name of the Transferee shall have been entered in the Register of Members in respect thereof. Before the registration of a transfer, the certificate or certificates of the shares must be delivered to the Company.

Closure of Register of members of Debenture holders

82. The Board shall have power on giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situate to close the Transfer Books, the Register of Members or Register of Debenture-holder at such time or times and for such period or periods, not exceeding in the aggregate forty-five days in each year, and thirty days at one time.

Director's power to refuse to register a transfer

83. Subject to the provisions of Section 111A of the Act, the Board may, at its own absolute and uncontrolled discretion and without assigning any reason, decline to register or acknowledge any transfer of shares (whether fully paid or not and notwithstanding that the proposed Transferee be already a member), but in such case it shall, within two months from the date on which the instrument of transfer was lodged with the Company, send to the Transferee and the Transferor notice of the refusal to register such transfer provided that the registration of a transfer shall not be refused on the ground that the Transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except a lien on shares.

Notice of application when to be given

84. Where, in the case of partly paid share, an application for registration is made by the transferor, the company shall give notice of the application to the Transferee in accordance with the provisions of Section 110 of the Act.

Death of one or more joint-holders of shares

85. In the 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 an liability on shares held by him jointly with any other person.

Title to shares of deceased holders

86. In absence of a nomination recorded in accordance with Section 109A of the Act, read with Section 109B of the Act, which shall, in any event, have precedent, the executors or administrators of holders of a Succession Certificate or the legal representatives of a deceased member (not being one or two or more joint-holders) shall be the only persons recognised by the Company as having any title to the shares registered in the name of such Member and the Company shall not be bound to recognise such executors or administrators or holders of a Succession Certificate or the legal representatives unless such executors or administrators or legal representatives shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be, from a duly constituted court in the Union of India; provided that in any case where the Board in its absolute discretion thinks fit, the Board may dispense with production of Probate or Letters of Administration or Succession Certificate, upon such terms as to indemnify or otherwise as the Board in its absolute discretion may think necessary and under Article 88 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a Member.

Restriction of transfer

87. No share shall in any circumstances be transferred to any minor, insolvent or person of unsound mind.

Transmission Clause

88. Subject to the provisions of the Act and Articles 86 and 87, any person becoming entitled to share in consequence of the death, lunacy, bankruptcy, insolvency of any Member or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the share or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an Instrument of Transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the shares. This clause is hereinafter referred to as the "transmission clause".

89. A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends or money as hereinafter provided, be entitled to receive, and may give a discharge for, any dividends or other moneys payable in respect of the share.

90. There shall be no fee paid to the Company, in respect of the transfer or transmission of any number of shares, registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.

The Company is not liable for disregard of notice prohibiting registration of transfer

91. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound to be required to regard or attend to give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

92. The Directors shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in the case of a transfer of shares presented for registration.

Right of successors

93. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividend and other advantages to which he would be entitled if he were the registered holder of the shares, except that he shall not, before being registered as a Member in respect of the shares, be entitled to exercise any right conferred by membership in relation to meetings of the Company provided that the directors shall, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the shares and if the notice is not complied with within ninety days, the directors may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the shares until the requirements of the notice have been complied with.

Nomination

94. Every shareholder or debenture holder of the Company, may at anytime, nominate, in the prescribed manner, a person to whom his shares in, or debentures of the Company shall vest in the event of his or her death. A member may revoke or vary his or her nomination, at any time, by notifying the company to that effect.

95. Where the shares in, or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company as the case may be, shall vest in the event of death of all the joint holders.

96. Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the shareholder or debenture holder or, as the case may be, on the death of the joint holders, become entitled to all the rights in such shares or debentures or, as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied, cancelled in the prescribed manner.

97. Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares in or debentures of the Company, in the event of his death, during the minority.

Transmission of Securities by Nominee

98. A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either -

- (a) to be registered himself as holder of the share or debenture, as the case may be; or
- (b) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture holder, could have made;
- (c) if the nominee elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder as the case may be;
- (d) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the share or debenture except that he shall not, before being registered as a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with.

Buy back of Shares

99. Subject to the provisions of sections 77A, 77AA, 77B and 217 (2B) of the Act, the Company is hereby authorised to buy-back the Company's shares or other specified securities out of its free reserves or its securities premium account or from the proceeds of any shares or other specified securities; Provided that no buy-back of any kind of shares or other specified securities shall be made out of the proceeds of an earlier issue of the same kind of shares or the same kind of other specified securities.

Splitting of shares

100. The Company may, subject to the Act and these Articles, in general meeting, alter the conditions of its Memorandum as follows:

- (a) Consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares.
- (b) Sub-divide its shares, or any of them, into shares of smaller amounts than those originally fixed by the Memorandum, subject nevertheless to the provisions of the Act and of these Articles. 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 regard dividend, capital or otherwise over or as compared with the others.
- (c) Cancel any shares, which, at the date of such general meeting, 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.

101. Whenever the share capital of the Company, 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 each class may, subject to written consent or a Special Resolution under the provisions of Section 106 and the right of dissident Members comprising not less than 10% of the issued capital of that class to apply to the court to have a variation of Shareholders rights cancelled under section 107 of the Act and these Articles be varied, modified or dealt with, with the consent in writing of the holders of not less than three-fourths of the issued shares of that class, or with the sanction of a Special Resolution passed at a separate meeting of the holders of the issued shares of that class, and all the provisions contained in these Articles as to general meetings, (including the provisions relating to quorum at such meetings), shall mutatis mutandis apply to every such meeting.

102. The rights conferred upon the holders of the shares of any class, issued with preferred or other rights, shall not, unless otherwise expressly provided by the terms of the issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

103. The Company shall not issue any shares, (not being preference shares), which carry voting right, or rights in the Company as to dividend, capital or otherwise, which are disproportionate to the rights attached to the holders (not being preference shares).

104. All equity shares shall be of the same class and shall rank *pari passu* and shall be alike in all respects and the holders thereof shall be entitled to identical rights and privileges including, without limitation, to identical rights and privileges with respect to dividend, voting rights, and the distribution of the assets in the event of voluntary or involuntary liquidation, dissolution or winding up of the Company. If two or more persons are registered as joint holders of any shares, any of such persons may give effectual receipts for any dividends or other moneys payable in respect of such shares.

105. All further issues of shares or increases in the share capital of the Company shall require the prior approval of the Board.

106. The new shares 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 is given on the directions as the Board 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 and with special or without any voting rights.

Copies of Memorandum and Articles to be sent to Members

Copies of Memorandum and Articles to be sent by the Company

107. A copy of the Memorandum and Articles of Association of the Company and other documents referred to in Section 39 of the Act shall be sent by the Company to every member at his request within seven days of the request on payment of the sum of Rupee One for each copy.

Borrowing Powers

Borrowing Powers

108. Subject to the provisions of Sections 58A, 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 deposit from members either in advance of calls or otherwise and generally raise or borrow or secure the repayment of any sum or sums of money for the purposes of the Company. Provided, however, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of the business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board shall not borrow such moneys without the consent of the Company in General Meeting. Subject to the provisions of the Act and of these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board, receive deposits from its members, directors or their relatives and receive loans from its members, either in advance of call or otherwise, and generally raise or borrow money either in India or abroad by way of loans, overdrafts, cash credit or by issue of bonds denominated in various currencies, debentures or debenture stock with or without any option attached to it (perpetual or otherwise), commercial paper or in any other manner, from any bank, financial institution, company, Government or any authority or any other body for the purpose of the Company and may secure the payment of any sums of money so received, raised or borrowed.

109. Subject to the provisions of these Articles hereof, the payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Ordinary Resolution shall prescribe including by the issue of debentures or debenture-stock of the Company, charged upon all or any part of the property of the Company (both present and future), including its uncalled capital for the time being and debentures, debenture-stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Terms of issue of Debentures

110. Any debentures, debentures stock or other securities may be issued at a discount, premium or otherwise and may be issued on 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 and attending (but not voting) at General Meetings, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in general meeting accorded by a Special Resolution.

Register of mortgages, etc. to be kept

111. The Board shall cause a proper Register to be kept in accordance with the provisions of Section 143 of the Act of all mortgages, debentures and charges specifically affecting the property of the Company and shall cause the requirements of Section 118, 125 and 127 to 144 (both inclusive) of the Act in that behalf to be duly complied with.

Register and Index of Debenture holders

112. The Company shall, if at any time it issues debentures, keep a Register and Index of Debenture-holders in accordance with Section 152 and 157 of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Debenture-holders resident in that State or country.

Share Warrants

113. The Company may issue share warrants subject to, and in accordance with, the provisions of Section 144 and 115 of the Act and accordingly the Board may in its discretion, with respect to any share which is fully paid, upon application in writing, signed by the person registered as holder of the share, from time to time, require as to identity of the person signing the application, on receiving the certificate (if any) of the share, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require, issue a share warrant.

114. 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 deposits, as if his name was inserted in the Register of Members as the holder of the share including in the deposited warrant.

115. Not more than one person shall be recognised as depositor of the share warrant.

116. The Company shall, on two days' written notice, return the deposited share warrant to the depositor.

117.

- (a) Subject as herein otherwise expressly provided, no person shall, as bearer of share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any other privileges 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 privileges and advantages as if he were named in the Register of Members as the holder of the share included in the warrant and he shall be a member of the Company.

118. The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

Conversion of Shares into Stock and Reconversion

Shares may be converted into stock

119. The Company, in General Meeting, may convert any paid-up shares into stock, and when any shares shall have been converted into stock, the several holders of such stock may henceforth transfer their respective interests therein, or any part of such interest, in the same manner and subject to the same regulations as, and subject to which shares from which the stock arise might have been transferred if no such conversion had taken place or as near thereto as circumstances will admit. The Company may, at any time, convert any stock into paid-up shares of any denomination. Where any shares have been so converted into stock, the holders of stock may then transfer their respective interests in the same or part thereof in the same manner, as and subject to the same restrictions under which the shares from which the stock arose before conversion might have been transferred., or as near thereto as circumstances admit. Provided however that the Board may, from time to time, fix the minimum amount of stock transferable.

Rights of stock holders

120. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings, of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets of winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

Meeting of Members

121. The Company shall, within a period of not less than one month nor more than six months from which it is entitled to commence business, hold the Statutory Meeting of the members of the Company subject to and in accordance with the provisions of Section 165 of the Act.

Annual General Meeting and Annual Return

122. 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 Extra-ordinary General Meetings. An Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall lapse between the date of one Annual General Meeting and that of the next. Provided that it will be permissible to hold its first Annual General Meeting within a period of not less than eighteen months from the date of its incorporation; and if such meeting is held within that period it shall not be necessary for the Company to hold any Annual General Meeting in the year of its incorporation or in the following calendar year. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 166 (i) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for at a time during business hours, on a day that is not a public holiday, and shall be held at the office of the Company or at some other place within the city in which the office of the Company is situate as the Board may determine and the notice calling the Meeting shall specify it as the Annual General Meeting. The Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meetings. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors' Report and Audited Statement of Accounts, Auditors' Report (if not already incorporated in the Audited Statement of Accounts), the Proxy Register with Proxies and the Register of Directors' shareholdings which latter Register shall remain open and accessible during the continuance of the meeting. The Board shall cause to be prepared the Annual List of Members, Summary of the

Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Section 159, 161 and 220 of the Act.

Extraordinary General Meeting

123. The Board may, whenever it thinks fit, call an Extra ordinary 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 voting in regard to the matter in respect of which the requisition has been made.

Requisition of Members to state object of Meeting

124. Any valid requisition so made by Members must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionists and be deposited at the office provided that such requisition may consist of several documents in like form each signed by one or more requisitionists.

On receipt of requisition, directors to call Meeting and in default requisitionists may do so.

125. Upon the receipt of any such requisition, the Board shall forthwith call an Extra-ordinary General Meeting and if they do not proceed within twenty-one days from the date of the requisition being deposited at the office and cause a meeting to be called on a day not later than forty-five days from the date of deposit of the requisition, the requisitions, or such of their number as represent either a majority in value of the paid-up share capital held by all of them or not less than one-tenth of such of the paid-up share capital of the Company as is referred to in Section 169 (4) of the Act, whichever is less, may themselves call the Meeting, but in either case any Meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid.

Meeting called by requisitionists

126. Any Meeting called under the foregoing Articles by the requisitionists shall be called in the same manner, as nearly as possible, as that in which meeting are to be called by the Board.

Notice of Meeting

127. Save and except the Statutory Meeting, twenty-one days' notice at the least of every General Meeting, Annual or Extra-Ordinary, and by whomsoever called specifying the day, place and hour of Meeting, and the general nature of the business to be transacted thereat, shall be given in the manner hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company. Provided that in the case of an Annual General Meeting with the consent in writing of all the members entitled to vote thereat and in case of any other Meeting, with the consent of the Members holding not less than 95 per cent of such part of the paid-up share capital of the Company as gives a right to vote at the Meeting, a Meeting may be convened by a shorter notice. In the case of an Annual General Meeting if any business other than (i) the consideration of the Accounts, Balance Sheet and Reports of the Board of Directors and Auditors (ii) the declaration of dividend (iii) the appointment of Directors in place of those retiring, (iv) the appointment of, and fixing of the remuneration of the Auditors, is to be transacted, and in the case of any other Meeting in any event there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item of business including in particular the nature of the concern or interest, if any, therein of every Director, and the Manager (if any). Where any such item or special business relates to, or affects any other company, the extent of share holding interest in the other company of every Director, and the Manager, if any of the Company shall also be set out in the statement if the extent of such shareholding interest is not less than 20 percent of the paid-up share capital of that other company. Where any item of business consists of the according of approval to any documents by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

Omission to give notice not to invalidate a resolution passed

128. The accidental omission to give any such notice as aforesaid to any of the Members, or the non receipt of such notice by, any member or other person to whom it should be given shall not invalidate any resolution passed at any such Meeting.

Meeting not to transact business not mentioned in notice

129. No General Meeting, Annual or Extra-ordinary, shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices upon which it was convened.

Quorum for the General Meeting

130. Five Members present in person shall be a quorum for a General Meeting. The Quorum for the meeting shall be as provided in Section 174 of the Act.

Body Corporate deemed to be personally present

131. A body corporate being a Member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act.

If quorum not present, meeting to be dissolved or adjourned

132. If, at the expiration of half an hour from the time appointed for holding a Meeting of the Company, a quorum is not present, the Meeting, if convened by or upon the requisition of Members, shall stand dissolved and in any other case the Meeting shall stand adjourned to the same day in the next week or if that day is a public holiday, until the next succeeding day which is not a public holiday at the same time and place or to such other day and at such other time and place in the City or town in which the Office of the company is for the time being situate, as the Board may determine, and if at such adjourned meeting a quorum is not present at the expiration of half an hour from the time appointed for holding the Meeting, the Members present shall be a quorum, and may transact the business for which the meeting was called.

Chairman of General Meeting

133. The chairman (if any) of the Directors shall be entitled to take the Chair at every General Meeting, whether Annual or Extra-ordinary. If there be no such Chairman of the Directors, or if at any Meeting he shall not be present within fifteen minutes of the time appointed for holding such Meeting or if he shall be unable or unwilling to take the chair then the members present shall elect another Director as Chairman, and if no Director be present or if all the Directors present decline to take the Chair, then the Members present shall elect one of their number to be Chairman.

Business confined to election of Chairman whilst chair vacant

134. No business shall be discussed at any General Meeting except the election of a Chairman, whilst the Chair is vacant.

Chairman with consent with adjourn

135. The Chairman with the consent of the Members may adjourn any Meeting from time to time and from place to place where the Office is situated. But no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

Question at General Meeting how decided

136. At any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands, unless before or on the declaration of the result of the show of hands, a poll is ordered to be taken by the Chairman of the meeting of his own motion or unless a poll is demanded by any member or members present in person or by proxy and holding shares in the company;

- (a) which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution or
- (b) on which an aggregate sum of not less than Rupees 50,000 has been paid up.

137. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

138. Unless a poll is so 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, or lost, and an entry to that effect in the Minutes 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 that resolution.

Chairman's casting vote

139. In the case of an equality of votes, the Chairman shall both on a show of hands and at a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a Member.

Poll to be taken, if demanded

140. If a poll is demanded as aforesaid, the same shall be taken at such time (not later than forty-eight hours from the time when the demand was made) and place in the City or town in which the Office of the Company is for the time being situate and either by open voting or by ballot, as the Chairman shall direct, and either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be the resolution of the meeting at

which the poll was demanded. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

Scrutineers at poll

141. Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinize the vote given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a Member (not being an officer or employee of the Company) present at the Meeting provided such a Member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared to remove a scrutineer from office and fill vacancies in the office of scrutineer arising from such removal or from any other cause.

In what case poll taken without adjournment

142. Any poll duly demanded on the election of a Chairman of a Meeting or on any question of adjournment shall be taken at the Meeting forthwith.

Demand for poll not to prevent transaction of other business

143. The demand for a poll, except on the questions of the election of the Chairman and on an adjournment, shall not prevent the continuance of a Meeting for the transaction of any business other than the question on which the poll has been demanded.

Postal Ballot

144. Notwithstanding anything contained in the Articles of Association of the Company, the Company does adopt the mode of passing the resolutions by its members by means of a postal ballot (including voting by an electronic mode) pursuant to the provisions of Section 192 A of the Act, read with the Companies (Passing of the Resolution by Postal Ballot Rules), 2001, and any modifications or amendments made thereto from time to time.

Vote of Members**Member in arrears not to vote**

145. No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a 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 been paid or in regard to which the Company has, and has exercised, any right of lien.

Number of votes to which member entitled

146. Subject to the provisions of the Articles 149 & 153 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, 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, he shall have a right to vote only on resolutions placed before the Meeting which directly affect the rights attached to his preference shares.

Casting of votes by a Member entitled to more than one vote

147. 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.

Vote of Member of unsound mind and minor

148. A Member of unsound mind or and 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 in respect of any shares registered in his name and any such committee or guardian may, on poll, vote by proxy. If any Member be a minor, the vote in respect of his share or shares shall be by his guardian, or any one of his guardians, if more than one, to be selected in case of dispute by the Chairman of the Meeting.

Representation of body corporate

149.

- (A) (i) A body corporate (whether a Company within the meaning of the Act or not) may, if it is a member or creditor of the Company (including a holder of debentures) having a right to vote, may in pursuance of Sections 187 or 187A of the Act, authorise such person as it thinks fit by a resolution of its Board of Directors or other governing body to act as its representative at any meeting of the Company or of any class of Members of the Company or at any meeting of the creditors of the Company or debenture holders of the Company.
- (ii) A person authorised by resolution as aforesaid 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, creditor, or holder of debentures of the Company. The production of a copy of the resolution aforesaid certified by a Director of such body corporate before the commencement of the meeting shall be accepted by the Company as sufficient evidence of the validity of the said representative appointment and his right to vote thereof.
- (B) (i) The President of India or the Governor of a State, if he is a member of the Company, may appoint such person as he thinks fit to act as his representative at any meeting of the Company or at any meeting of any class of members of the Company.
- (ii) A person appointed to act as aforesaid shall, for the purpose of this Act, be deemed to be a member of the Company and shall be entitled to exercise the same rights and powers (including the right to Vote by proxy) as the President or as case may be, the Governor could exercise as a member of the Company.

Votes of joint member

150. 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, that one of the said persons so present whose name stands higher on the Register 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 the meeting. Several executors or administrators of a deceased Member in whose names shares stand shall, for the purpose of these Articles, be deemed joint-holders thereof.

Voting in person or by proxy

151. Subject to the provisions of these Articles, votes may be given either personally or by proxy. A 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.

Votes in respect of shares of deceased and insolvent Member

152. Any person entitled under Article 87 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.

Appointment of proxy

153. Every proxy (whether a Member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the common seal of such corporation, or be signed by an officer or any attorney duly authorised by it, and any Committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the Meeting.

Proxy either for specified meeting or for a period

154. An instrument of proxy may appoint a proxy either for the purpose of a particular Meeting specified in the instrument and any adjournment thereof or it may appoint for the purpose of every Meeting of the Company or of every Meeting to be held before a date specified in the instrument and every adjournment of any such Meeting.

Votes by members present or by proxy

155. A member present by proxy shall be entitled to vote only on a poll. However where such Member is a body corporate present by a proxy who is not himself a Member in which case such proxy shall also be eligible to vote on show of hands as if he were a Member.

Deposit of instrument of appointment

156. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the office not later than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument or proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.

Form of proxy

157. Every instrument of proxy whether for a specified Meeting or otherwise shall as nearly as circumstances will admit, be in any of the forms set out in Schedule IX of the Act.

Validity of votes given by proxy notwithstanding death of member

158. 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 authority 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 commencement of the meeting or adjourned meeting at which the proxy is used.

Time for objection to vote

159. No objection shall be made to the validity of any vote, except at any Meeting or poll at which such vote shall be tendered and every vote, whether given personally or by proxy, not disallowed at such Meeting or poll shall be deemed valid for all purposes of such Meeting or poll whatsoever.

Chairman of the meeting to be the Judge of the validity of every vote

160. The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll. The decision of the Chairman shall be final, binding and conclusive.

Minutes of Meeting**Minutes of General Meetings and inspection thereof by Members**

161. The Company shall cause minutes of all proceedings of every General Meeting to be kept within thirty days of the conclusion of every such Meeting and concerned entries thereof in books kept for that purpose with their pages consecutively numbered.

162. Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each Meeting in such book shall be dated and signed by the Chairman of the same Meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period by a Director duly authorised by the Board for the purpose.

163. In no case the minutes of proceedings of a Meeting shall be attached to any such book as aforesaid by pasting or otherwise.

164. The minutes of each Meeting shall contain a fair and correct summary of the proceedings thereat.

165. All appointments of Officers made at any Meeting aforesaid shall be included in the minutes of the Meeting.

166. Nothing herein contained shall require or be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the Meeting (a) is or could reasonably be regarded as defamatory on any person, or (b) is irrelevant or immaterial to the proceedings, or (c) is detrimental to the interests of the Company. The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds.

167. Any such minutes shall be evidence of the proceedings recorded therein.

168. The book containing the Minutes of proceedings of General Meetings shall be kept at the office of the Company and shall be open during business hours, for such periods not being less in the aggregate than two hours in each day as the Directors determine, to the inspection of any Member without charge.

Directors

Number of Directors

169. a) Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three and not be more than twelve.

Certain persons not to be Directors

b) No body corporate, association or firm shall be appointed a Director and only an individual shall be so appointed. As provided by Section 274 of the Act, certain persons mentioned therein shall not be capable of being appointed Directors of the Company, unless the Central Government, by Notification, removes the disqualification for some of the persons mentioned therein.

c) The Present Directors of the Company are:

1. Jawed Habib Akhter
2. Shaheen Jawed Akhter
3. Arjun Singh

170. Unless the above named First Directors of the Company resign or otherwise cease to hold office of Director, they shall hold such office up to the date of the First Annual General Meeting of the Company and thereafter the Directors shall be appointed in accordance with the provisions contained in these Articles.

Provision to appoint ex-officio Directors

171. Whenever the Company/ directors enter into a contract with any Government, Central, State or Local, any bank or financial institution or any person or persons (hereinafter referred to as the "appointer") for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or for underwriting or enter into any other arrangement whatsoever, the Directors shall have, subject to the provisions of Section 255 of the Act, the power to agree that such appointer shall have the right to appoint or nominate, by a notice in writing addressed to the Company, one or more Directors on the Board for such period and upon such conditions as may be mentioned in the agreement and that such Director or Directors may not be liable to retire by rotation nor be required to hold any qualification shares. The Directors may also agree that any such Director or Directors may be removed from time to time by the appointer entitled to appoint or nominate them and the appointer may appoint another or others in his or their place and also fill in any vacancy, which may occur as a result of any such Director or Directors ceasing to hold that office for any reason whatsoever. The Directors appointed or nominated under this Article shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the Directors of the Company including payment of remuneration and travelling expenses to such Director or Directors as may be agreed by the Company with the appointer.

Nominee Director

172. Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the State Bank of India (SBI), Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), Life Insurance Corporation of India (LIC), General Insurance Corporation of India (GIC), National Insurance Company Limited (NIC), The Orient Fire and General Insurance Company Limited (OFGI), The New India Assurance Company Limited (NIA), United India Insurance Company Limited (UI) or a State Financial Corporation or any financial institution owned or controlled by the Central Government or a State Government or the Reserve Bank of India or by two or more of them or by Central Government or State Government by themselves (each of the above is hereinafter in this Article referred to as "the Corporation"), out of any loans/debenture assistance granted by them to the Company or so long as the Corporation holds or continues to hold Debentures/ Shares in the Company as a result of underwriting or by direct subscription or private placement, or so long as any liability of the Company arising out of any Guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint, from time to time, any person or persons as a Director or Directors, whole-time or non-whole-time, (which Director or Directors, is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s.

173. The Board of Directors of the Company shall have no power to remove the Nominee Director/s from its/their office/s. At the option of the Corporation, such Nominee Director/s shall not be required to hold any share

qualification in the Company. Also at the option of the Corporation, such Nominee Director/s shall not be liable to retirement by rotation of Directors. The Company agrees that if the Board of Directors of the Company has constituted or proposes to constitute any management committee or other committee(s) it shall, if so required by the Corporation include the Nominee Director as a member of such management committee or other committee(s). Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Directors of the Company.

175. The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds or continues to hold Debentures/Shares in the Company as a result of underwriting or by direct subscription or private placement or the liability of the Company arising out of the guarantee is outstanding the Nominee Director/s so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to the Corporation are paid off or on the Corporation ceasing to hold Debentures/Shares in the Company or on the satisfaction of the liability of the Corporation arising out of the guarantee furnished by the Corporation.

176. The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meeting, Board Meetings and of the Meetings of the Committee of which the Nominee Director/s is/are member/s also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.

177. The Nominee Director/s shall be entitled to the same sitting fees, commission, remuneration and expenses as are applicable to other Directors of the Company. The Company shall pay the sitting fees and other expenses to the Nominee Director/s directly, but the commission, remuneration or other monies and fees to which the Nominee Director/s is entitled shall accrue due to the Corporation and shall accordingly be paid by the Company directly to the Corporation.

Provided that if any such Nominee Director/s is an officer of the Corporation the sitting fees, in relation to such Nominee Director/s shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

178. Any expenses that may be incurred by the Corporation or such Nominee Director/s in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or, as the case may be, to such Nominee Director/s.

179. Provided also that in the event of Nominee Director/s being appointed as whole time Director/s such Nominee Director/s shall exercise such powers and duties as may be approved by the Corporation and have such rights as are usually exercised or available to a whole time Director in the management of the affairs of the Company. Such whole time Director/s shall be entitled to receive such remuneration, fees, commission and monies as may be approved by the Corporation.

180. If it is provided by the Trust Deed, securing or otherwise, in connection with any issue of debentures of the Company, that any person or persons shall have power to nominate a Director of the Company, then in the case of any and every such issue of debenture, the person or persons having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as "Debenture Director". A Debenture Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A Debenture Director shall not be bound to hold any qualification shares.

Appointment of Alternate Directors

181. The Board may appoint an Alternate Director to act for a Director (hereinafter called "the Original Director") during his absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to that State. If the term of office of the original Director is determined before he so returns to that State, any provisions in the Act or in these Articles for the automatic reappointment of retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.

Directors power to add to the Board

182.

- (a) Subject to the provisions of Section 260 of the Act, the Board shall have power, at any time and from time to time, to appoint any other qualified person to be an Additional Director, but so that the total number of

Directors shall not, at any time, exceed the maximum strength fixed for the Board under the Article 169. Any such additional Director shall hold office only upto the next Annual General Meeting.

- (b) Subject to the provisions of Sections 262, 264 and 284 of the Act, the Board shall have power, at any time and from time to time, to appoint any other qualified person to be a Director to fill a casual vacancy. Any person so appointed shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated by him.

Qualification of Directors

183. A Director shall not be required to hold any equity shares to qualify him to act as a Director of the Company.

Remuneration of Directors

184.

- (a) Subject to the provisions of Sections 198, 309 and 310 of the Act, a Managing Director or Directors, who is in the whole-time employment of the Company may be paid remuneration either by way of monthly payment or at specified percentage of the net profits of the Company or partly by one way and partly by the other.
- (b) Subject to the provisions of the Act, a Director who is neither in the whole time employment nor a Managing Director may be paid remuneration either;
- (i) by way of monthly, quarterly or annual payment with the approval of the Central Government; or
 - (ii) by way of Commission if the Company by a special resolution authorised such payment.

Fees payable to a Director for attending a meeting

185. The fees payable to a Director for attending a meeting of the Board or committee/s thereof shall be such sum as may be decided by the Board from time to time, subject to such limit as may be prescribed in that behalf, from time to time, by the Central Government under or pursuant to the Act.

Special remuneration of director performing extra service

186. If any Director is called upon to perform extra services or special exertion or efforts (which expression shall include work done by a Director as a member of any Committee/s formed by the Directors), the Board may arrange with such Director, for such special remuneration, for such extra services or special exertion or efforts either by a fixed sum or otherwise as may be determined by the Board and the said remuneration may be either in addition to or in substitution of his remuneration elsewhere specified in the Articles.

Traveling expenses incurred by Director not a bonafide resident or by Director going out on Company's business

187. The Board may allow and pay to any Director, who travels for the purpose of attending and returning from meetings of the Board of Directors or any Committee/s thereof or General Meetings, or in connection with the business of the Company, his travelling and hotel and other expenses incurred by him in consequence or for the purpose of his attendance, and in connection with the business of the Company in addition to his fees for attending such meetings as above specified and other remuneration payable to him.

Provided that if so desired by the Corporation appointing a Corporation Director, the Company may instead reimburse the Corporation appointing such Director any sums that may be paid by it to that Director in respect of his attendance at the meeting of the Board.

Directors may act notwithstanding any vacancy

188. The continuing Directors may act, notwithstanding any vacancy in their body, but if and so long as their number is reduced below the quorum fixed by the Act. The continuing Directors, not being less than two, may act for the purpose of increasing the number of Directors to that number, or of summoning a General Meeting but for no other purpose.

When the office of Director may become vacant

189. Subject to Section 283 (2) of the Act, the Office of a Director shall become vacant if :

- (a) he is found to be of unsound mind by a Court of competent jurisdiction; or
- (b) he applies to be adjudicated an insolvent; or
- (c) he is adjudged an insolvent or

- (d) he fails to pay any call made on him in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of such call unless the Central Government has by notification in the Official Gazette removed the disqualification incurred by such failure; or
- (e) he absents himself from three consecutive meetings of the Directors or from all meetings of the Directors for a continuous period of three months, whichever is longer, without leave of absence from the Board; or
- (f) he becomes disqualified by an order of the Court under Section 203 of the Act; or
- (g) he is removed in pursuance of Section 284; or
- (h) he (whether by himself or by any person for his benefit or on his account) or any firm in which he is a partner or any private company of which he is a director accepts a loan or any guarantee or security for a loan from the Company in contravention of Section 295 of the Act; or
- (i) he acts in contravention of Section 299 of the Act; or
- (j) he is convicted by a court of an offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than six months; or
- (k) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company; or
- l) he resigns his office by a notice in writing addressed to the Company.

Director may contract with Company

190

- (a) A Director or his relative, firm in which such Director or relative is a partner, or any other partner in such firm or a private company of which the Director is a member or Director, may enter into any contract with the Company for the sale, purchase or supply of any goods, materials or services or for underwriting the subscription of any shares in or debentures of the Company, provided that the sanction of the Board and the previous approval of the Central Government, if and as may be required, shall be obtained in accordance with Section 297 of the Act.
- (b) No sanction shall, however, be necessary for -
 - (i) any purchase of goods and materials from the Company, or the sale of goods or materials to the Company by any such Director, relative, firm, partner or private company as aforesaid for such cash at prevailing market prices; or
 - (ii) any contract or contracts between the Company on, one side and any such Director, relative, firm, partner or private company on the other for sale, purchase or supply of goods, materials and services in which either the Company or the Director, relative, firm, partner or private company, as the case may be regularly trades or does business, where the value of the goods and materials or the cost of such services does not exceed Rs. 5,000/- in the aggregate in any year comprised in the period of the contract or contracts.

Provided that in circumstances of urgent necessity, a Director, relative, firm, partner or private company as aforesaid may, without obtaining the consent of the Board, enter into any such contract with the Company for the sale, purchase or supply of any goods, materials or services even if the value of such goods or the cost of such services exceeds Rs. 5,000/- in the aggregate in any year comprised in the period of the contract, if the consent of the Board shall be obtained to such contract or contracts at a meeting within three months of the date on which the contract was entered into.

Every consent of the board required under this article shall be accorded by resolution passed at a meeting of the board and not otherwise; and the consent of the Board required under clause (i) above shall not be deemed to have been given within the meaning of that clause unless the consent is accorded before the contract is entered into or within three months of the date on which it was entered into.

If consent is not accorded to any contract under this article, anything done in pursuance of the contract shall be voidable at the option of the Board.

Disclosure of interest

191. A Director of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 299(2) of the Act;. Provided that it shall not be necessary for Director to disclose his concern or interest in any contract or arrangement entered into or to be entered into between two companies where any of the Directors of the Company or two or more of them together holds or hold not more than two per cent of the paid-up share capital in any such other company.

General notice of interest

192. A General notice given to the Board by the Director, to the effect that he is a director or member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the financial year in which it is given but may be renewed for a further period of one financial year at a time by a fresh notice given in the last month of the financial year in which it would have otherwise expired. No such General notice and no renewal thereof shall be of effect unless, either it is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

Interested Directors not to participate or vote in Board's proceedings

193. No Director shall as a Director, take any part in the discussion of, or vote on any contract or arrangement entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangement, nor shall his presence be counted for the purpose of forming a quorum at the time of any such discussion or vote, and if he does vote, his vote shall be void, provided however that nothing herein contained shall apply to :

- (a) any contract of indemnity against any loss which Directors, or any one or more of them, may suffer by reason of becoming or being a surety or sureties for the Company.
- (b) any contract or arrangement entered into or to be entered into with a Public Company or a Private Company which is a subsidiary of Public Company in which the interest of the Director consist solely in his being :
 - (i) a director of such company, and
 - (ii) the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such director by the Company.
 - (iii) in his being a member holding not more than 2% of its paid-up share capital.

This article is subject to the provisions of section 300 (2)(c) of the Act.

Register of Contracts in which Directors are interested

194. The Company shall keep a Register in accordance with Section 301(1) and shall, within the time specified in Section 301(2), enter therein such of the particulars as may be relevant having regard to the application thereto of Section 297 or Section 299 of the Act as the case may be.. The Register aforesaid shall also specify, in relation to each Director of the Company, the names of the bodies corporate and firms of which notice has been given by him under Article 191. The Register shall be kept at the office of the Company and shall be open to inspection at such office, and extracts may be taken there from and copies thereof may be required by any member of the Company to the same extent, in the same manner, and on payment of the same fee as in the case of the Register of Members of the Company and the provisions of Section 163 of the Act shall apply accordingly.

Directors may be Directors of Companies promoted by the Company

195. A Director may be or become a Director of any company promoted by the Company, or in which it may be interested as a vendor, shareholder, or otherwise and no such Director shall be accountable for any benefit received as director or shareholder of such company except in so far Section 309(6) or Section 314 of the Act may be applicable.

Retirement and rotation of Directors

196. At every Annual General Meeting of the Company, one-third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third shall retire from Office of Directors. The non-retiring Directors, Ex-Officio Directors/Nominee Directors and Debentures Directors, if any, shall not be subject to retirement under this clause and shall not be taken into account in determining the rotation of retirement or the number of Directors to retire.

Ascertainment of directors retiring by rotation and filing of vacancies

197. Subject to provisions of the Act, the Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those who are to retire, shall in default of and subject to any agreement among themselves, be determined by lot.

Eligibility for Re-election

198. A retiring Director shall be eligible for re-election

199. Subject to Section 258 of the Act, the Company, at the General Meeting at which a Director retires in the manner aforesaid, may fill up the vacated office by electing a person thereto.

Provisions in default of appointment

200.

- (a) If the place of the retiring Director is not so filled up and the Meeting has not expressly resolved not to fill the vacancy, the Meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place.
- (b) If at the adjourned Meeting also, the place of the retiring Director is not filled up and that Meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been reappointed at the adjourned Meeting unless :
 - (i) at the Meeting or at the previous Meeting, resolution for the re- appointment of such Director has been put to the Meeting and lost;
 - (ii) the retiring Director has, by notice in writing addressed to the Company or its Board, expressed his unwillingness to be so appointed;
 - (iii) he is not qualified or is disqualified for appointment;
 - (iv) a resolution, whether special or ordinary, is required for the appointment or re-appointment by virtue of any provisions of the Act, or
 - (v) the proviso to sub-section (2) of Section 263 of the Act is applicable to the case.

Company may increase or reduce the number of Directors

201. Subject to Section 259 of the Act, the Company may, by Ordinary Resolution from time to time, increase or reduce the number of Directors within the limits fixed in that behalf by these Articles, and may alter their qualifications and the Company may (subject to the provisions of Section 284 of the Act) remove any Director before the expiration of his period of office and appoint another qualified person in his place. The person so appointed should hold office during such time as the Director in whose place he is appointed would have held the same if he had not been removed.

Notice of candidature and consent

202.

- (a) No person not being a retiring Director, shall be eligible for appointment to the office of Director at any General Meeting unless he or some other Member intending to propose him has, not less than fourteen days before the Meeting, left at the office of the Company a notice in writing under his hand signifying his candidature for the office of Director or the intention of such Member to propose him as a candidate for that office.
- (b) The Company shall inform its members of the candidature of a person for the office of Director or the intention of member to propose such person as a candidate for that office, by serving individual notices on the members not less than seven days before the meeting:

Provided that it shall not be necessary for the Company to serve individual notices upon the members as aforesaid if the Company advertises such candidature or intention not less than seven days before the meeting in at least two newspapers circulating in the place where the registered office of the Company is located, of which one is published in the English language and the other in the regional language of that place.

- (c) Every person (other than a Director retiring by rotation or otherwise or a person who has left at the office of the Company a notice under Section 257 of the Act signifying his candidature for the office of a Director) proposed as candidate for the office of a Director shall sign and file with the Company the consent in writing to act as a Director, if appointed.
- (d) A person, other than a Director re-appointed after retirement by rotation or immediately on the expiry of his term of office or an Additional or Alternate Director, or a person filling a casual vacancy in the office of a Director under Section 262 of the Act, appointed as a Director or re-appointed as an Additional or Alternate Director, immediately on the expiry of his term of office, shall not act as a Director of the Company, unless he has within thirty days of his appointment signed and filed with the Registrar his consent in writing to act as such Director.

Register of Directors etc. and notification of change to registrars

203.

- (a) The Company shall keep at its office a Register containing the particulars of its Directors, Manager, Secretary and other persons mentioned in Section 303 of the Act, and shall otherwise comply with the provisions of the said Section in all respects.
- (b) The Company shall, in respect of each of its Directors, also keep at its office a Register, (as required by sub-section (1) of Section 307 of the Act), and shall otherwise comply with the provisions of the said Section.

Disclosure by Directors of appointment to any other body corporate

204.

- (a) Every Director (including a person deemed to be a Director by virtue of the Explanation to sub-section (1) of Section 303 of the Act), Managing Director, Manager or Secretary of the Company shall, within twenty days of his appointment to any of the above offices to any other body corporate, disclose to the company the particulars relating to his office in the other body corporate which are required to be specified under sub-section (1) of Section 303 of the Act.
- (b) Every Director and every person deemed to be a Director of the Company by virtue of sub-section (1) of Section 307 of the Act, shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section.

Restriction on Management

205. The Managing Director or Managing Directors shall not exercise the power 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 at the Board meeting under Section 292 of the Act, shall also not exercise the power to :
- (c) borrow moneys, other than on debentures,
 - (d) invest the funds of the company and
 - (e) make loans.

Certain persons only to be appointed Managing / Wholetime Directors

206. The Company shall not appoint or employ, or continue the appointment or employment of a person as its Managing or Whole-time Director who –

- (a) is an undischarged insolvent, or has at any time been adjudged an insolvent.
- (b) suspends, or has at any time suspended, payment to his creditors, or makes, or has at any time made, a composition with them, or

(c) is or has at any time been convicted by a Court of an offence involving moral turpitude.

207. A Managing Director shall not, while he continues to hold that office, be subject to retirement by rotation and if he ceases to hold the office of Director, he shall ipso facto and immediately cease to be a Managing Director.

Proceedings and Powers of the Board of Directors

Meeting of Directors

208. The Directors may meet together as a Board for the dispatch of business from time to time and shall so meet at least once in every three months and at least four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings, as they think fit. The Board may, if the circumstances so require, meet by means of telephone, television or through any other audio-visual links. The provisions relating to notice, agenda, quorum and minutes stated hereinafter shall mutates mutandis apply to the meetings held through such audio visual media.

Notice of Directors Meeting

209. Notice of every meeting of the Board shall be given in writing to every Director whether in or outside India, and otherwise regulate their meetings, as they think fit.

Quorum of Board Meeting

210. Subject to Section 287 of the Act, the quorum for a meeting of the Board shall be one-third of its total strength (excluding Directors, if any, whose places may be vacant at the time and any fraction contained in that one-third being rounded off as one) or two Directors, whichever is higher, provided that where at any time the number of interested Directors exceeds or is equal to two- third of the total strength, the number of the remaining Directors, that is to say, the number of Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such meeting.

Adjournment of meeting for want of quorum

211. If a meeting of the Board could not be held for want of a quorum then, the meeting shall stand adjourned to such other date and time (if any) as may be fixed by the Chairman.

When meeting to be convened

212. The Secretary shall, as and when directed by any Director to do so, convene a meeting of the Board by giving a notice in writing to every other Director.

Chairman and Vice – Chairman of the Board

213. If at any meeting of the Board, the Chairman is not present within fifteen minutes after the time appointed for holding the same, the Directors present may choose one of their numbers to be Chairman of the meeting.

Questions at Board meetings how to be decided

214. Questions arising at any meeting of the Board of Director or a committee or sub-committee thereof or in resolution to be passed by circular shall be decided by a majority of votes and in the case of a equality of votes, the Chairman shall have a second or casting vote.

Powers of Board in Meetings

215. A meeting of the Board, for the time being at which a quorum is present, shall be competent to exercise all or any of the authorities, powers, and discretions which by or under the Act or the Articles of the Company are for the time being vested in or exercisable by the Board generally.

Directors may appoint Committees

216. Subject to the restrictions contained in Section 292 of the Act, the Board may delegate any of their powers to one or more Committees of the Board consisting of such member or members of its body as it thinks fit, and it may from time to time revoke and discharge any such Committee of the Board either wholly or in part, and either as to persons or purposes; but every Committee of the Board so formed shall, in the exercise of the powers so delegated, conform to any regulations that may, from time to time, be imposed on it by the Board. All acts done by any such Committee of the Board shall be in conformity with such regulations and in fulfilment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board. Provided that every such Committee shall have, as one of its member, the Director referred to in Article 213 or his alternate Director.

Meeting of Committee how to be governed

217. The meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article; provided that no resolution shall be deemed to have been passed by the Committee unless the Director referred to in the proviso to Article 213 or his Alternate Director has voted in favour of the Resolution.

Resolution by circulation

218. No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors or all the members of the Committee, then in India (not being less in number than the quorum fixed for a meeting of the Board, or a Committee, as the case may be), and to all other Directors or Members of the Committee at their usual address in India and has been approved by such of the Directors or Members as are then in India, or by a majority of such of them, as are entitled to vote on the resolution. The provisions of this Article shall be subject to the provision of Article 213.

Acts of Board or Committee valid notwithstanding informal defect in appointment

219. All acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director and had not vacated his office or his appointment had not been terminated; provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

Minutes of proceedings of the Board

220.

- (a) The Company shall cause minutes of all proceedings of every meeting of the Board and Committee thereof to be kept by making within thirty days of the conclusion of every such meeting entries thereof in books kept for that purpose with their pages consecutively numbered.
- (b) Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the next succeeding meeting.
- (c) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- (d) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (e) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.
- (f) The minutes shall also contain -
 - (i) The name of the Directors present at the meeting and
 - (ii) In the case of each resolution passed at the meeting, the name of the Directors, if any, dissenting from or not concurring in the resolution.
- (g) Nothing contained in sub-clause (1) to (6) shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting -
 - (i) is, or could reasonably be regarded as defamatory of any person,
 - (ii) is irrelevant or immaterial to the proceedings; or
 - (iii) is detrimental to the interest of the Company.
- (h) The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this sub-clause.
- (i) Minutes of meetings kept in accordance with the aforesaid provisions shall be evidence of the proceedings recorded therein.

Powers of the Board

221. The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other 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, 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. Provided that the Board shall not, except with the consent of the Company in General Meeting :-

- (a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking;
- (b) remit, or give time for the repayment of, any debt due by a Director,
- (c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;
- (d) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose;
- (e) Provided further that the powers specified in Section 292 of the Act shall subject to these Articles be exercised only at meetings of the Board, unless the same be delegated to the extent therein stated; or
- (f) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years immediately preceding whichever is greater.

Certain powers to be exercised by board only at meeting

222. The board of directors of the company shall exercise the following powers on behalf of the company and it shall do so only by means of resolution passed at meetings of the Board.

- (a) the power to make calls on shareholders in respect of money unpaid on their shares
- (b) the power to issue debentures;
- (c) the power to borrow money otherwise than on debenture ;.
- (d) the power to invest the funds of the Company; and
- (e) the power to make loans.

Provided that the Board may, by a resolution passed at a meeting, delegate to any committee of Directors, the Managing Director, if any, the manager or any other principal officer of the Company or in the case of a branch office of the Company, a principal officer of the Branch office, the powers specified in clause (c). (d) and (e) of this Article to the extent specified in sub-sections (2) (3) and (4) respectively of Section 292 of the Act. on such conditions as the Board may prescribe. In respect of dealings between the Company and its bankers the exercise by the Company of the power specified in clause (c) shall mean the arrangement made by the Company with its bankers for the borrowing of money by way of overdraft or cash credit or otherwise and not the actual day-to-day operation on overdraft, cash credit of other accounts by means of which the arrangement so made is actually availed of.

Certain powers of the Board

223. Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say, power :

- (a) To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company;
- (b) To pay and charge to the capital account of the Company commission or interest lawfully payable thereout under the provisions of Section 76 and 208 of the Act;
- (c) Subject to Sections 292, 293 and 297 of the Act, to purchase or otherwise acquire for the Company any property, right or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or

other acquisition, to accept such title as the Directors may believe or may be advised to be reasonably satisfied;

- (d) At their discretion and subject to the provisions of the Act, to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in share, bonds, debentures, mortgages, or otherwise securities of the Company, and any such shares may be issued either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged;.
- (e) To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit;
- (f) To accept from any Member, as far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed
- (g) To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purpose and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees;
- (h) To institute, conduct, defend, compound, or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or against the Company and to refer any differences to arbitration and observe and perform any awards made thereon;
- (i) To act on behalf of the Company in all matters relating to bankrupts and insolvents.;
- (j) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company;
- (k) Subject to the provisions of Sections 292, 293(1)(a) 295, 370, 372 and 372A,373 of the Act, to invest and deal with any moneys of the Company not immediately required for the purposes thereof upon such security (not being shares of this Company), or without security and in such manner as they may think fit, and from time to time vary or realize such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name;
- (l) To execute, in the name and on behalf of the Company, in favour of any Director or other person who may incur or be about to incur any personal liability, whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon;
- (m) To determine, from time to time, who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose;
- (n) To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company and to give to any office or other person employed by the Company a commission on the profits of any particular business or transaction, and to charge such bonus or commission as part of the working expenses of the Company;
- (o) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing provident and other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit, and to subscribe or contribute or otherwise to assist or to guarantee any charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of public and general utility or otherwise;
- (p) Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to depreciation fund, or to an insurance fund, or as Reserve Fund or any special fund to meet contingencies or to repay debentures or debentures stock, or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purpose referred to in the preceding clause), as the Board may, in their absolute discretion, think conducive to the interest of the Company and subject to Section 292 of the Act, to invest several sums so set aside or so much thereof as required to be invested, upon such investments (other than shares of the Company) as they may think fit, and from time to time to

deal with and vary such investments and dispose of and apply and expend all or any such part thereof for the benefit of the Company, in such a manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the Reserve Fund into such special funds as the Board may think fit with full power to transfer the whole or any portion of Reserve Fund or division of a Reserve Fund and with full power to employ assets constituting all or any of the above funds, including the depreciation fund, in the business of the Company or in the purchase or repayment of debentures or debenture stock, and without being bound to pay interest on the same with power however, to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper;

- (q) To appoint and at their discretion, remove or suspend, such general managers, managers, secretaries, assistants, supervisors, clerks, agents and servants for permanent, temporary or special services as they may, from time to time, think fit and to determine their powers and duties, and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think and the provisions contained in the four next following sub - clauses shall be without prejudice to the generally conferred by this sub-clause;
- (r) From time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such local Boards, and to fix their remuneration;
- (s) Subject to Section 292 of the Act, from time to time and at any time to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their power to make calls or to make loans or borrow money, and to authorise the members for the time being of any such Local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such terms and subject to such conditions as the Board may think fit, and Board may at any time remove any person so appointed, and may annul or vary any such delegation;
- (t) At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and subject to the provisions of Section 292 of the Act) and for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board think fit) be made in favour of any company, or the shareholders, directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and such Power of Attorney may contain such Powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers authorities and discretions for the time being vested in them;
- (u) Subject to Section 294, 297 and 300 of the Act, for or in relation to any of the matters aforesaid or, otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts deeds and things in the name and on behalf of the Company as they may consider expedient;
- (v) From time to time to make, vary and repeal by laws for the regulations of the business of the Company, its officers and servants;
- (w) To comply with the requirements of any local law which in their opinion it shall, in the interest of the Company, be necessary or expedient to comply with.

Management**Power to appoint Managing or Whole -time Director(s)**

224. Subject to the provisions of the Act and of these Articles, the Board of Directors may from time to time appoint one or more person/s to be Managing Director or Managing Directors (in which expression shall be included a Joint Managing Director) or Whole-time Director or Whole-time Directors of the Company for such term not exceeding five years at a time as they may think fit and upon such terms and conditions as the Board may think fit an may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.

What provisions they shall be subject to

225. Subject to the provisions of the Act and of these Articles, a Managing Director or a Whole-time Director shall not while he continues to hold that office, be subject to retirement by rotation under the Act or these Articles but he shall, subject to the provisions of any contract between him and the Company, be subject to the same provisions as to resignation and removal as the other Directors of the Company and he shall ipso facto and immediately cease to be a Managing Director or Whole-time Director if he ceases to hold the office of Director for any cause, provided that if at any time the number of Directors (including the Managing Director or whole-time Director) as are not subject to retirement by rotation shall exceed one-third of the total number of the Directors for the time being, then such Managing Director or Managing Directors or Whole-time Director or Whole-time Directors as the Directors may from time to time select, shall be liable to retirement by rotation in accordance with these Articles to the intent that the Directors not liable to retirement by rotation shall not exceed one-third of the total number of Directors for the time being.

Remuneration of Managing Director or Whole-time Director(s)

226. Subject to the provisions of the Act and to the approval of the Company in General Meeting, if required by the Act. the remuneration of a Managing Director or Whole-time Director shall from time to time be fixed by the Board of Directors and may be by way of fixed salary, perquisites, benefits or commission or profits of the Company, or by participation in any such profit or by any or all of these modes or any other mode not expressly prohibited by the Act.

Powers and duties of Managing Director or Whole-time Director(s)

227. Subject to the superintendence, control and direction of the Board of Directors, the day to day management of the Company may be entrusted to the Director or Directors appointed under Article 224 with power to the Board to distribute such day to day functions among such Directors, if more than one. in any manner as directed by the Board, or to delegate such power of distribution to any one of them. The Board of Directors may from time to time entrust to and confer upon a Managing Director or Whole-time Director for the time being, save as prohibited in the Act. such of the powers exercisable under these presents by the Directors as they may think fit. and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient and they may subject to the provisions of the Act and these Articles confer upon such powers. either collaterally with or to the exclusion of or in substitution for all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

228. The Managing Director or Managing Directors or Whole-time Director or Whole-time Directors shall not exercise the powers to:

- a. make calls on shareholders in respect of moneys unpaid on their shares in the company;
- b. issue debentures; and
- c. except as may be delegated by the Board under Section 292 of the Act. invest the funds of the Company, or make loans or borrow moneys.

Certain persons not to be appointed Managing Director or Whole-time Director(s)

229. The Company shall not appoint or employ, or continue the appointment or employment of. any person as its Managing or Whole-time Director who

- a. It is undischarged insolvent, or has at any time been adjudged an insolvent
- b. Suspends, or has at any time suspended payment to his creditors, or makes, or has at any time made a composition with them; or
- c. Is or has at any time been, convicted by a Court in India of an offence involving moral turpitude

230. The Directors shall, from time to time, appoint a Secretary and, at their discretion, remove any such Secretary to perform any functions, which by the Act are to be performed by the Secretary and to execute any other ministerial or administrative duties, which may from time to time be assigned to the Secretary by the Directors. The Directors may also appoint at any time any person or persons (who need not be the Secretary) to keep the Registers required to be kept by the Company.

The Seal

The Seal its custody and its use

231. (a) The Board shall provide a Common Seal for the purposes of the Company, and shall have the power, from time to time, to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given.
- (b) The Company shall also be at liberty to have an official Seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India.

Deeds how executed

232. Every Deed or other instrument, to which the Seal of the Company is required to be affixed, shall, unless the same is executed by a duly constituted attorney, be signed by two Directors or one Director and Secretary or some other person appointed by the Board for the purpose provided that in respect of the Share Certificate the Seal shall be affixed in accordance with Article 231(a).

Dividends

Division of profits and dividends in proportion to amount paid up

233. The profits of the Company, subject to any special rights relating thereof created or authorised to be created by these Articles and subject to the provisions of these Articles, shall be divisible among the members in proportion to the amount of capital paid up or credited as paid up and to the period during the year for which the capital is paid-up on the shares held by them respectively.

The Company in General Meeting may declare a dividend

234. 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.

Dividends only to be paid out of profits

235. No dividend shall be declared or paid otherwise by the Company for any financial year out of profits for the year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act except after the transfer to the reserves of the Company of such percentage of its profits for the year as may be prescribed or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both provided that :

- (a) If the Company has not provided for depreciation for any previous financial year or years, it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or out of the profits of any other previous financial year or years;
- (b) If the Company has incurred any loss in any previous financial year or years, the amount of loss or any amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the years for which the dividend is provided to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of Sub-section (2) of Section 205 of the Act or against both.

Provided further that, no dividend shall be declared or paid for any financial year out of the profits of the Company for the year arrived at after providing for depreciation as above, except after the transfer to the reserves of the Company of such percentage of its profits for that year as may be prescribed in accordance with Section 205 of the Act or such higher percentage of its profits as may be allowed in accordance with that Section.

Interim dividend

236. 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

237. 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 participate in profits.

Dividends in proportion to amount paid –up

238. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but 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.

239. The Board may retain dividends payable upon shares in respect of which any person is, under Article 89, entitled to become a Member, or which any person under that Article is entitled to transfer, until such person shall become a Member, in respect of such shares or share duly transfer the same.

Dividend, etc. to joint-holders

240. Any one of several persons who are registered as the joint-holder of any share may give effectual receipts for all dividends or bonus and payments on account of dividends or bonus or other moneys payable in respect of such shares.

No Member to receive Dividend while indebted to the Company and Company's rights of reimbursement thereof

241. No Member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money be due or owing from him to the Company in respect of such share or shares or otherwise howsoever, either alone or jointly with any other person or persons, and the Board may deduct from the interest or dividend payable to any Member all sums of money so due from him to the Company.

Transfer of shares must be registered

242. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

Provided, however, that where any instrument of transfer of shares has been delivered to the Company for registration and the transfer of such shares has not been registered, the company shall :

- (a) transfer the dividend in relation to such shares to the special account referred to in Section 205A unless the company is authorised by the registered holder of such shares in writing to pay such dividend to the transferee specified in such instrument of transfer, and
- (b) keep in abeyance in relation to such shares any offer of rights shares under clause (a) of sub-section (1) of Section 81 and any issue of fully paid up bonus shares in pursuance of sub-section (3) of section 205.

Unclaimed dividend

243. Any dividend which has not been claimed or the warrant in respect whereof has not been encashed within the period prescribed under Section 205A of the Act, shall be deposited in a special account as provided for in the said section 205A of the Act and the whole of the amount envisaged in clause (a) to (e) of sub-section (2) of section 205C of the Companies Act, 1956 remaining unpaid or unclaimed for a period of seven years from the date they become payable by a company have been credited to the Investor Education and Protection Fund as per Section 205C of the Act and subject to any amendments that may be made thereto from time to time.

No interest on dividend

244. No unpaid dividend shall bear interest as against the Company.

Dividend and call together

245. Any General Meeting declaring a dividend may, on the recommendation of the Directors, make a call on the Members of such amount as the meeting fixes but so that the call on each Member shall not exceed the dividend

payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the Member, be set off against the calls.

Capitalization

246.

- (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 Account, or in the hands of the Company and available for dividend for representing premium received on the issue of shares and standing to the credit of the Share Premium Account be capitalized 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 capitalized 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 or debentures or debenture stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares of debentures or debentures stock and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum, provided that a Share Premium Account and a Capital Redemption Reserve Account may, for the purposes 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 moneys arising from the realization of any capital assets of the Company, or in investments representing the same, or any other undistributed profit 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 Article 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, and may fix the value for distribution of any specific assets, and may determine that such cash payments shall be made to any members upon the footing of the value so fixed or that fraction of less value than Rs. 10/- may be disregarded in order to adjust the rights of all parties, and may vest any such cash or specific assets in trustees upon such trusts for the persons entitled to the dividend or capitalized fund as may seem expedient to the Board. Where requisite a proper contract shall be delivered to the Registrar for registration in accordance with Section 75 of the Companies Act, 1956, and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund, and such appointment shall be effective.

Accounts

Directors to keep true accounts

247. The Company shall keep at the office or at such other place in India as the Board thinks fit proper Books of Account in accordance with Section 209 of the Act with respect to :

- (a) all sums of money received and expended by the Company and the matters in respect of which the receipts and expenditure take place;
- (b) all sales and purchases of goods by the Company.
- (c) the assets and liabilities of the Company.

248. Where the Board decides to keep all or any of the Books of Accounts at any place other than the office of the Company, the Company shall within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place.

249. Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with this Article if proper Books of account relating to the transactions effected at the branch office are kept at the branch office and proper summarized returns, made up to date at intervals of not more than three months, are sent by the branch office to the Company at its office or other place in India, at which the Company's Books of Accounts are kept as aforesaid.

250. The Books of Account shall give a true and fair view of the state of affairs of the Company or branch office, as the case may be, and explain its transactions. The books of Account and other books and papers shall be open to inspection by any Director during business hours.

As to inspection of accounts or books by Members

251. The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors, and no members (not being a Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by law or authorised by the Board.

Statement of accounts to be furnished to General Meeting

252. The Directors shall from time to time, in accordance with Section 210, 211, 212, 215, 216 and 217 of the Act, cause to be prepared and to be laid before the Company in General Meeting such Balance Sheets, Profits and Loss Accounts and Reports as are required by these sections.

253. The Directors shall, if they consider it to be necessary and in the interest of the Company, be entitled to amend the Audited Accounts of the Company of any financial year which have been laid before the Company in General Meeting. The amendments to the Accounts effected by the Directors in pursuance of this Article shall be placed before the Members in General Meeting for their consideration and approval.

Copies shall be sent to members and others

254. Subject to the provisions of Section 219 of the Act, a copy of every such profit and loss account and balance sheet (including the Auditors' report and every other document required by law to be annexed or attached to the balance sheet) shall at least 21 days before the meeting at which the same are to be laid before the members, be sent to the members of the company, to every trustee for the holders of any debentures issued by the company, whether such member, or trustee is or is not entitled to have notices of general meetings of the Company sent to him, and to all persons other than such members or trustees, being persons so entitled.

Audit

Accounts to be audited

255. Auditors shall be appointed and their rights and duties regulated in accordance with Section 224 to 233 of the Act.

Documents and Notice

Manner or service of documents or notice on Members by Company

256. A document or notice may be served or given by the Company on any Member either personally or by sending it by post to him to his registered address or (if he has no registered address in India) to the address, if any, in India supplied by him to the Company for serving documents or notices on him.

When notices of documents served on Members

257. Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, preparing and posting a letter containing the document or notice, provided, that where a Member has intimated to the Company in advance that documents or notices should be sent to him under a certificate of posting or by registered post with or without acknowledgment due and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document or notice shall not be deemed to be effected unless it is sent in the manner intimated by the member and such service shall be deemed to have been effected in the case of a Notice of a meeting at the expiration of forty eight hours (48) after the letter containing the document or notice is posted and in any other cases, at the time at which the letter would be delivered in the ordinary course of post.

By Advertisement

258. A document or notice advertised in a newspaper circulating in the neighbourhood of the office shall be deemed to be duly served or sent on the day on which the advertisement appears on to every member who has no registered address in India and has not supplied to the Company an address within India for the serving of documents on or the sending of notices to him.

On Joint Holders

259. A document or notice may be served or given by the Company on or to the joint-holders of a share by serving or giving the document or notice on or to the joint-holder named first in the Register of Members in respect of the share.

On personal representatives, etc.

260. A document or notice may be served or given by the Company on or to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in prepaid letter addressed to them by name or by the title of representatives of the deceased, or assignee of the deceased, or assignee of the insolvent or by any like description, at the address (if any) in India supplied for the purpose by the persons claiming to be entitled, or (until such an address has been so supplied) by serving the document or notice in any manner in which the same might have been given if the death or insolvency had not occurred.

To whom documents or notices must be given

261. Documents or notices of every General Meeting shall be served or given in same manner hereinbefore authorised on or to (a) every Member, (b) every person entitled to a share in consequence of the death or insolvency of a member, and (c) the Auditor or Auditors for the time being of the Company.

Members bound by documents or notices served on or given to previous holders

262. Every person who, by operation of law, transfer or other means whatsoever, shall become entitled to any share shall be bound by every document or notice in respect of such share, which previously to his name and address being entered on the Register of Members, shall have been duly served on or given to the person from whom he derives his title to such share.

Service of document or notice by Members

263. All documents or notices to be served or given by members on or to the Company or any Officer thereof shall be served or given by sending it to the Company or Officer at the Office by post under a certificate of posting or by registered post, or by leaving it at the office.

Documents or notice by Company and signature thereto

264. Any documents or notice to be served or given by the Company may be signed by a Director or some person duly authorised by the Board of Directors for such purpose and the signature thereto may be written, printed or lithographed.

Winding-up

Liquidator may divide assets in specie

265. The Liquidator on any winding-up (whether voluntary, under supervision or compulsory) may, with the sanction of a Special Resolution, but subject to the rights attached to any preference share capital, divide among the contributories in specie any part of the assets of the Company and may with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit.

Indemnity and Responsibility

Indemnity

266.

- (a) Subject to Section 201 of the Act, every Director, Officer or Agent for the time being of the Company shall be indemnified out of the assets of the Company against all liability incurred by him in defending any proceedings, whether civil or criminal in which judgment is given in his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.
- (b) Every officer, auditor and agent for the time being of the Company and every trustee for the time being acting in relation to any affairs of the company shall be indemnified and secured harmless out of the assets and the profits of the company against all action, cost, charges, losses, damages and expenses which any such officer, auditor, agent or trustee may incur or sustain by reason of any contract entered into or act or thing done, concurred in or omitted by him as such officer, auditor, agent or trustee or in any way in or about the discharge of his duties or supposed duties otherwise than in respect of any negligence, default, misfeasance, breach of duty or breach of trust of which he may be guilty in relation to his company.
- (c) The heirs, executors and administrators of every one of the aforesaid officer, auditor, agents and trustees shall be entitled to the benefits of the indemnities set forth in clause (a) and (b) of this Article.

Secrecy Clause

Secrecy Clause

267.

- (a) Every Director, Manager, Auditor, Treasurer, Trustee, member of a committee, officer, servant, agent, accountant, or other person employed in the business of the Company shall, if so required by the Board, before entering upon his duties sign a declaration pledging himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals

and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

- (b) No member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to require discovery of or any information respecting any details of the Company's trading, or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process of any other matter, which may relate to the conduct of the business of opinion of Directors, it would be inexpedient in the interest of the Company to disclose.

* 268 to 296 **Deleted**

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(Articles 268 to 296 deleted vide Special resolution passed by the members of the Company at the Extra- Ordinary General meeting held on 13th January,2011)

SECTION X: OTHER INFORMATION
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or contracts entered into more than two years before the date of the Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by the Company. These contracts, copies of which have been attached to the copy of the Draft Red Herring Prospectus have been delivered to the Registrar of Companies, Maharashtra, Mumbai, for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of the Company from 11:00 am to 5:00 pm on all Business Days from the date of the Draft Red Herring Prospectus until the Bid/Issue Closing date.

MATERIAL CONTRACTS

1. Engagement letter dated September 15, 2010 issued to BOB Capital Markets Limited.
2. Issue Agreement dated January 21, 2011 entered into between the Company and BOB Capital Markets Limited.
3. Memorandum of Understanding dated July 29, 2010 entered into between Sharepro Services (India) Private Limited and the Company to act as the Registrar to the Issue.
4. Escrow Agreement dated [●] between the Company, BRLM, Registrars to the Issue and Escrow Bankers.
5. Syndicate Agreement dated [●] amongst the Company, BRLM and the Syndicate Members.
6. Underwriting Agreement dated [●] between the Company and the Syndicate.
7. Shareholders' Agreement dated December 21, 2010 among Greenfield Investments 2, the Company and the promoter.
8. Debenture Subscription Agreement dated September 16, 2010 entered into with Brand Equity Treaties Limited
9. Advertising agreement dated September 16, 2010 with Brand Equity Treaties Limited

DOCUMENTS FOR INSPECTION

1. Memorandum and Articles of Association of the Company, as amended.
2. Certificate of Incorporation of the Company dated April 03, 2006 in the name of Jawed Habib Hair & Beauty Limited.
3. Certified true copy of the Resolution passed at the meeting of the Board of Directors held on December 15, 2010 approving the Issue.
4. Certified true copy of the Resolution passed u/s. 81(1A) of the Companies Act, 1956 at the Extraordinary General Meeting dated December 24, 2010 approving the Issue.
5. Certified true copy of the Resolution passed at the meeting of the Board of Directors held on January 24, 2011 approving the Draft Red Herring Prospectus.
6. Consents of all Directors, Company Secretary and Compliance Officer, Auditors, BRLM to the Issue, Legal Advisors to the Issue, Bankers to the Company, Registrar to the Issue, to include their names in the Draft Red Herring Prospectus to act in their respective capacities.
7. Report of the Auditors, M/s. Bharat Shah & Associates, Chartered Accountants date December 20, 2010 on the restated financial statements mentioned in the Draft Red Herring Prospectus.

8. Annual Reports of the Company for the Financial Years ended March 31, 2007; March 31, 2008; March 31, 2009 and March 31, 2010 and Balance Sheet and Profit & Loss A/c for the period ended November 20, 2010.
9. Report of the Auditors M/s Bharat Shah & Associates, Chartered Accountants dated January 20, 2011 on the Tax Benefits available to the Company and its shareholders.
10. Statutory Auditors Certificate dated January 20, 2010 regarding Sources and Deployment of Funds.
11. Consent of the Auditors, M/s. Bharat Shah & Associates, Chartered Accountants for inclusion of their report on accounts and tax benefits in the form and context in which they appear in the Draft Red Herring Prospectus.
12. Certified true copy of Due Diligence Certificate dated January 24, 2011 to SEBI from BRLM, BOB Capital Markets Limited.
13. In-principle listing approvals from BSE and NSE dated [●] and [●] respectively.
14. SEBI Observation Letter No. [●] dated [●] issued by Securities and Exchange Board of India and copy of the compliance letter dated [●] filed by BOB Capital Markets Limited with Securities and Exchange Board of India.
15. Report of the IPO grading agency, [●] dated [●] furnishing the rationale for its grading, disclosed in this offer document.
16. Consent from [●] for inclusion of their name in the Draft Red Herring Prospectus as IPO Grading Agency and for inclusion of their report in the form and context in which they appear in the Red Herring Prospectus and the Prospectus.
17. Tripartite agreement dated November 27, 2010 amongst the Company, Sharepro Services (India) Private Limited and NSDL, for offering depository services.
18. Tripartite agreement dated November 23, 2010 amongst the Company, Sharepro Services (India) Private Limited and CDSL, for offering depository services.

DECLARATION

We, hereby declare that all relevant provisions of the Companies Act, 1956 and the regulations or guidelines issued by the Government of India and/ or the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the Rules, Regulations or Guidelines issued or made there under, as the case may be. We further certify that all statements in the Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

Mr. Jawed Habib Akhter

Managing Director

Mrs. Shaheen Akhter

Whole Time Director

Mr. Rohit Arora

Whole Time Director

Mr. Kapil Gupta

Independent Director

Mr. Sudhir Tailang

Independent Director

Mr. Ashutosh Satchidanand

Independent Director

Date: January 24, 2011

Place: Mumbai