

**RED HERRING PROSPECTUS****Dated December 30, 2009***Please read Section 60B of the Companies Act, 1956***100% Book Building Issue****SYNCOM HEALTHCARE LIMITED**

(The Company was originally incorporated as Syncom Healthcare Limited on July 29, 2002 by Registrar of Companies, Maharashtra, Mumbai vide CIN:L51397MH2002PLC136652. The Certificate for Commencement of business was granted on August 2, 2002)

Registered Office: 221, Vyapar Bhawan, P.D'Mello Road, Mumbai-400009, **Telefax:** +91-22-23725193

Corporate Office: "SYNCOM HOUSE", 293/2, Niranjanpur, Dewas Naka, A. B. Road, Indore – 452 010, **Tel:** +91-731-2577471-73, **Fax:** +91-731-2577470, **Email:** ipo@syncomhealthcare.com, **Website:** www.syncomhealthcare.com

Contact person: Mr. Jagdish Chandra Paliwal, Vice President (Finance), Company Secretary & Compliance Officer

PROMOTERS: MR. AJAY BANKDA & MRS. JYOTI BANKDA

PUBLIC ISSUE OF 75,00,000 EQUITY SHARES OF Rs.10 EACH FOR CASH AT A PRICE OF Rs. [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS. [●] PER EQUITY SHARE) AGGREGATING Rs. [●] LACS (HEREINAFTER REFERRED TO AS THE "ISSUE") BY SYNCOM HEALTHCARE LIMITED ("THE COMPANY" OR "ISSUER" OR "SHL"). THE ISSUE WILL CONSTITUTE 42.86 % OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF THE COMPANY.

PRICE BAND: Rs. 65 TO Rs. 75 PER EQUITY SHARE OF FACE VALUE Rs.10 EACH.

THE ISSUE PRICE IS 6.5 TIMES THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 7.5 TIMES THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of the Price Band subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to Bombay Stock Exchange Ltd. ("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 ("BRLM") and at the terminals of the Syndicate.

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

RISKS IN RELATION TO FIRST ISSUE

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

GENERAL RISKS

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

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity shares offered through this Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Ltd (BSE) (Designated Stock Exchange) and the National Stock Exchange of India Ltd (NSE). The Company has received in-principle approval from BSE & NSE for the listing of the Equity Shares pursuant to their letter dated February 6, 2009 and August 19, 2009 respectively.

IPO GRADING

This Issue has been graded by CARE as 'CARE IPO GRADE 2', indicating Below Average Fundamentals. For details see "General Information" beginning on page 8 of this Red Herring Prospectus.

BOOK RUNNING LEAD MANAGER

Chartered Capital And Investment Limited
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Ahmedabad-380 006
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Fax: +91-79-2657 5731
E-mail: syncom.ipo@charteredcapital.net
Investor grievance Id:
investor.relation@charteredcapital.net
Website: www.charteredcapital.net
Contact Person: Mr. Sagar Bhatt

REGISTRAR TO THE ISSUE

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai 400 078
Tel :+91-22- 25960320
Fax :+91-22- 25960329
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Contact person: Mr. Chetan Shinde

ISSUE PROGRAMME**BID / ISSUE OPENS ON : JANUARY 27, 2010****BID / ISSUE CLOSES ON : JANUARY 29, 2010**

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SECTION I- DEFINITIONS AND ABBREVIATIONS

CONVENTIONAL/ GENERAL TERMS

“Issuer” or “Company” or “SHL” or “We” or “us” or “our”, unless the context otherwise requires, refers to Syncom Healthcare Limited, a Company incorporated under the Companies Act, 1956 with its registered office at 221, Vyapar Bhawan, P.D'Mello Road, Mumbai-400009,

Term	Description
Articles/ Articles of Association	The Articles of Association of Syncom Healthcare Limited.
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
BSE	Bombay Stock Exchange Limited
Companies Act	The Companies Act, 1956, as amended from time to time.
Depository	A body corporate registered under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depositories Act	Depositories Act, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act, 1996
FCNR Account	Foreign Currency Non Resident Account.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the rules and regulations framed thereunder.
Financial Year /fiscal year/FY/ fiscal	Period of twelve months ended March 31 of that particular year, unless otherwise stated.
Government/ GOI	The Government of India.
GAAP	Generally Accepted Accounting Principles
HUF	Hindu Undivided Family.
Memorandum/Memorandum of Association	The Memorandum of Association of Syncom Healthcare Limited
Mn, mn	Million
NAV	Net asset value.
Non Residents	Non-Resident is a Person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
NRE Account	Non-Resident External Account.
NRO Account	Non-Resident Ordinary Account.
NRI/Non-Resident Indian	Non-Resident Indian, is a Person resident outside India, who is a citizen of India or a Person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
NSE	The National Stock Exchange of India Ltd
OCB/ Overseas Corporate Body	A company, partnership firm, society and other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trust in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not allowed to invest in this Issue.
P/E Ratio	Price/Earnings Ratio.
PAT	Profit After Tax
PBT	Profit Before Tax
Person/Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.
PIO/ Person of Indian Origin	Shall have the same meaning as is ascribed to such term in the Foreign Exchange Management (Investment in Firm or Proprietary Concern in India) Regulations, 2000.
RONW	Return on Networth
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act,

	1992
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI (DIP) Guidelines / SEBI Guidelines	The rescinded, SEBI (Disclosure and Investor Protection) Guidelines, 2000, issued by SEBI, as amended from time to time.
SEBI Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended from time to time.

ISSUE RELATED TERMS

Term	Description
Allotment	Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Issue.
Allottee	The successful Bidder to whom the Equity Shares are being/ or have been issued or transferred.
Application Supported by Blocked Amount (ASBA)	means an application for subscribing to an issue containing an authorisation to block the application money in a bank account
ASBA Investor	means an Investor except QIB, who intends to apply through ASBA process
ASBA Form	Bid cum Application form for ASBA Investor
Bankers to the Issue	ICICI Bank Limited, Axis Bank Limited and IndusInd Bank Limited
Bid	An indication to make an offer during the Bidding/Issue Period by a Bidder to subscribe to the Company's 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 and payable by the Bidder on submission of the Bid in the Issue.
Bid /Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in an English national newspaper, a Hindi national newspaper and a regional language newspaper with wide circulation.
Bid/Issue Closing Date	The date after which the Members of the Syndicate 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 regional language newspaper with wide circulation.
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares and which will be considered as the application for the Issue of the Equity Shares in terms of this Red Herring Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus and the Bid cum Application Form.
Bidding Period/Issue 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.
Book Building Process/Method	Book building route as provided in Schedule XI of the SEBI Regulations, in terms of which this Issue is made.
Book Running Lead Manager	Chartered Capital And Investment Limited.
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process.
Cap Price	The higher end of the price band, above which the issue price will not be finalized and above which no bids will be accepted.
Cut off Price	Any price within the Price Band finalized by the company in consultation with the BRLM. A Bid submitted at Cut-off is a valid Bid at all price levels within the Price Band.
Designated date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful bidders.
Designated Stock Exchange	Bombay Stock Exchange Ltd
Director(s)	Director(s) of Syncom Healthcare Limited, unless otherwise specified.
Draft Red Herring Prospectus	The Draft Red Herring Prospectus filed with the SEBI, which does not have complete particulars on the price at which the Equity Shares are offered and

	size of the Issue.
ECS	Electronic Clearing Service
Equity Shares	Equity shares of the Company of Rs.10 each unless otherwise specified in the context thereof.
Escrow Account	Account to be opened with Escrow Collection Bank(s) and in whose favor the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement to be entered into amongst the Company, the Registrar, the Escrow Collection Banks(s), the BRLM and the Syndicate Member for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders
Escrow Collection Banks	The banks, which are clearing members and registered with SEBI as Banker to the Issue at which the Escrow Account for the Issue will be opened.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no bids will be accepted.
IPO	Initial Public Offer.
Issue	Public Issue of 75,00,000 Equity Shares Of Rs.10 Each For Cash At A Price Of Rs. [●] Per Equity Share (Including A Share Premium Of Rs. [●] Per Equity Share) Aggregating Rs. [●] Lacs
Issue Price	The final price at which Equity Shares will be allotted in terms of the Prospectus, as determined by the Company in consultation with the BRLM, on the Pricing Date.
Issue Period	The Issuer period shall be January 27, 2010 the issue opening date, to January 29, 2010, the issue closing date.
Issue size	Public Issue of 75,00,000 Equity Shares by Syncom Healthcare Limited.
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 10% to 100% of the Bid Amount.
Mutual Fund	A fund established in the form of a trust to raise monies through the sale of units to the public or a section of the public under one or more schemes for investing in securities, including money market instrument and registered with the SEBI under the SEBI (Mutual Funds) Regulations, 1996.
Mutual Fund Portion	5% of the QIB Portion being 1,87,500 Equity Shares of Rs.10 each for cash at a price of Rs.[●] per equity share aggregating to Rs.[●] lacs, available for allocation to Mutual Funds only, out of QIB Portion.
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers for this Issue or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000.
Non-Institutional Portion	The portion of the Issue being at least 15% of the Issue i.e. 11,25,000 Equity Shares of Rs.10 each for cash at a price of Rs.[●] per equity share aggregating to Rs.[●] lacs, available for allocation to Non Institutional Bidders.
Pay-in Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders receiving allocation who pay less than 100% margin money at the time of bidding, as applicable.
Pay-in Period	This term means (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the Bid/Issue Closing Date, and (ii) with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date, as specified in the CAN.
Price Band	Price band with a minimum price (floor of the price band) of Rs. 65 and the maximum price (cap of the price band) of Rs. 75 and includes revisions thereof.
Pricing Date	The date on which Company in consultation with the BRLM finalize the Issue Price.
Promoters	Promoters shall mean jointly Mr. Ajay Bankda and Mrs. Jyoti Bankda.
Promoter Group	Promoter Group Entities and Promoter Group Individuals
Promoter Group Entities	Sinorita Biotech Pvt. Ltd, Ultratech Energy Private Limited, Styler Textiles

	Private Limited, Bankda Developers Pvt. Ltd, Ajay Jyoti Estate Pvt. Ltd, Vimla Housing Pvt. Ltd, Kedar Vijay Housing Pvt. Ltd, Bankda Estate Pvt. Ltd, Bankda Housing Pvt. Ltd, Bankda Realty Pvt. Ltd, Ajay Laxmi Housing Pvt. Ltd, Ajay Shankarlal Bankda (HUF)
Promoter Group Individuals	Mr. Jagdish Prasad Bagaria, Mrs. Uma Devi Bagaria, Mr. Pratik Bankda, Master Pranav Bankda, Mrs. Asha Ghuwalewala, Mrs. Usha Gupta, Mr. Deepak Bagaria and Ms. Jaya Patodia
Promoter Group Companies	Unless the context otherwise requires, refers to those companies mentioned in the section titled “Our Promoters And Promoter Group” on page 88 of this Red Herring Prospectus.
Prospectus	The Prospectus, to be filed with the RoC 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 Bankers to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date.
Qualified QIBs	a) a public financial institution as defined in section 4A of the Companies Act, 1956; b) a scheduled commercial bank; c) a mutual fund registered with the Board; d) a foreign institutional investor and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual; e) a multilateral and bilateral development financial institution; f) a venture capital fund registered with SEBI; g) a foreign venture capital investor registered with SEBI; h) a state industrial development corporation; i) an insurance company registered with the Insurance Regulatory and Development Authority (IRDA); j) a provident fund with minimum corpus of Rs. 25 crores; k) a pension fund with minimum corpus of Rs. 25 crores; l) 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; m) insurance funds set up and managed by army, navy or air force of the Union of India.
QIB Margin	An amount representing 10% of the Bid Amount that QIBs are required to pay at the time of submitting their Bid.
QIB Portion	The portion of this Issue being up to 50% of the Issue, i.e 37,50,000 Equity Shares of Rs.10 each for cash at a price of Rs.[●] per equity share aggregating to Rs.[●] lacs, available for allocation to QIBs, of which 5% shall be reserved for Mutual Funds.
Registrar/Registrar to the Issue	Registrar & Transfer Agent, Viz. Link Intime India Private Limited
Red Herring Prospectus or RHP	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 issued and the size of the Issue. The Red Herring Prospectus will become the Prospectus after filing with the RoC after the pricing date.
Retail Individual Bidder	Individual Bidders (including HUFs and NRIs) who have Bid for Equity Shares for an amount less than or equal to Rs.100,000, in any of the bidding options in the Issue.
Resident Retail Individual Investor	means a Retail Individual Investor who is a person resident in India as defined in Foreign Exchange Management Act, 1999”
Retail Portion	The portion of the Issue being at least 35% of the Issue i.e. 26,25,000 Equity Shares of Rs.10 each for cash at a price of Rs.[●] per equity share aggregating to Rs.[●] lacs, available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s).
SICA	Sick Industries Companies (Special Provisions) Act, 1985
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended.
Self Certified Syndicate Bank (SCSB)	SCSB is a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of making an Applications Supported by Blocked Amount and recognized as such by the Board
Stock Exchanges	Bombay Stock exchange Limited & The National Stock Exchange of India Ltd

Syndicate	The BRLM and the Syndicate Member
Syndicate Agreement	The agreement to be entered into among the Company and the members of the Syndicate, in relation to the collection of the Bids in the Issue.
TRS or Transaction Registration Slip	The slip or document issued by the members of the Syndicate to the Bidder as proof of registration of the Bid.
Underwriters	The BRLM and Syndicate Member.
Underwriting Agreement	The Agreement between the members of the Syndicate and the Company, on its own behalf to be entered into on or after the Pricing Date.

COMPANY AND INDUSTRY RELATED TERMS

Auditors	The statutory auditors of the Company, being M/s Sanjay Mehta & Associates, Chartered Accountants, Indore.
Board	The Board of Directors of Syncom Healthcare Limited or a committee thereof.
ESIC	Employee's State Insurance Corporation
ICAI	The Institute of Chartered Accountants of India
Project	The proposed project of the Company
Registered Office/ Registered office of the Company	The Registered Office of the Company at 221, Vyapar Bhawan, P.D'Mello Road, Mumbai-400009,
ROC	Registrar of Companies, Maharashtra, Mumbai.

ABBREVIATIONS

AGM	Annual General Meeting.
ASBA	Application Supported by Blocked Amount
A.Y	Assessment Year
A/C	Account
BSE	Bombay Stock Exchange Limited.
BSR	Bounded Stores Room
BV / NAV	Book value / Net asset value
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Ltd.
DCP	Dicalcium Phosphate
DM	Demineralized
DP	Depository Participant.
EGM	Extraordinary General Meeting
EPS	Earnings Per Share.
ESOP	Employees Stock Option Plan
FBD	Fluid Bed Drier
FDI	Foreign Direct Investment
FIPB	Foreign Investment Promotion Board.
FVCI	Foreign Venture Capital Investor
FIIs	Foreign Institutional Investors
GOI	Government of India.
I.T.Act	Income-Tax Act, 1961.
LOD	Loss on Drying
MAT	Minimum Alternate Tax
MHRA	Ministry of Health & Regulatory Authority
MW	Mega Watt
NPPA	National Pharmaceuticals Pricing Authority
NRI(s)	Non-Resident Indian (s)
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Ltd
N.A.	Not Applicable
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
QC	Quality Control
QIB	Qualified Institutional Buyer
RBI	Reserve Bank of India.

RMG	Rapid Mixture Grinding
SCSB	Self Certified Syndicate Bank
SIA	Secretariat for Industrial Assistance
The Act	The Companies act, 1956 (as amended from time to time)
UK	United Kingdom
U.S./U.S.A.	United States of America
USFDA	United State Food & Drug Authority
WHO-cGMP	World Health Organization- current Good Manufacturing Practices

SECTION II – RISK FACTORS

CERTAIN CONVENTIONS - USE OF MARKET DATA

Unless stated otherwise, the financial data in this Red Herring Prospectus is derived from our financial statements prepared in accordance with Indian GAAP, Companies Act and the SEBI Regulations included elsewhere in this Red Herring Prospectus. Our fiscal year commences on April 1 every year and closes on March 31 of the next year. In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

In this Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word “lacs” means “one hundred thousand” and the word “million” means “ten lac” and the word “Crore” means “ten million”. Throughout this Red Herring Prospectus, all figures have been expressed in lacs. Unless otherwise stated, all references to “India” contained in this Red Herring Prospectus are to the Republic of India.

Industry data used throughout this Red Herring Prospectus has been obtained from industry publications and other authenticated published data. 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 that industry data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources

For additional definitions, please refer to the section titled ‘Definitions and Abbreviations’ on page no. i of this Red Herring Prospectus. In the section titled ‘Main Provisions of the Articles of Association’ on page no. 190 of this Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles of Association of the Company.

FORWARD LOOKING STATEMENTS

We have included statements in this Red Herring Prospectus, that contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions that are “forward-looking statements”. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward looking statements. These forward looking statements include statements as to our business strategy, our revenue and profitability, planned projects and other matters discussed in this Red Herring Prospectus regarding matters that are not historical fact. These forward-looking statements and any other projections contained in this Red Herring Prospectus (whether made by us or any third party) involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements expressed or implied by such forward-looking statements or other projections.

All forward looking statements are subject to risks, uncertainties and assumptions about the company 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:

- Our ability to retain and attract trained employees;
- Changes in the value of the Rupee and other currency changes;
- Loss or decline in the business from any of our key clients;
- General economic and business conditions in India and other countries;
- Our ability to successfully implement the strategy, growth, new projects and expansion plans;
- Changes in the Indian and international interest rates;
- Social or civil unrest or hostilities with neighboring countries or acts of international terrorism;
- Changes in laws and regulations that apply to Pharma industry, including laws that impact our ability to enforce our collateral.
- Changes in political conditions in India.

For further discussion of factors that could cause actual results to differ, please see the section entitled “Risk Factors” beginning on page ix of this Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company, the Directors, any member of the Book Running Lead Manager team nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company 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.

RISK FACTORS

An investment in equity shares involves a high degree of risk. One should carefully consider all of the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares of the Company. If any of the following risks actually occur, the business, financial condition and results of operations could suffer, the trading price of the Equity Shares could decline, and you may lose all or part of your investment.

Unless otherwise stated in the relevant risk factors set forth below, the Company is not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein.

Materiality

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

- a) Some events may not be material individually but may be found material collectively.
- b) Some events may have material impact qualitatively instead of quantitatively.
- c) Some events may not be material at present but may be having material impacts in future.

1. There are outstanding litigations involving the Company.

The Company is defendants/plaintiff in various legal proceedings incidental to our business and operations. These legal proceedings are pending at different levels of adjudication before various courts. In the event of rulings against the company by courts in these proceedings or levy of penalties by any statutory authorities, the Company may need to make payment to others or book provisions against probable future payments, which could increase Company's expenses and current liabilities.

A summary of these cases is as follows:

Type	Total No	Amount (Rs in lacs)
Under Criminal Laws		
Cases filed by the Company	58	300.50
Under Civil Laws		
Cases filed by the Company	4	Nil
Cases filed against the Company	6	5.07
Under Labour Laws		
Cases filed against the Company	5	5.89

2. Company has received Show Cause Notices from Commissioner of Employees Provident Fund Department of M.P and M.P. Pollution Control Board

The show-cause Notice was issued by the Commissioner of Employees Provident Fund Department of M.P, Indore for alleged non-compliance of the certain provisions of the Employees Provident Fund Act. The show-cause notice was also issued by the M.P.Pollution Control Board for alleged non-compliance of certain provisions of the Drugs & Cosmetic Act.

3. The sundry debtors of the company are very high & Debtors outstanding for a period over six months have increased manifold from the year 2006-07 to the year 2007-2008.

As on March 31, 2009, the figure of the sundry debtors was Rs.2848.91 lacs which is 47.04% of the total sales during the financial year 2008-09. As on March 31, 2008, the figure of the sundry debtors was Rs.2448.67 lacs which is 47.33% of the total sales during the financial year 2007-08. As on March 31, 2007, the figure of the sundry debtors was Rs.1575.51 lacs which is 52.20% of the total sales during the financial year 2006-07. This shows that the average collection period is approximately 6 months which seems to be very high. In addition, debtors outstanding for a period over six months has increased manifold from 131.70 lacs as on 31/03/2007 to 1060.80 lacs as on 31/03/2008.

4. Any penalty or action taken by any regulatory authorities in future for non-compliance of Section 383A of the Companies Act, 1956 could impact financial position of the Company to that extent.

The Company has not complied with the provisions of Section 383A of the Companies Act, 1956 during the period November 25, 2005 to June 1, 2008 as the Company had not appointed any Company Secretary during the said period. Thereby there was a non-compliance of Section 383A of the Companies Act, 1956 for a continued period of 920 days. This may attract a maximum liability of Rs. 4,60,000/-. No show cause notice in respect of the above has been received by the Company from the office of Registrar of the Companies till date. Any penalty in future by any regulatory authorities could affect Company's financials to that extent.

5. Syncom Healthcare Limited is not authorized to use its trade mark for export purpose as it has authorized Syncom Formulations (India) Limited to use the trade marks for specified products exclusively for export markets.

Syncom Healthcare Limited has authorized Syncom Formulations (India) Limited through "Registered User Agreement" and "Licensed User Agreement" both dated May 12, 2004, exclusive and irrevocable license and right to use 10 registered trade marks and various trade marks pending registration for various pharmaceuticals products only for export out of India subject to certain conditions w.e.f August 5, 2002. No royalty or any other remuneration was payable to SHL under these agreements i.e. the transaction was without any consideration. SHL has agreed not to use these trade marks for export.

6. Top 10 customers constitutes 68.95%, 68.77%, 55.59%, 51.56%, 40.25% of sales during the FYs 2009, 2008, 2007, 2006, 2005 respectively and loss of any one or more of clients could adversely affect our business and financial operations.

The percentage of revenues derived from our Company's top 10 customers constitutes 68.95%, 68.77%, 55.59%, 51.56%, 40.25% of sales during the FYs 2009, 2008, 2007, 2006, 2005 respectively. Loss of any one or more of these clientele for any reason whatsoever, could adversely affect our financial operations.

7. The company has dependency on few suppliers.

During the FY 2008-09, 2007-08, 2006-07 & 2005-06, top 5 suppliers constituted 57.95%, 68.38%, 32.14 & 66.14% respectively of the total purchases. Even the top one supplier constituted 22.65%, 42.82%, 12.57% & 25.67% of the total purchases respectively. Company's dependency on few suppliers could affect the financial position and operations of the company if these suppliers fail to provide the raw materials of specified quality and quantity at proper time at reasonable rates to the company.

8. The Company had a negative cash flow in the past and presently also the cash flow of the Company is negative and it might be negative in future also.

The details of the negative cash flows of the Company are as follows:

						(Rs. in lacs)
Particulars	2004-05	2005-06	2006-07	2007-08	2008-09	01/04/2009 to 31/07/2009
Net Cash (Required) provided by Operations	(18.19)	(73.01)	(299.05)	(850.14)	160.92	(254.24)
Net Cash provided (Required) by Investing activities	(109.39)	(579.01)	(1201.06)	(94.55)	(75.99)	(29.71)
Net Cash provided (Required) by Financing activities	129.03	659.99	1493.14	956.17	(86.22)	288.77
Net Increase (Decrease) in Cash and Cash Equivalents	1.45	7.97	(6.97)	11.48	(1.29)	4.82

9. The indebtedness and the conditions & restrictions imposed by the financing and other agreements could adversely affect ability of the Company to conduct business and operations.

We have entered into agreements with the Bank of India for short term loans and long term borrowings. As per the terms of the loan agreement, we require prior written consent from the Bank, for certain activities, amongst others, including to dispose off the assets as declared in the net worth statement during the currency of the Banks loan, to pay dividend, to disinvest the Promoters equity in the Company till the currency of the banks loan, to divert short term funds for long term uses, change in management or expansion, to compound or release any of the book debts or to do anything whereby the recovery of the same may be impeded, delayed or prevented, to call uncalled capital without notice to the Bank, to make or attempt any alterations in its Memorandum or Articles of Association or in its Capital Structure, to allow any Receiver to be appointed on the movable and immovable property of the Company, which is mortgaged, pledged and/or charged to the Bank or to allow any distress or execution to be levied upon or against the same or any thereof, not to vary the shareholding of the Directors, to

effect any change in the units Capital Structure, to effect any scheme or amalgamation or reconstitution, to implement a new scheme of expansion or take up an allied line of business or manufacture.

10. The Company has not placed orders for most of the plant and machinery. In case of any escalation in prices of these machineries, our total project cost may increase which in turn will adversely affect Company's financials.

The Company has received quotations from various suppliers for the plant and machinery. However, the Company has placed order for Rs.78.30 lacs only as against the total plant and machinery requirements Rs.1172.92 lacs i.e. the company is yet to place order for 93.32% of our total plant & machinery requirements. For details of the quotations received, please refer section titled "Objects of the Issue" beginning on page no. 19 of this Red Herring Prospectus.

11. The Company has not entered into any agreement for acquiring the land for the proposed project.

The Company has not entered into any agreement for acquiring the land for the proposed project and the financials of the company could be adversely affected if the price of the land at the project site increases.

12. There are no supply agreements for the raw materials required for manufacturing of our products. Volatility in the prices of the raw material may have an adverse impact on our business and financial operations.

The prices of raw materials may fluctuate, depending on among other factors, the number of producers / suppliers and their production volumes or prices and changes in demand in the principal drug markets. The prices of the raw materials have impact on profitability of our Company and there are factors affecting raw material prices which are beyond our control. We do not have any agreement with suppliers to supply of raw materials purchased from them. Though we cover purchases to a certain extent in anticipation of any price increases, we are still exposed to and will have to absorb any fluctuations in the prices of these raw materials, which may adversely affect financials of our Company.

13. The Company has not appointed any independent agency for the appraisal of the proposed project.

The projects, for which we intend to use our Issue proceeds as mentioned in the Objects of the Issue, have not been appraised by any bank or financial institution. The total cost of project is our own estimates based on current conditions and are subject to changes in external circumstances or costs. Our estimates for total cost of project has been based on various quotations received by us from different suppliers and our estimated long term working capital requirements may exceed which may require us to reschedule our project expenditure and may have an adverse impact on our business, financial condition and results of operations.

14. Monitoring of utilization of issue proceeds will be done internally by the company

The Company has not appointed any outside monitoring agency for monitoring the utilization of issue proceeds. The deployment of funds arising from the proceeds of the issue will be monitored by the Board of Directors of the Company.

15. We have planned capital expenditure, which may not yield the benefits intended.

We are embarking upon an expansion & upgradation and are proposing to incur capital expenditure, as detailed in the section titled "Objects of the Issue" beginning on page no. 19 of this Red Herring Prospectus. In the past, we have not undertaken capital expenditure of such size and our inability to manage capital expenditure may adversely effect our operations. We cannot assure that we will be able to get the benefits of the generally growing demand in this sector and accordingly the benefits accruing to us from the planned expansion may be less than what is anticipated.

16. Proposed Projects are dependent on Issue proceeds and any delay in raising funds from IPO could adversely impact the implementation of the project.

The proposed capital expenditure as specified under "Objects of the Issue" will be funded through the proceeds of the issue. Any delay / failure in public issue process may disrupt the implementation of these proposed plans which could have a material adverse effect on our financial condition and results of operations. The implementation Schedule has already been revised because of the delay in raising funds from the IPO.

17. We do not have long term contracts with customers and typically operate on the basis of purchase orders, which could adversely impact our revenues and profitability.

We may or may not enter into any formal agreement or contract for sale of our products as we prefer not to be dictated by the terms and conditions of any of contracts / agreements. Our business is dependent on the decisions and actions of our customers, and there are number of factors relating to our customers that are outside our control that might result in the termination of contract or the loss of any customer. Any of these factors could adversely affect our business operations and in turn adversely affect our financial operations.

18. We could be adversely affected if we fail to keep pace with technical, technological & regulatory developments in pharmaceutical formulation industry.

To meet our clients' needs, we must regularly update our existing technology and acquire or develop new technology for our existing and / or proposed project. In addition, rapid and frequent technology and market demand changes can often render existing technologies and equipments obsolete, requiring substantial new capital expenditure and / or write-down of assets. Our failure to anticipate or to respond adequately to changing technical, market demands and / or client requirements could adversely affect our business and financial results. Further, we may be unable to adjust to regulatory changes in the pharmaceutical industry in relation to manufacturing and marketing of our products. In such an event, our business and profitability may be affected.

19. Our operations may be subject to labour unrest, slowdowns and increased wage costs, which could adversely impact our operations and financial condition.

India has stringent labour legislation to protect the interest of workers and also the legislation that sets forth detailed procedures for dispute resolution and employee removal and legislation that imposes certain financial obligations on employers during employment and upon retrenchment. Although our employees are not currently and have never been unionized, it is not sure that they will not unionise in future under the Trade Union Act. Moreover, whether or not our employee unionise, we may be subject to industrial unrest or slowdowns. In future, our employees might unionise we might experience unrest or slowdowns, and it may become difficult for us to maintain flexible labor policies and we may experience increased wage costs.

20. Our business depends on our manufacturing facility and the loss of or shutdown of operations of the manufacturing facility on any grounds could adversely affect our business or results of operations

Our manufacturing facility is subject to operating risks, such as breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. Manufacturing of the pharmaceutical formulations requires expensive and delicate machines which is subject to normal wear and tear and therefore require lots of maintenance. Breakdown of any of the machines may also affect our business or results of operation.

21. Our business is subject to regulation by several authorities, which could have an adverse effect on our business and our results of operation.

Our Company has to comply with the regulations under the Drug and Cosmetics Act, 1940; Drugs and Cosmetics Act Rules, 1945; The Drugs (Prices Control) Order, 1995, Drugs and Magic Remedies Act, 1954; Patent Regulation. Further, our business operations are subject to strict regulations by environmental regulations, Trade Mark Act, Factories Act, etc. We incur costs to comply with requirements of environmental laws and regulations. Any lapses or non-compliance of any laws or regulations or rules or acts or policies by us may adversely affect our business and / or financial operations. For more details on the regulations and policies, please refer to the section titled "Regulations and Policies" beginning on page no. 74 of this Red Herring Prospectus.

22. We may fail to attract and retain trained employees as competition for skilled personnel is intense and we experience significant attrition rates.

Our ability to sustain our growth depends, in large part, on our ability to attract, train, motivate and retain highly skilled personnel, particularly for research and development activities. We believe that there is significant demand for personnel who possess the skills. Our inability to hire and retain additional qualified personnel will impair our ability to continue to expand our business. We cannot assure you that we will be successful in recruiting and retaining a sufficient number of technical personnel with the requisite skills to replace those technical personnel who leave. Further, we cannot assure you that we will be able to re-deploy and retain our technical personnel to keep pace with continuing changes in our business. While we have never experienced a work stoppage as a result of labour disagreements or otherwise and we believe our relationship with our employees is generally good, we cannot guarantee that we will not experience any strike, work stoppage or other industrial action in the future.

23. We face growing and new competition that may adversely affect our competitive position and our profitability

We operate in a highly competitive environment. Significant additional competition in the markets where we sell our products may erode our market shares and may result in reduced prices and thereby may negatively affect our revenues and profitability. Competition from competent low cost competitors may adversely impact our revenues.

24. Our business has experienced growth in the past, which we may not be able to sustain in the future.

Our total income has grown from Rs.1160.71 lacs in fiscal year 2003 to Rs. 6056.49 lacs in the fiscal year 2009 at a growth rate of 55.66%, (13.90)%, 24.28%, 58.93%, 78.85% and 10.21% year on year. Profit after tax has grown from Rs.10.92 lacs in fiscal year 2003 to Rs.381.31 lacs in the fiscal year 2009 at a growth rate of (1.01)%, (46.44)%, 289.98%, 1115.59%, 33.53% and 4.04% year on year. We may not be able to sustain our growth or maintain a similar rate of growth in the future due to a variety of reasons including a decline in the demand for our products, increased competition, non-availability of professionals with necessary skill sets, lack of management resources or due to a general slowdown in the economy. A failure to sustain our growth may have a material adverse effect on our financial condition and results of operations.

We may not be able to sustain such growth in revenues and profits or maintain a similar rate of growth in the future. Further, we are now intending to expand our operations significantly. Such a growth strategy will place significant demands on our management as well as our financial, accounting and operating systems. Further, as we scale-up and expand our operations, we may not be able to focus on existing operations efficiently, which could result in delays, increased costs and diminished quality and may adversely affect our reputation. Any inability to manage our growth may have an adverse effect on our business and results of operations.

25. If we are sued for defects in our products it could harm our reputation and our profits

Our business (pharmaceutical formulations) inherently exposes us to potential liability. Also, product liability claims could require a pharmaceutical company to spend money on litigation, divert management's time, damage a company's reputation and affect the marketability of a company's products.

26. We may not be sufficiently protected or insured for certain losses that we may incur or claims that we may face against us.

Although, we attempt to limit and mitigate our liability for damages through insurance policies, the limitations of liability set forth in our insurance policies may not be enforceable in all instances or may not protect us from liability for damages. These may lead to financial liability/adverse consequences for us. Further, even where we have availed of insurance cover, we may not be able to successfully assert our claims for any liability or loss under the said insurance policies.

27. We have entered into certain related party transactions and may continue to do so.

We have entered into transactions with related parties. Further the transactions entered with the related parties are in the nature of remuneration payable to directors, unsecured loan taken from directors & its repayment, interest & rent payment to directors/ Promoters. For detailed information on our related party transactions, please refer to section "Related Party Transactions" appearing on page no. 101 of this Red Herring Prospectus.

28. We take advantage of certain tax benefits under the various provisions, which if withdrawn, may adversely affect our financial condition and results of operations.

We benefit from certain tax incentives. For example, the net profit of the company derived from the operations of the Dehradun Industrial unit of the company is subject to a 100% tax holiday/deduction U/s 80-IC for a continuous period of 1st five years starting from year 2006-07 and 30% for next five years and Full excise duty exemption is available to the company for its manufacturing operations at its Dehradun manufacturing Unit for first ten years starting from 2006-07. If in the future the same benefits are withdrawn or amended which are onerous in nature to the company, our results would be impacted and our profitability would decline.

29. Currently we operate out of leased facilities including our Registered Office, Corporate Office and existing plant which can be terminated for cause by the lessor.

We operate out of leased properties which can be terminated for cause by the lessor. In case of such termination, we may encounter delay in finding suitable alternative properties in required timeframe or may not find alternatives at all. Because of the nature of our business, continuity of operations and

access to facilities and systems is of critical importance. As a result, the termination, or threat of termination, of any of our leases would have a substantial disruptive effect on our ongoing business, distract our management and employees and may increase our expenses. Such an event may also damage our reputation, affect our ability to recruit and retain employees, affect our ability to attract and retain clients. The termination of any of our leases could have a material adverse effect on our business and our financial condition.

The Company has executed a Lease Agreement for the office premises at Indore for use as Corporate Office for a period of 36 months starting from 1st April, 2008 and will be expired on 31st March, 2011. The Agreement further stipulates for the extension of the period of Lease for 24 months on mutually agreed terms. The rent payable on this premise is Rs. 1,01,000/- per month liable to increase @ 5% after every 12 months.

The Company has executed another Lease Agreement for Office Premises at Mumbai for use as Registered Office for a period of 5 years starting from 1st April, 2009 which will be expired on 31st March, 2014. The Agreement also stipulates for the extension of the period of Lease for such period on mutually agreed terms. The rent payable on this premise is Rs. 7500/- per month during the entire tenure of the lease period.

The company has also executed a lease agreement with U.P. State Development Corporation limited, Dehradun for Plot no D-42, Selaqui Admeasuring 4397 Sq Meters, for the purpose of setting up the manufacturing plant for a period of 90 years starting from 1st April 2005. The Company is required to pay an yearly rent @ Rs 2000.00 per hectare during the first 30 years which is liable to be increased to Rs 5000.00 per hectare for the next 30 years and further liable to increase to Rs 10,000.00 per hectare for the balance 30 Years.

The Company is also proposing an office premises in Mumbai which can accommodate the requirement of the space for the Registered Office for which the funds will be raised through the proposed IPO.

The Indore property where the Corporate Office is located is leased out by our promoter Directors. There is least chance for the termination of the lease. In any case, the Company is proposing to put up its new pharmaceutical Formulation Unit in SEZ at Pithampur. The Company will have sufficient vacant land to construct our Administrative Office as well in the Unit at Pithampur. More so the Indore City is developing City in the State of Madhya Pradesh. A number of new Buildings with huge commercial space have already been constructed and a few more are under construction. Huge office space is available in these new buildings on leased basis. The Company can go for this also if needed.

30. If we are unable to obtain required approvals and licenses in a timely manner, our business and operations may be adversely affected.

We require certain approvals, licenses, registrations and permissions for operating our business. For more information, please refer to section titled "Government and Other Approvals" beginning on page 144. If we fail to obtain any of these approvals or renewals, in a timely manner, or at all, our business, financial condition and results of operations could be adversely affected.

31. We may continue to be controlled by our Promoters following this Issue and our other shareholders may not be able to affect the outcome of shareholder voting.

After the completion of the Issue, our Promoters and Promoter Group will collectively hold the majority of the fully diluted post-Issue equity capital. Consequently, our Promoters and Promoter Group, 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 Promoters 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 our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from obtaining control of our Company even if it is in the best interests of our Company. The interests of our controlling shareholders could conflict with the interests of our other shareholders, including the holders of the Equity Shares, and the controlling shareholders could make decisions that materially adversely affect your investment in the Equity Shares.

32. You will not be able to trade any of the Equity Shares you purchase in the Issue immediately on allotment.

The Equity Shares are intended to be listed on the BSE and NSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading of them may commence. Investors' book entry or "demat" accounts with depository participants in India are expected to be credited within two business days of the date on which the issue and allotment is approved by our Board. Thereafter, upon receipt of final approval of the Stock Exchanges, trading in the Equity Shares is expected to commence within 7 working days. There can be no assurance that the Equity Shares allocated earlier to investors will be credited to their demat accounts, or that trading will commence, within 7 working days of the issue and allotment being approved by our Board, or at all. Additionally we are liable to pay interest at 15% per annum if allotment is not made, refund orders are not dispatched or demat credits are not made to investors within 15 days from the Bid/Issue Closing Date.

33. There is no existing market for the Equity Shares, and we do not know if one will develop. Our stock price may be highly volatile after the Issue and, as a result, you could lose a significant portion or all of your investment.

Prior to the Issue, there has not been a public market for the Equity Shares. We cannot predict the extent to which investor interest will lead to the development of an active trading market on the Stock Exchanges or how liquid that market will become. If an active market does not develop, you may experience difficulty selling the Equity Shares that you purchased. The Issue Price is not indicative of prices that will prevail in the open market following the Issue. Consequently, you may not be able to sell your Equity Shares at prices equal to or greater than the price you paid in the Issue. The market price of the Equity Shares on the Stock Exchanges may fluctuate after listing as a result of several factors, including the following:

- volatility in the Indian and other global securities markets;
- the performance of the Indian and global economy;
- significant developments in India's fiscal regime;
- risks relating to our business and industry, including those discussed in this offer document;
- strategic actions by us or our competitors;
- investor perception of the investment opportunity associated with the Equity Shares and our future performance;
- adverse media reports about us, our shareholders or Promoters;
- future sales of the Equity Shares;
- variations in our quarterly results of operations;
- differences between our actual financial and operating results and those expected by investors and analysts;
- changes in analysts' recommendations or perceptions of us, the Indian Pharma sector or India; and
- our future expansion plans.

There has been significant volatility in the Indian stock markets in the past and our share price could fluctuate significantly as a result of market volatility. A decrease in the market price of the Equity Shares could cause you to lose some or all of your investment.

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

The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. There can be no assurance that we will be able to pay dividends.

35. Any future equity offerings by us could lead to dilution of your shareholding or adversely affect the market price of the Equity Shares.

If we do not have sufficient internal resources to fund our investment requirements or working capital needs in the future, we may need to raise funds through equity financing. As a purchaser of the Equity Shares in the Issue, you could experience dilution to your shareholding in the event that we conduct future equity offerings. Such dilution can adversely affect the market price of the Equity Shares and could impact our ability to raise capital through an offering of our equity securities. In addition, any perception by investors that such issuance or sales will occur could also affect the trading price of the Equity Shares.

36. The Company's inability to fulfill export obligations could result in custom duty liability, which in turn could adversely affect our financial operations to that extent.

The Company is required to fulfill the export obligation of Rs. 750000/- within a period of 8 years from the date of issue of EPCG License i.e from July 18, 2006. The Company has not yet fulfilled the export obligation. In case the Company fails to fulfill the export obligation within the stipulated period the Company will be liable to refund the duty saved i.e. Rs. 287800/- along with interest @ 15% p.a. from the date of clearance of goods under the license i.e. August 22, 2006 which could adversely affect our financial operations to that extent.

37. We have taken certain loans including unsecured loans, which may be recalled by our lenders at any time.

Certain of our indebtedness can be recalled at any time. As on July 31, 2009, of our total indebtedness, Rs.1317.75 Lacs constitutes unsecured loans and of these, the loan from Promoter Group and Inter Corporate Deposits for an amount of Rs.1032.75 Lacs can be recalled at any time. In addition, certain of our secured loans can also be recalled by our lenders at any time. If our lenders exercise their right to recall a loan, it could have a material adverse affect on our financial position. For further details of our unsecured loans, please refer to the section Our Indebtedness beginning on page 70 of this Red Herring Prospectus.

38. All the Group Companies are non-operative.

In spite of existence of upto 12 years none of the group companies has commenced any business activity.

EXTERNAL RISKS

1. The Pharmaceutical industry in India is highly regulated by the Government of India under its Drug Price Control Order (DPCO).

Any adverse change in the Government Policy in terms of margins or prices of the products would affect our Company's performance. In case Government regulations impose restrictions on our Company's ability to sell products at certain price, it may result in a loss of revenue and profits.

2. Our assets and operations are located in India, and we are subject to regulatory, economic and political uncertainties in India.

Our primary operations are based in India, and our assets and our professionals are located in India. In the early 1990s, India experienced significant inflation, low growth in gross domestic product and shortages of foreign currency reserves. The Indian government, however, has exercised and continues to exercise significant influence over many aspects of the Indian economy. India's government has provided significant tax incentives and relaxed certain regulatory restrictions in order to encourage foreign investment in specified industries of the economy. Certain of those programs, which have benefited us, include tax holidays, liberalized import and export duties and preferential rules on foreign investment and repatriation. We cannot assure you that liberalization policies will continue. The Government of India is considering introducing a reservation policy to the private sector in India, pursuant to which all private sector companies operating in India would be required to reserve a certain percentage of jobs for the economically underprivileged population in the states where such companies are incorporated. If this policy is adopted, our ability to hire employees of our choice may be affected due to restrictions on our pool of potential employees and competition for these professionals.

Furthermore, the rate of economic liberalization could change, and specific laws and policies affecting technology companies, foreign investment, currency exchange rates and other matters affecting investment in our securities could also change. Since 1996, the Government of India has changed six times. The current Indian government is a coalition of many parties, some of which do not want to continue India's current economic policies. Various factors, including a collapse of the present coalition government due to the withdrawal of support of coalition members, could trigger significant changes in India's economic liberalization and deregulation policies, disrupt business and economic conditions in India generally and our business in particular. Our financial performance and the market price of our shares may be adversely affected by changes in inflation, exchange rates and controls, interest rates, Government of India policies (including taxation policies), social stability or other political, economic or diplomatic developments affecting India in the future.

3. Terrorist attacks and other acts of violence could adversely affect the financial markets, result in a loss of client confidence and adversely affect our business, results of operations, financial condition and cashflows.

Certain events that are beyond our control, and other acts of violence or war, may adversely affect worldwide financial markets and could potentially lead to economic recession, which could adversely affect our business, results of operations, financial condition and cash flows, and more generally, any of these events could lower confidence in India. Furthermore, if India were to become engaged in armed hostilities, particularly hostilities that were protracted or involved the threat or use of nuclear weapons, we might not be able to continue to operate.

C. NOTES TO RISK FACTORS

1. Public Issue of 75,00,000 Equity Shares of Rs.10 each for cash at a price of Rs. [●] per Equity Share (including a share premium of Rs. [●] per Equity Share) aggregating Rs. [●] Lacs by Syncom Healthcare Limited. The issue will constitute 42.86% of the fully diluted post issue paid up capital of the company.
2. The Issue is being made through the 100% Book Building Process wherein up to 50% of the Issue Size shall be allocated on a proportionate basis to Qualified Institutional Buyers, out of which 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above Issue Price. Further, at least 15% of the Issue Size shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 35% of the Issue Size 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.
3. Under subscription, if any, in any category would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLM.
4. In the event of the Issue being oversubscribed, the allocation shall be on a proportionate basis to QIB Bidders, Retail Individual Bidders and Non-Institutional Bidders (Refer to the paragraph entitled "Basis of Allotment" on page no. 178 of this Red Herring Prospectus).
5. Net worth of the Company as on 31st March 2009 is Rs.2129.41 lacs. The book value of the Equity Shares of the Company as on 31st March 2009 is Rs.21.47 per Equity Share.
6. We have not issued any shares for consideration other than cash.
7. Except as disclosed in sections titled "Our Promoters And Promoter Group" or "Our Management" beginning on page no. 88 and 79 of this Red Herring Prospectus, none of our Promoters, our Directors and our key managerial personnel have any interest in the company except to the extent of remuneration and reimbursement of expenses and to the extent of Equity Shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as director, member, partner and/or trustee and to the extent of benefits arising out of such shareholding.
8. Investors are advised to refer the paragraph on "Basis for Issue Price" on page no. 31 of this Red Herring Prospectus before making an investment in the Issue.
9. Investors are free to contact the Book Running Lead Manager or Compliance Officer for any clarification or information or complaints pertaining to the Issue.
10. Investors may note that allotment and trading in shares of our Company shall be done only in dematerialized form.
11. All information shall be made available by the Book Running Lead Manager and the Company 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.
12. The average cost of acquisition of Equity Shares of face value of Rs.10 each by our promoters is given below:

Sr. No.	Name of Promoter	Avg. Cost of Acquisition (Rs.)
1	Mr. Ajay Bankda	Rs.10.00
2	Mrs. Jyoti Bankda	Rs.10.00

13. There have been no transactions in the Company's Equity Shares by the Promoters/Promoter Group and the Directors of the Company during a period of six months preceding the date of filing of this Red Herring Prospectus with ROC.
14. There has no change in the name of the company since incorporation.
15. For Related party transactions, please refer page 101 under heading "Related Party transactions" of the Red Herring Prospectus. The total value of transactions with related parties for the year ended March 31, 2009 was Rs.568.30 lacs.

SECTION III - INTRODUCTION

SUMMARY

The Investor should read the following summary with the Risk Factors included from page no ix to xvii and the more detailed information about the Company and the financial statements included in the Red Herring Prospectus.

Industry Overview

The **Indian Pharmaceutical Industry** today is in the front rank of India's science-based industries with wide ranging capabilities in the complex field of drug manufacture and technology. A highly organized sector, the Indian Pharma Industry is estimated to be worth \$ 4.5 billion, growing at about 8 to 9 percent annually. It ranks very high in the third world, in terms of technology, quality and range of medicines manufactured. From simple headache pills to sophisticated antibiotics and complex cardiac compounds, almost every type of medicine is now made indigenously.

Playing a key role in promoting and sustaining development in the vital field of medicines, **Indian Pharma Industry** boasts of quality producers and many units approved by regulatory authorities in USA and UK. International companies associated with this sector have stimulated, assisted and spearheaded this dynamic development in the past 53 years and helped to put India on the pharmaceutical map of the world.

The Indian Pharmaceutical sector is highly fragmented with more than 20,000 registered units. It has expanded drastically in the last two decades. The leading 250 pharmaceutical companies control 70% of the market with market leader holding nearly 7% of the market share. It is an extremely fragmented market with severe price competition and government price control.

The pharmaceutical industry in India meets around 70% of the country's demand for bulk drugs, drug intermediates, pharmaceutical formulations, chemicals, tablets, capsules, orals and injectibles. There are about 250 large units and about 8000 Small Scale Units, which form the core of the pharmaceutical industry in India. These units produce the complete range of pharmaceutical formulations, i.e., medicines ready for consumption by patients and about 350 bulk drugs, i.e., chemicals having therapeutic value and used for production of pharmaceutical formulations.

Following the de-licensing of the pharmaceutical industry, industrial licensing for most of the drugs and pharmaceutical products has been done away with. Manufacturers are free to produce any drug duly approved by the Drug Control Authority. Technologically strong and totally self-reliant, the pharmaceutical industry in India has low costs of production, low R&D costs, innovative scientific manpower, strength of national laboratories and an increasing balance of trade. The Pharmaceutical Industry, with its rich scientific talents and research capabilities, supported by Intellectual Property Protection regime is well set to take on the international market.

(Source: www.pharmaceutical-drug-manufacturers.com)

Business Overview

Syncom Healthcare Limited (SHL) was incorporated on July 29, 2002 by Mr. Ajay Bankda & Mrs. Jyoti Bankda for manufacturing, marketing & trading of pharmaceuticals formulations under its own brands in Ethical, OTC, Generic and Herbal market segment. The registered office of the company is situated at 221, Vyapar Bhawan, P.D'Mello Road, Mumbai-400009.

In its first year of the operation itself i.e. year ended march 31, 2003, the Company achieved a turnover of Rs.1160.71 lacs with a net profit of Rs.10.92 lacs. From there, the company has reached to a turnover of Rs.6056.59 lacs and a net profit of Rs.381.31 lacs during the year ended March 31, 2009 with a growth rate of 55.66%, (13.90)%, 24.28%, 58.93%, 78.85% and 10.21% year on year in turnover and a growth rate of (1.01)%, (46.44)%, 289.98%, 1115.59%, 33.53% and 4.04% year on year in net profit respectively.

Initially it started its journey with the marketing of the pharmaceuticals products manufactured by others under its own brand and in year 2006, the company set up a State of Art manufacturing unit at Dehradun in Uttarakhand. The unit was commissioned in November, 2006. During the year ended March 31, 2007, the net profit before tax & extra-ordinary items, of the Company increased to Rs.331.38 lacs from Rs.32.20 lacs

during the year ended March 31, 2006 due to commencement of manufacturing of the various products in its own manufacturing unit and marketing through a strong distribution network.

Syncom Healthcare Limited was incorporated, during the process of family settlement, to carry on the domestic pharmaceuticals formulation business of another company Syncom Formulations (India) Limited (SFL), a company which was promoted by Mr. Ajay Bankda & his two elder brothers. Mr. Ajay Bankda is now not associated with SFL in any capacity. The Company entered into "Deed of Assignment of Trade Marks" and "Deed of Assignment of Copyright" both dated May 10, 2004 with Syncom Formulations (India) Limited (SFL) for transferring & assigning various registered & pending trade marks & copy right for artistic works of various labels from SFL to SHL. In nutshell, domestic pharmaceuticals formulations business of SFL was hived off to SHL. SHL took over various domestic brands of SFL as well as the domestic marketing network of SFL. Overseas business is still with SFL for which "Registered User Agreement" and "Licensed User Agreement" both dated May 12, 2004 was entered into between SFL & SHL. For details, refer to the paragraph titled "Other Agreements / Arrangements" in the section titled "History And Certain Corporate Matters" on page 76.

Present Business Model

- a) SHL started as a marketing Company, which was outsourcing its requirement of finished products (Under Its Own Brand And Drug License) from other formulation manufacturing units based in and around Indore. Presently also SHL is outsourcing some of its requirement of finished products.

With these companies, Syncom has a purchase and sale arrangement where the supplier unit is manufacturing SHL's products on SHL's specification and under SHL's quality control under which SHL controls the quality of raw material, their sourcing by the supplier as well as production in the units of these suppliers. The manufactured goods, manufactured for SHL are sold to SHL on pre-decided order prices for each formulation product so manufactured.

- b) To cater the diversified and increased demand the Company planned to set up its own pharmaceutical manufacturing facilities. Accordingly, the company has set up a manufacturing facility at Dehradun in the state of Uttarakhand, which is a Tax free & duty free Zone. The Company set up its Plant at Dehradun and it has started the commercial production in November, 2006. Presently Company is Manufacturing, Marketing and Distribution of Pharmaceutical Formulations under own Brands of Ethical, OTC, Generic and Herbal market segment.

The manufacturing unit of the Company was set up at Dehradun in Uttarakhand due to the following reasons:

Nature of Benefit	Quantum of benefit
Excise exemption	100% Central Excise Exemption for a period of 10 year from the year of commencement of production.
Income Tax Exemption	For first 5 years from first assessment year - 100% For subsequent 5 years - 30% MAT is payable by the company but is eligible for set off

SUMMARY FINANCIAL INFORMATION

SUMMARY STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

(Rs in Lacs)

	March 31,2005	March 31,2006	March 31,2007	March 31,2008	March 31,2009	July 31,2009
A Fixed Assets						
Gross Block	101.37	116.64	1542.25	1921.80	1987.21	2018.50
Less: Depreciation	26.62	45.16	130.51	326.06	524.31	584.65
Net Block	74.75	71.48	1411.74	1595.74	1462.89	1433.85
Add: Capital Work in Progress	0.00	553.41	325.33	37.49	0.00	0.71
Less: Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
Net Block after adjustment for Revaluation Reserve and intangible assets (A)	74.75	624.89	1737.07	1633.23	1462.89	1434.57
B Investment(B)	0.37	0.37	0.37	0.37	0.37	0.05
C Current assets, loans and advances						
Inventories	125.31	157.99	469.10	855.01	962.84	978.71
Sundry debtors	294.29	471.68	1575.51	2448.67	2848.91	3272.88
Cash and bank balances	3.31	11.28	4.31	15.79	14.50	19.32
Other current assets	0.51	0.87	10.10	0.00	0.00	0.00
Loans and advances	22.98	96.25	80.47	48.74	541.79	508.88
Total(C)	446.40	738.07	2139.48	3368.21	4368.04	4779.78
D Liabilities and Provisions						
Secured loans	75.67	496.45	1512.27	2086.38	1995.88	2163.34
Unsecured loans	14.18	24.96	506.12	952.75	1104.75	1317.75
Deffered tax liability	23.17	19.14	27.12	0.00	0.00	0.00
Current liabilities & Provisions	115.42	262.35	886.73	384.35	601.27	442.52
Total(D)	228.44	802.90	2932.24	3423.48	3701.90	3923.62
E Net Worth (A+B+C-D)	293.07	560.43	944.68	1578.33	2129.41	2290.78
F Represented by:						
1 Share capital	79.50	494.17	586.55	810.00	1000.00	1000.00
Equity share capital						
2 Share application money	202.67	17.57	0.00	0.00	0.00	0.00
3 Reserves and Surplus	66.87	98.45	391.36	787.31	1173.88	1334.07
4 Less: Miscellaneous expenditure	55.97	49.76	33.23	18.97	44.47	43.29
Net Worth (1+2+3-4)	293.07	560.43	944.68	1578.33	2129.41	2290.78

SUMMARY STATEMENT OF PROFIT & LOSS, AS RESTATED

(Rs in Lacs)

	March 31,2005	March 31,2006	March 31,2007	March 31,2008	March 31,2009	July 31,2009
Income						
Sales						
Of the Items manufactured by the Company	0.00	0.00	1224.50	2573.72	2990.60	1112.95
Of the items traded by the Company	1614.04	1900.56	1793.96	2600.34	3065.86	985.82
Total Sales	1614.04	1900.56	3018.46	5174.06	6056.47	2098.77
Less :Excise Duty	0.00	0.00	0.00	0.00	0.00	0.00
Net Sales	1614.04	1900.56	3018.46	5174.06	6056.47	2098.77
Other Income	0.00	0.10	1.89	3.78	1.03	2.48
Increase (Decrease) in inventories	(58.37)	32.69	52.23	317.44	(1.01)	(33.44)
Total	1555.66	1933.35	3072.59	5495.28	6056.49	2067.80
Expenditure						
Material Consumed	0.00	0.00	762.89	1108.07	1166.63	452.02
Finished Goods Purchased	821.73	1412.86	1074.85	2590.45	2991.80	983.54
Manufacturing & Other Expenses	668.91	443.16	702.43	893.78	904.71	297.87
Interest And Finance Charges	9.66	10.14	95.27	288.02	337.73	91.70
Total	1500.30	1866.16	2635.43	4880.32	5400.87	1825.13
Profit/(Loss) before depreciation/Amortisations and tax	55.37	67.19	437.16	614.96	655.61	242.67
Depreciation	16.26	18.54	89.76	195.55	203.76	60.34
Preliminary Exp. W/Off	0.36	1.03	1.03	1.60	2.09	1.68
Deferred Revenue Expenditure W/Off	13.76	15.50	15.50	15.50	15.50	0.00
Net Profit before tax and extra-ordinary items	24.99	32.12	330.87	402.32	434.26	180.66
Provisions for taxes on income						
Current Tax	1.96	3.90	39.54	51.44	51.00	20.47
Deffered tax Liabilities/ (Assets)	17.24	(4.03)	7.98	(27.12)	0.00	0.00
Fringe Benefit Tax	0.00	7.88	8.86	11.47	5.22	0.00
Net Profit before extra-ordinary items	5.79	24.37	274.48	366.52	378.04	160.19
Extra ordinary Items (net of tax)						
IT paid in next years	(0.00)	1.79	0.00	0.00	0.00	0.00
Prior year Adjustments other than Income tax	0.00	0.00	0.00	0.00	(3.28)	0.00
Profit/(Loss) for the year as restated	5.79	22.58	274.48	366.52	381.31	160.19

THE ISSUE

Equity Shares offered	
Public Issue	75,00,000 Equity Shares
Of Which	
QIB Portion	Up to 50% of the Issue, i.e 37,50,000 Equity Shares of Rs.10 each for cash at a price of Rs.[●] per equity share aggregating to Rs.[●] lacs, (Allocation on proportionate basis) out of which 5% of the QIB Portion i.e. 1,87,500 Equity Shares 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 Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above Issue Price
Non Institutional Portion	At least 15% of the Issue i.e. 11,25,000 Equity Shares of Rs.10 each for cash at a price of Rs.[●] per equity share aggregating to Rs. [●] lacs, available for allocation to Non Institutional Bidders. (Allocation on proportionate basis)
Retain Portion	At least 35% of the Issue i.e. 26,25,000 Equity Shares of Rs.10 each for cash at a price of Rs.[●] per equity share aggregating to Rs.[●] lacs, available for allocation to Retail Individual Bidder(s). (Allocation on proportionate basis)
Equity Shares outstanding prior to the Issue	1,00,00,000 Equity shares of Rs.10 each
Equity Shares outstanding after the Issue	1,75,00,000 Equity Shares of Rs.10 each
Objects of the Issue	Please see the section entitled "Objects of the Issue" on page 19 of this Red Herring Prospectus.

- Under subscription, if any, in any category would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLM.

GENERAL INFORMATION

Syncom Healthcare Limited

Registered Office: 221, Vyapar Bhawan, P.D'Mello Road, Mumbai-400009, **Telefax:** +91-22-23725193

Corporate Office: "SYNCOM HOUSE", 293/2, Niranjapur, Dewas Naka, A. B. Road, Indore – 452 010,

Tel: +91-731-2577471-73, **Fax:** +91-731-2577470,

Email: ipo@syncomhealthcare.com, **Website:** www.syncomhealthcare.com

Contact person: Mr. Jagdish Chandra Paliwal, VP (Finance), Company Secretary & Compliance Officer

The Company was originally incorporated as Syncom Healthcare Limited on July 29, 2002 by Registrar of Companies, Maharashtra, Mumbai vide CIN:L51397MH2002PLC136652. The Certificate for Commencement of business was granted on August 2, 2002

Company Identification Number: L51397MH2002PLC136652

Registrar of Companies Office:

Registrar of Companies, Maharashtra, Mumbai
100, Everest, Marine Drive,
Mumbai- 400002

BOARD OF DIRECTORS OF THE COMPANY

Sr. No.	Name	Designation
1.	Mr. Ajay Bankda	Chairman Cum Managing Director
2.	Mrs. Jyoti Bankda	Whole Time Director
3.	Mr. Jagdish Prasad Bagaria	Non Executive Director
4.	Mr. Bharat Kumar Doshi	Non Executive & Independent Director
5.	Mr. Govind Das Pasari	Non Executive & Independent Director
6.	Mr. Avichal Kasliwal	Non Executive & Independent Director

For further details of Mr. Ajay Bankda & Mrs. Jyoti Bankda, refer the section titled "Our Promoters And Promoter Group" on page no. 88 and for brief profile of other members of the Board of Directors; refer the section titled "Our Management" on page no. 79 of this Red Herring Prospectus.

COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Jagdish Chandra Paliwal

Syncom Healthcare Limited
"Syncom House", 293/2, Niranjapur, Dewas Naka,
A.B. Road, Indore – 452 010
Tel: +91 731 2577471 - 73,
Fax: +91 731 2577470
Email: ipo@syncomhealthcare.com
Website: www.syncomhealthcare.com

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

BANKERS TO THE COMPANY

Bank of India

Khajarana Branch,
202, Saket, Indore
Tel: +91-731-2563555
Fax: +91-731-2560772
Email: khajarana.indore@bankofindia.co.in

ISSUE MANAGEMENT TEAM

BOOK RUNNING LEAD MANAGER

Chartered Capital And Investment Ltd

711, Mahakant,
Opp V S Hospital, Ellisbridge,
Ahmedabad 380 006,
Tel: +91-79-26575337, 26577571
Fax: +91-79-26575731
Email: syncom.ipo@charteredcapital.net
Investor grievance Id: investor.relation@charteredcapital.net
Website: www.charteredcapital.net
Contact person: Mr. Sagar Bhatt

SYNDICATE MEMBER

Chartered Capital And Investment Ltd

711, Mahakant,
Opp V S Hospital, Ellisbridge,
Ahmedabad 380 006,
Tel: +91-79-26575337, 26577571
Fax: +91-79-26575731
Email: syncom.ipo@charteredcapital.net
Website: www.charteredcapital.net
Contact person: Mr. Sagar Bhatt

REGISTRAR TO THE ISSUE

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West), Mumbai 400 078
Tel :+91-22- 25960320, Fax :+91-22- 25960329
E-mail: shl.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact person: Mr. Chetan Shinde

STATUTORY AUDITORS TO THE COMPANY

Sanjay Mehta & Associates

Chartered Accountants
204-06, Modi Tower,
MTH Compound,
Indore - 452001
Tel: +91-731-2433625/2542957
Fax: +91-731-2433625
Email: sanjayvimal@gmail.com
Contact Person: Mr. Sanjay Mehta

LEGAL ADVISOR TO THE COMPANY

P. Pal & Associates,

152/2, Banganga,
Indore (MP)
Tel: +91-731-2421441
Email: praveenpal@yahoo.com
Contact Person: Mr. Praveen Pal

ADVISOR TO THE COMPANY

Mr. Shyam S. Gupta
Chartered Accountants
305, Milindas Manor,
2 RNT Marg, Indore
Tel: +91-731-2525978, 4065978

Email: sguptaca2004@rediffmail.com

BANKERS TO THE ISSUE AND ESCROW COLLECTION BANKS

ICICI Bank Limited

Capital Markets Division,
30, Mumbai Samachar Marg,
Mumbai – 400 001
Tel: 91-22-2262 7600 / 2262 7702
Fax: 91-22-2261 1138 / 2262 7660
Email: venkataraghavan.t@icicibank.com
Website: www.icicibank.com
Contact Person: Mr.Venkataraghavan T A

Axis Bank Limited

Kamal Palace,
1, Yeshwant Colony,
Y.N.Road, Indore-452003.
Tel: 91-731- 4295305 / 4295222
Fax: 91-731-2436910
Email: saurav.agarwal@axisbank.com
Website: www.axisbank.com
Contact Person: Saurav Agarwal

IndusInd Bank Limited

IBL House, 1st Floor,
MIDC Cross Road B
Off Andheri Kurla Road,
Andheri (E), Mumbai – 400 059
Tel: +91-22-6772 8721
Fax: +91-22-6623 8021
E-mail: suresh.esaki@indusind.com
Website: www.indusind.com
Contact person: Mr. Suresh Esaki

Self Certified Syndicate Banks

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

INTER-SE ALLOCATION OF RESPONSIBILITIES OF THE BRLM

Since Chartered Capital And Investment Limited is the sole BRLM for this Issue, all the Issue related activities are handled by Chartered Capital And Investment Limited.

CREDIT RATING

As this is an issue of Equity Shares there is no credit rating for this Issue.

IPO GRADING

The Company has appointed CARE for the purpose of IPO Grading.

Credit Analysis & Research Limited
32, Titanium,
Praladnagar Corporate Road,
Satellite, Ahmedabad-380015.
Tel: +91-79-40265656
Fax: +91-79-40265657
Email: care.ahmedabad@careratings.com
Contact Person: Mr. Mehul Pandya

This Issue has been graded by CARE as “CARE IPO Grade 2”, indicating below average fundamentals through its letter dated June 29, 2009. For details in relation to the report of CARE furnishing rationale for the IPO grading, please refer to Annexure beginning on page 215 of this Red Herring Prospectus. Attention of the Investors is drawn to the disclaimer of CARE appearing on page 153 of the report of CARE.

TRUSTEES

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

MONITORING AGENCY

As the net proceeds of the Issue will be less than Rs. 50,000 Lacs, as per under the SEBI Regulations it is not required that a monitoring agency be appointed by our Company.

APPRAISING ENTITY

None of the objects of the issue has been appraised by any entity.

WITHDRAWAL OF THE ISSUE

The Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at anytime after the Bid/Issue Opening Date but before Allotment. If our Company withdraws from the Issue, it shall issue a public notice within two days of the closure of the Issue informing the reason. The notice shall be issued in the same newspapers where the pre-Issue advertisements have appeared and our Company shall also promptly inform the Stock Exchanges. If our 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.

BOOK BUILDING PROCESS

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

1. The Company.
2. The Book Running Lead Manager; and
3. The Syndicate Members who are intermediaries registered with SEBI or registered as brokers with the Stock Exchange (s) and eligible to act as underwriters. The BRLM appoints the Syndicate Members, and
4. The Registrar to the issue.
5. Self Certified Syndicate Banks

The SEBI Regulations has permitted an issue of securities to the public through the 100% Book Building Process, wherein (i) up to 50 % of the Issue shall be allocated on a proportionate basis to QIBs, including upto 5% of the QIB portion that 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 QIB Bidders, including Mutual Funds. Further, (ii) at least 15% of the Issue shall be available for allotment on a proportionate basis to Non Institutional Bidders and (iii) at least 35% of the Issue shall be available for allotment on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. We will comply with the SEBI Regulations for this Issue. In this regard, we have appointed the BRLM to procure subscriptions to the Issue.

QIBs are not allowed to withdraw their Bid(s) after the Bid /Issue Closing Date. In addition as per the recent amendments to the SEBI Regulations, QIBs are required to pay 10% margin amount upon submission of their Bids and the allocation to QIBs will be on a proportionate basis. For further details please refer the section titled “Terms of the Issue” on page 157 of the Red Herring Prospectus.

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

Steps to be taken by the Bidders for bidding:

- Check whether he/she is eligible for bidding;
- Bidder necessarily needs to have a demat account; and
- Ensure that the Bid cum Application Form/ASBA Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form/ASBA Form.

Illustration of Book Building and Price Discovery Process *(Investors should note that the following is solely for the purpose of illustration and is not specific to this Issue)*

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs. 20 to Rs. 24 per share, issue size of 1800 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the website of the BSE (www.bseindia.com) and NSE (www.nseindia.com) during the bidding period. The illustrative book as shown below shows the demand for the shares of our Company at various prices and is collated from bids from various investors.

Number of equity shares Bid for	Bid Price (Rs.)	Cumulative equity shares Bid for	Subscription
500	24	500	27.77%
1000	23	1500	83.33%
1500	22	3000	166.67%
2000	21	5000	277.77%
2500	20	7500	416.66%

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., Rs.22 in the above example. The issuer, in consultation with the BRLM will finalise the issue price at or below such cut off price i.e. at or below Rs.22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

Though the process of Book Building is not new now, investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue. Pursuant to SEBI Regulations, QIBs are not allowed to withdraw their Bids after Bid/ Issue Closing Date.

Bid/Issue Programme

**BID/ISSUE OPENS ON
BID/ISSUE CLOSES ON**

**JANUARY 27, 2010
JANUARY 29, 2010**

1. Closure time of the Stock Exchange bidding platform for entry of bids is 5.00 P.M..
2. On the day of closing, extension of time will be granted by Stock Exchange only for uploading the bids received from Retail Investors after taking into account the total number of applications received upto the closure of timings for acceptance of application forms as stated in Offer Document and reported by BRLM to the Exchange within half an hour of such closure.
3. Bids not uploaded in the book, would be rejected.
4. In case of discrepancy in the data entered in the electronic book vis a 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.
5. Standardization of cut-off time for uploading of bids on the bid / issue closing date.
 - a) A standard cut-off time of 3.00 P.M. for acceptance of bids
 - b) A standard cut-off time of 4.00 P.M. for uploading of bids received from non retail applicants i.e. QIBs and HNIs.
 - c) A standard cut-off time of 5.00 P.M. for uploading of bids received from retail applicants, which may be extended up to such time as deemed fit by Stock Exchanges.

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 **except that on the Bid/Issue Closing Date, when Bids shall be accepted only between 10.00 a.m and 3.00 p.m (Indian Standard Time).**

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00

p.m (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).

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

In case of revision in the Price Band, the Issue Period will be extended for three additional working days after revision of the Price Band, subject to the Bidding Period/Issue Period not exceeding 10 working 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 website of the BRLM and at the terminals of the syndicate.

UNDERWRITING AGREEMENT

After the determination of the Issue Price and prior to filing of the Prospectus with RoC, the Company, on its behalf, 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 members of the Syndicate do not fulfill their underwriting obligations.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:
(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with RoC)

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in lacs)
Chartered Capital And Investment Ltd 711, Mahakant, Opp V S Hospital, Ellisbridge, Ahmedabad 380 006, Tel: +91-79-26575337, 26577571 Fax No. : +91-79-26575731 Email: syncom.ipo@charteredcapital.net Website: www.charteredcapital.net Contact person: Mr. Sagar Bhatt [•]	[•] [•]	[•] [•]

The above-mentioned amount is indicative underwriting and would be finalized after pricing and actual allocation. The above Underwriting Agreement is dated [•].

In the opinion of our Board of Directors (based on a certificate dated [•] given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). The above Underwriting Agreement has been accepted by the Board of Directors acting through our Chairman and Managing Director, at their meeting held on [•], and we have issued letters of acceptance to the Underwriters.

In addition, in the opinion of the BRLM, the underwriters' assets are adequate to meet their underwriting obligations.

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 responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the underwriting agreement, will also be required to procure/subscribe to the extent of the defaulted amount. Allocation to QIBs is proportionate as per the terms of this Red Herring Prospectus.

CAPITAL STRUCTURE

The Share Capital Structure of our Company as on date of filing this Red Herring Prospectus with SEBI is as below:

(Rs in lacs)

	Share Capital	Aggregate Nominal Value	Aggregate Value at issue price
A.	Authorised Share Capital 2,00,00,000 Equity Shares of Rs.10 each	2000.00	
B.	Issued, Subscribed and Paid-Up Share Capital before the Issue 1,00,00,000 Equity Shares of Rs.10 each	1000.00	
C.	Issue in terms of this Red Herring Prospectus 75,00,000 Equity Shares of Rs.10 each	750.00	[•]
	Of which		
	(i) QIB Portion of up to 37,50,000 Equity Shares	375.00	[•]
	(ii) Non-Institutional Portion at least 11,25,000 Equity Shares	112.50	[•]
	(iii) Retail Portion of at least 26,25,000 Equity Shares	262.50	[•]
D.	Equity Share Capital after the Issue 1,75,00,000 Equity Shares of Rs.10 each	1750.00	[•]
E.	Share Premium Account Before the Issue After the Issue	66.12 [•]	

History of change in Authorised Capital

Date	No. of Shares	Face Value (Rs.)	Authorised Capital (Rs. In Lacs)	Particulars
July 29, 2002	50,000	10	5	On Incorporation
March 28, 2003	2,50,000	10	25	Increase
September 30, 2003	7,50,000	10	75	Increase
August 18, 2004	8,50,000	10	85	Increase
November 25, 2005	55,00,000	10	550	Increase
June 1, 2006	61,00,000	10	610	Increase
September 29, 2007	1,00,00,000	10	1000	Increase
June 25, 2008	2,00,00,000	10	2000	Increase

Our current authorised capital is sufficient to meet the requirements of the Public Issue.

Notes to Capital Structure

1. Share Capital history of the Company.

The current capital structure of the Company is built up as under.

Date of Allotment of Equity Shares.	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of payment	Reasons for allotment	Cumulative Total Shares	Cumulative paid up capital. (Rs. In Lacs)	Cumulative Share Premium (Rs. In Lacs)
July 29, 2002	50,000	10	10	Cash	Subscription to Memorandum	50,000	5.00	Nil
March 29, 2003	2,00,000	10	10	Cash	Further Issue to promoter	2,50,000	25.00	Nil
March 29, 2004	5,00,000	10	10	Cash	Further Issue to promoters	7,50,000	75.00	Nil
November 20, 2004	25,000	10	100	Cash	Private placement to non-promoters	7,75,000	77.50	22.50
March 30, 2005	20,000	10	100	Cash	Further Issue to promoter group	7,95,000	79.50	40.50

November 25, 2005	20,26,657	10	10	Cash	Further Issue to promoters	28,21,657	282.17	40.50
November 25, 2005	10,000	10	100	Cash	Further Issue to promoter group	28,31,657	283.17	49.50
December 10, 2005	21,10,000	10	10	Cash	Further Issue to promoters	49,41,657	494.17	49.50
June 1, 2006	9,05,370	10	10	Cash	Further Issue to promoters & promoter group	58,47,027	584.70	49.50
June 1, 2006	18,463	10	100	Cash	Further Issue to promoter group	58,65,490	586.55	66.12
October 25, 2007	22,34,510	10	10	Cash	Further Issue to promoters & promoter group	81,00,000	810.00	66.12
April 17, 2008	19,00,000	10	10	Cash	Further Issue to promoters	1,00,00,000	1000.00	66.12

2. Shareholding of the Promoters & Promoters Group and Lock-in

The Equity Shares that are being locked-in are not ineligible for computation of Promoter's contribution under Regulation 33 of the SEBI Regulations.

In this connection, as per Regulation 33 of the SEBI Regulations, the Company confirms that the minimum Promoter contribution of 20% which is subject to lock-in for three years does not consist of:

- Equity Shares acquired during the preceding three years for consideration other than cash and out of revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves or reserves without accrual of cash resources.
- Equity Shares acquired by the Promoters during the preceding one year, at a price lower than the price at which Equity Shares are being offered to public in the Issue.
- Private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.
- Equity Shares for which specific written consent has not been obtained from the respective shareholders for inclusion of their subscription in the minimum promoters' contribution subject to lock-in.

The following equity shares of promoters shall be locked-in for a period of three years:

Sr. No.	Name of Promoter	Date of Allotment/ Transfer/ Date when made fully paid up	No of Shares	Nature of issue (Cash, Bonus, Kind etc.)	Face Value	Issue / Purchase / Transfer Price	% Of Pre Issue Capital	% Of Post Issue Capital	Lock-in period
1	Mr. Ajay Bankda	November 25, 2005	794630	Allotment against cash	10	10			
		December 10, 2005	2050000	Allotment against cash	10	10			
		June 1, 2006	655370	Allotment against cash	10	10			
		Total	3500000				35	20	3 years

The lock-in shall start from the date of allotment in the proposed public issue & the last date of lock-in shall be reckoned as three years from the date of commencement of commercial production or the date of allotment in the public issue whichever is later. The Equity Shares to be locked-in for a period of three years have been computed as 20% of the equity capital after the issue. The Promoter has, vide his letter dated August 30, 2008 given his consent for lock-in as stated above.

The following equity shares of promoters shall be locked-in for a period of one year:

In terms of Regulation 36 (b) of the SEBI Regulations, in addition to 20% of post-issue shareholding of the Company held by the Promoters for three years, as specified above, the entire pre-issue issued equity share capital of the Company will be locked in for a period of one year from the date of allotment in this issue.

Promoters

Sr. No.	Name of Promoter	Date of Allotment/ Transfer/ Date when made fully paid up	No of Shares	Nature of issue (Cash, Bonus, Kind etc.)	Face Value	Issue / Purchase / Transfer Price	% Of Pre Issue Capital	% Of Post Issue Capital	Lock-in period
1	Mr. Ajay Bankda	July 29, 2002	25000	Subscription to Memorandum of Association	10	10			
		March 29, 2003	200000	Allotment against cash	10	10			
		March 29, 2004	250000	Allotment against cash	10	10			
		November 25, 2005	242206	Allotment against cash	10	10			
		October 25, 2007	500000	Allotment against cash	10	10			
		April 17, 2008	1500000	Allotment against cash	10	10			
		Total	2717206				27.17	15.53	1 year
2	Mrs. Jyoti Bankda	July 29, 2002	24770	Subscription to Memorandum of Association	10	10			
		March 29, 2004	250000	Allotment against cash	10	10			
		November 25, 2005	989821	Allotment against cash	10	10			
		December 10, 2005	60000	Allotment against cash	10	10			
		June 1, 2006	200000	Allotment against cash	10	10			
		October 25, 2007	1534510	Allotment against cash	10	10			
		April 17, 2008	400000	Allotment against cash	10	10			
		Total	3459101				34.59	19.77	1 year

Promoter Group

Sr. No.	Name of Promoter	Date of Allotment/ Transfer/ Date when made fully paid up	No of Shares	Nature of issue (Cash, Bonus, Kind etc.)	Face Value	Issue / Purchase / Transfer Price	% Of Pre Issue Capital	% Of Post Issue Capital	Lock-in period
1	Ajay Shankarlal Bankda (HUF)	June 1, 2006	50000	Allotment against cash	10	10			
			50000				0.50	0.29	1 year
2	Mr. Pratik Bankda	October 25, 2007	200000	Allotment against cash	10	10			
		June 30, 2008	30	Transfer from various persons*	10	10			
			200030						
* Transferred by Mr. V G Ahuja, Mr. Avinash Shivankar and Mr. Manish Kamdar of 10 Equity Shares by each of them.									
3	Mr. Jagdish Prasad Bagaria	July 29, 2002	100	Subscription to Memorandum of Association	10	10			
			100				0.00	0.00	1 year
4	Mrs. Uma Devi Bagaria	July 29, 2002	100	Subscription to Memorandum of Association	10	10			
			100				0.00	0.00	1 year
5	Mrs. Asha Ghuwalewala	March 30, 2005	20000	Allotment against cash	10	100			
		November 25, 2005	10000	Allotment against cash	10	100			

		June 30, 2008	25000	Transfer from Biowin Pharma (India) Ltd	10	10			
			55000				0.55	0.31	1 year
6	Mr. Aditya Ghuwalewala	June 1, 2006	18463	Allotment against cash	10	100			
			18463				0.18	0.11	1 year

As on date of this Red Herring Prospectus, none of the Equity Shares held by our Promoters have been pledged to any person, including banks and financial institutions.

The lock-in shall start from the date of allotment in the proposed public issue & the last date of lock-in shall be reckoned as one year from the date of commencement of commercial production or the date of allotment in the public issue whichever is later. The Promoters/promoter group have given, vide their letters dated June 28, 2008, August 25, 2008 and August 30, 2008 their consent for lock-in as stated above.

The Promoters' Contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as "Promoters".

The Promoters/promoter group have, vide their undertaking dated August 30, 2008 agreed not to sell/transfer/pledge/or dispose of in any manner, Equity Shares forming part of the Promoters' contribution from the date of filing of the Draft Red Herring Prospectus till the date of commencement of lock-in as per the SEBI Regulations.

Other requirements in respect of lock-in

In terms of Regulation 39 of the SEBI Regulations, the locked-in Equity Shares held by the Promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of such shares is one of the terms of sanction of loan. Further, the Equity Shares under the Promoters' Contribution may be pledged only if, in addition to fulfilling the above condition, the loan has been granted by such bank or financial institution for the purpose of financing one or more of the objects of the instant/present Issue.

In terms of Regulation 40 of the SEBI Regulations, the Equity Shares held by persons other than Promoters, prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Regulation 37 of the SEBI Regulations, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

Further, in terms of Regulation 40 of the SEBI Regulations, the Equity Shares held by the Promoters 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 lockin in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

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

3. The following Directors hold Equity Shares in their individual capacity, as on the date of this Red Herring Prospectus:

Sr. No.	Name of Director	No. of Equity Share
1	Mr. Ajay Bankda	62,17,206
2	Mrs. Jyoti Bankda	34,59,101
3	Mr. Jagdish Prasad Bagaria	100
	Total	96,76,407

4. Details of Shares held by Promoter and Promoter Group.

Sr. No.	Name of the Promoters/Promoter group	No. of shares
1.	Mr. Ajay Bankda	62,17,206
2.	Mrs. Jyoti Bankda	34,59,101
3.	Mr. Pratik Bankda	2,00,030

4.	Ajay Shankarlal Bankda (HUF)	50,000
5.	Mrs. Asha Ghuwalewala	55,000
6.	Mr. Aditya Ghuwalewala	18,463
7.	Mr. Jagdish Prasad Bagaria	100
8.	Mrs. Uma Devi Bagaria	100
	Total	1,00,00,000

5. Shareholding pattern of the Company.

The table below presents our shareholding pattern before and after the proposed Issue.

Particulars	Before the issue		After the issue	
	No. of shares	%	No. of shares	%
Promoters & Promoter's Group				
Promoters				
Mr. Ajay Bankda	6217206	62.17	6217206	35.53
Mrs. Jyoti Bankda	3459101	34.59	3459101	19.77
Sub Total (A)	9676307	96.76	9676307	55.29
Promoter's Group				
Mr. Pratik Bankda	200030	2.00	200030	1.14
Ajay Shankarlal Bankda (HUF)	50000	0.50	50000	0.29
Mrs. Asha Ghuwalewala	55000	0.55	55000	0.31
Mr. Aditya Ghuwalewala	18463	0.18	18463	0.11
Mr. Jagdish Prasad Bagaria	100	0.00	100	0.00
Mrs. Uma Devi Bagaria	100	0.00	100	0.00
Sub Total (B)	323693	3.24	323693	1.85
Sub Total (A + B)	10000000	100.00	10000000	57.14
Public Shareholders	0	0.00	7500000	42.86
Sub Total (C)	0	0.00	7500000	42.86
Total (A + B + C)	10000000	100.00	17500000	100.00

6. Equity Shares held by top ten shareholders

The list of top 10 shareholders of the Company and the number of Equity Shares held by them on the date of filing of this Red Herring Prospectus with ROC is as under:

Sr. No.	Name of Shareholder	No. of Shares	% of the paid up capital
1	Mr. Ajay Bankda	6217206	62.17
2	Mrs. Jyoti Bankda	3459101	34.59
3	Mr. Pratik Bankda	200030	2.00
4	Ajay Shankarlal Bankda (HUF)	50000	0.50
5	Mrs. Asha Ghuwalewala	55000	0.55
6	Mr. Aditya Ghuwalewala	18463	0.18
7	Mr. Jagdish Prasad Bagaria	100	0.00
8	Mrs. Uma Devi Bagaria	100	0.00
	Total	10000000	100.00

The list of top 10 shareholders of the Company and the number of Equity Shares held by them 10 days prior to the date of filing of this Red Herring Prospectus with ROC is as under:

Sr. No.	Name of Shareholder	No. of Shares	% of the paid up capital
1	Mr. Ajay Bankda	6217206	62.17
2	Mrs. Jyoti Bankda	3459101	34.59

3	Mr. Pratik Bankda	200030	2.00
4	Ajay Shankarlal Bankda (HUF)	50000	0.50
5	Mrs. Asha Ghuwalewala	55000	0.55
6	Mr. Aditya Ghuwalewala	18463	0.18
7	Mr. Jagdish Prasad Bagaria	100	0.00
8	Mrs. Uma Devi Bagaria	100	0.00
	Total	1000000	100.00

The list of our top 10 shareholders and the number of Equity Shares held by them two years prior to the date of filing of this Red Herring Prospectus with ROC is as under:

Sr. No.	Name of Shareholder	No. of Shares	% of the paid up capital
1	Mr. Ajay Bankda	4717206	58.24
2	Mrs. Jyoti Bankda	3059101	37.77
3	Mr. Pratik Bankda	200000	2.47
4	Ajay Bankda (Huf)	50000	0.62
5	Mrs. Asha Guhalewala	30000	0.37
6	M/S Biowin Pharma (India) Limited	25000	0.31
7	Mr. Aditya Guhalewala	18463	0.23
8	Mr. Jagdish Prasad Bagaria	100	0.00
9	Mrs. Uma Devi Bagaria	100	0.00
10	Mr. Avinash Shivankar	10	0.00
11	Mr. Manish Kamdar	10	0.00
12	Mr. V.G. Ahuja	10	0.00
	Total	8100000	100.00

7. There have been no transactions in the Company's Equity Shares by the Promoters/Promoter Group and the Directors of the Company during a period of six months preceding the date of filing of this Red Herring Prospectus with ROC.
8. Neither the Company, its Promoters, its Directors, nor the BRLM have entered into any buy-back and/or standby arrangements for purchase of Equity Shares of the Company offered through this Red Herring Prospectus.
9. A Bidder cannot make a bid for more than the number of Equity Shares offered through the issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
10. Up to 50% of the issue, i.e. 37,50,000 Equity Shares aggregating to Rs. [●] lacs shall be available for allocation to QIBs, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for Allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. At least 15% of the Issue, i.e. 11,25,000 Equity Shares aggregating upto Rs. [●] lacs shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 35% of the Issue, that is 26,25,000 Equity Shares aggregating upto Rs. [●] lacs 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.
11. Under-subscription, if any, in any category would be met with spill over from other categories or combination of other categories at the sole discretion of our Company in consultation with the BRLM. In case of inadequate demands from the Mutual Funds, the Equity Shares would be made available to QIBs other than Mutual Funds.
12. In case of over-subscription, allotment will be on proportionate basis as detailed in Para on "Basis of Allotment". An over-subscription to the extent of 10% of the Issue Size can be retained for the purpose of rounding off to the nearer multiple of 90 Equity Shares (which is minimum allotment lot), while finalizing the allotment.
13. The Company has not raised any bridge loan against the proceeds of the Issue.
14. Our Company does not have any ESOS/ESPS scheme for our employees and we do not intend to allot any shares to our employees under ESOS/ESPS scheme from the proposed issue. As and when, options will be granted to our employees under the ESOP scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Plan) Guidelines 1999.
15. The company presently does not have any intention or proposal to alter its capital structure for a period of six months from the date of opening of the issue, by way of split/consolidation of the

denomination of Equity Shares or further Issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, except that the company may issue options to its employee pursuant to any employee stock option plan, or if the company goes for acquisitions, joint ventures or strategic alliances, subject to necessary approvals, it might consider raising additional capital to fund such activity or use share as currency for acquisition and/or participation in such joint venture or strategic alliance or for regulatory compliances.

16. All the existing Equity Shares of the Company are fully paid up. The Equity Shares issued pursuant to the Issue shall be fully paid-up at the time of Allotment.
17. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Draft Red Herring Prospectus to SEBI until the Equity Shares issued/ to be issued pursuant to the Issue have been listed.
18. The company has not issued any Equity shares out of revaluation reserves or for consideration other than cash.
19. At any given point of time, there shall be only one denomination for the Equity Shares of the Company. The Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
20. The company has 8 members as on the date of filing of the Red Herring Prospectus with ROC.
21. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares.

OBJECTS OF THE ISSUE

The objects of the Issue are set forth below:

- To set up our new manufacturing unit at Indore SEZ for manufacturing of various pharmaceuticals formulations
- To undertake the upgradation/modernization of manufacturing facilities at Dehradun Plant
- To Meet Working Capital Requirements
- To set up an Export Office at Mumbai
- To undertake “Brand & Product Registration and Approval”
- To meet General Corporate Purpose: and
- To meet Issue Expenses

Additionally we are seeking to achieve the benefits of listing, which we believe, would enhance our brand equity and provide liquidity to our shareholders.

The main objects clause of our Memorandum of Association enables us to undertake the activities proposed pursuant to the objects of the Issue, for which the funds are being raised pursuant to this Issue. Our existing activities are within the ambit of the objects clause of the Memorandum of Association of our Company.

The fund requirements and the intended use of the Issue Proceeds as described herein are based on management estimates and our current business plans. The fund requirements and intended use of Issue Proceeds have not been appraised by any bank or financial institution. In view of the competitive and dynamic nature of the industry, we may have to revise our expenditure and fund requirements as a result of variations in the cost structure, changes in estimates, exchange rate fluctuations and external factors, which may not be within the control of our management. This may entail rescheduling and revising the planned expenditure and fund requirement and increasing or decreasing the expenditure for a particular purpose from its planned expenditure at the discretion of our management subject to compliance of various applicable rules & regulations. In addition, the estimated dates of completion of various projects as described herein are based on management's current expectations and are subject to change due to various factors, some of which may not be in our control.

Funds Requirement

The proceeds of this Issue are to be utilized for the following activities (collectively referred to as the “Project”):

(Rs in Lacs)

Activity	Total Fund requirement	Fund already deployed*	Estimated schedule of deployment of Balance fund	
			2009-10	2010-11
To set up our new manufacturing unit at Indore SEZ	2048.00	0.00	350.00	1698.00
To undertake the Upgradation/modernization of manufacturing facilities at Dehradun Plant	662.00	66.09	348.91	247.00
To meet Working Capital Requirements	1500.00	0.00	600.00	900.00
For opening Export Office at Mumbai	400.00	0.00	300.00	100.00
For “Brand & Product Registration and Approval”	300.00	0.00	75.00	225.00
General Corporate Purpose	[●]	0.00	[●]	[●]
Issue Expenses	[●]	57.98	[●]	[●]
Total	[●]	124.07	[●]	[●]

* Certified as per Auditor's Certificate dated November 15, 2009.

Means of finance

We intend to finance the fund requirement for Objects of the Issue in the following manner:

(Rs. in Lacs)

Manner of Funding	Amount of Funding
IPO Proceeds	[●]

Internal Accruals	[•]
Total	[•]

As the Company will arrange the funding for the objects of the issue through issue proceeds only (other than the internal accruals), Regulation 4 (2) (g) of the SEBI Regulations regarding confirmation for firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through proposed Public issue, is not applicable to the company.

(A) To set up our new manufacturing unit at Indore SEZ for manufacturing of various pharmaceuticals formulations

The details mentioned hereunder are as per the Project Report prepared by Doshi Consultants Private Limited, Indore (in which Mr. Bharat Kumar Doshi, director of the company is director) for setting up formulation manufacturing facility as per USFDA / MHRA / WHO-cGMP regulatory requirements at Indore SEZ.

OBJECTIVE

To create an ultra modern facility as per USFDA/ MHRA/ WHO-cGMP and International regulatory requirements in different dedicated blocks, Block I - GENERAL Solid Dosages in the form of Tablets & Capsules and Block II - Cephalosporine products like Tablet & Dry Syrup.

PRODUCTION CAPACITY

BLOCK I - GENERAL BLOCK

(Production Capacity assumed on 300 working days per year with per shift basis)

Tablet	10000 Lacs per year
Capsule	1500 Lacs per year

Note: Sustained Release Tablet/Capsule included in above capacity.

BLOCK II - CEPHALOSPORINE BLOCK

Tablet	4500 Lacs per year
Dry Syrup	75 Lacs per year

PROPOSED AREA

Recommended Plot Area for the Manufacturing Facility: 30,000 Square Meters

CONSTRUCTION AREA

General Block-I	2,500 Sq. Mt.
Cephalosporine Block-II	1,500 Sq. Mt.
Utility Block	300 Sq. Mt.
Security Office/ Miscellaneous Building	100 Sq. Mt.
Admin Block/ QC/Product Development Lab	1000 Sq. Mt.
Central Ware House	1,200 Sq. Mt.

Cost of Indore SEZ Project

Sr. No.	Particulars	Total (Rs. In Lacs)
1	Land Cost 300000 Sq Ft. @ Rs. 80/ Sq. Ft	240.00
2	Civil Work For Building & Utilities	588.00
3	Cost Of HVAC Work	148.00
4	Cost Of Utilities	184.25
5	Cost Of Electrification Work	81.50
6	Cost Of Pharma Machines	
	General Block	549.87
	Cephalosporin Block	206.05

7	Miscellaneous Cost (Technical, Registration, Consultant, Deposit, Office Equipment/ Furniture etc)	50.33
	TOTAL	2048.00

Cost of Land

The Indore SEZ is presently having land in Pithampur in the Dist. Dhar which is around 40 KM away from Indore. The land and all other infrastructure facilities are made available by MPAKVN (Madhya Pradesh Audhyogik Kendra Vikas Nigam Limited). The land is made available by MPAKVN on lease basis. The land is made available by them @ Rs.80 per square feet and it is presently easily available in the area. A number of reputed pharma industries also acquired the land for setting up their Pharma project in SEZ some of which are CIPLA, LUPIN, Plethico, etc. The proposed land will be well connected by good Road, Power, Water connection and other infrastructure developed and maintained by MPAKVN. The Pithampur is also having dry port and container handling facilities provided by the Container Corporation of India to assist the Exporters in logistic services. The Pithampur is also directly connected with the Indore Air Port with a dedicated by pass Road. No approval is required to be obtained from any regulatory authority for this land.

Details of the Civil Construction Work are as under:

PARTICULARS	AREA (Sq. Mtr)	RATE (Rs/sq. mtr)	AMOUNT (Rs. In Lacs)
Main Pharma Building General Block	2500	6,000	150.00
Cephalosporin Block	1500	7,000	105.00
Clean Room Modular Panel For Pharma Production Area	1000	12,000	120.00
Ware House	1200	5,000	60.00
Utility Block	300	5,000	15.00
Security Office/ Miscellaneous Building	100	6,000	6.00
Admin Block/ QC/Product Development Lab	800	7,000	56.00
Septic Tank/ETP			12.00
Misc. Str (Parking/Scrap Yard/ Solvent/Service Bridge, HT Yard Etc)			14.00
Water Storage Tank			10.00
Solvent Store Shed			5.00
Entrance Gate & Boundary Wall			15.00
Land Development, Garden & Road			20.00
Total	7400		588.00

Details of the HVAC Work for both the blocks are as under:

Sr. No	DESCRIPTION	Total (Rs. In Lacs)
1	Chiller & AHU's	50.00
2	Ventilation Units	10.00
3	Pump Sets Cold Water, Pump Water/ Brine & Cooling Tower	10.00
4	Ducting & Ducting Insulation	16.00
5	Piping & Pipe Insulation	15.00
6	Filter Pre/Hepa	10.00
7	Magnahaulic Gauges	2.00
8	Diffusers/ Grills	2.00
9	Perforated Plate	5.00
10	Control System & Control & Power Wiring/ Cabeling/ Earthing	15.00
11	Miscellaneous Items	5.00
12	Electrical Control Panel For	8.00
	A) Main Plant Room, Chiller+ Pump Sets+ Cooling Tower	
	B) AHU'S Panel & Unit Panel	
	TOTAL	148.00

Details of the cost of Utilities are as under:

Sr. No.	UTILITY EQUIPMENT	Total (Rs. In Lacs)
1	Boiler With Chimney	11.00

2	FO Storage Tank 15 KI X 2	10.00
3	FO Day Tank And Piping	3.65
4	Feed Water Day Tank	1.60
5	Air Compressor, Air Drier, Air Receiver And Air Filters -2nos.	22.00
6	ETP Equipments	12.00
7.	Purified Water System With Piping	30.00
8.	GI & MS Piping	15.00
9.	Pump Sets	15.00
10.	Dust Extraction Unit	10.00
11.	Vacuum System	5.00
12.	Air Curtains/ Insectocutor	6.00
13.	Pure Steam Generator 100 Ltr X 1	12.00
14.	Building Management System & Security & Safety Access Control/Door Interlocking, CCTV, Telephone, Music Etc.	8.00
15.	Fire Fighting System With Detection	15.00
16.	Hot Water Generation System	8.00
	TOTAL	184.25

Details of the cost of Electrification work are as under:

Sr. No.	Description	Total (Rs. In Lacs)
1	Power Transformer	10.00
2	HT VCB Panel & HT/ LT Cable	9.00
3	LT PCC & Other Panels	5.00
4	Switch Yard	5.00
5	LDB & PDB	5.00
6	Light Fittings & Fixtures	4.00
7	Point Wiring/ Circuit Wiring	4.00
8	Earthing Network	5.00
9	Cable Trays	3.00
10	Power Outlets & Miscellaneous, Items	5.00
11	Diesel Generator	26.50
	TOTAL	81.50

Details of the cost of various machineries for General Block are as under:

Sr. No.	Particular of Machinery	Qty.	Rate (Rs. in lacs)	Total Cost (Rs. in lacs)	Name of The Supplier	Date of order/ quotation
1.	Sifter 30" dia (Solace)	2	2.50	5.00	S.K. Pharma Machinery Pvt. Ltd.	31.07.2008
2.	RMG with Loader & Lifter(Prism)	2	13.50	27.00	S.K. Pharma Machinery Pvt. Ltd.	31.07.2008
3.	Paste Making Kettle-150 Ltrs.	2	2.10	4.20	S.K. Pharma Machinery Pvt. Ltd.	31.07.2008
4.	Fluid Bed Dryer with Tipper & 2 Product Bowl (Solace)	2	23.50	47.00	S.K. Pharma Machinery Pvt. Ltd.	31.07.2008
5.	Blender (Solace)	2	12.00	24.00	S.K. Pharma Machinery Pvt. Ltd.	31.07.2008
6.	Multimill/ Cadmill (Solace)	2	2.70	5.40	S.K. Pharma Machinery Pvt. Ltd.	31.07.2008
7.	Bins (Prism)	6	1.50	9.00	S.K. Pharma Machinery Pvt. Ltd.	31.07.2008
8.	Palletizer	1	7.50	7.50	Elecon Pharma	01.08.2008
9.	Fluid Bed Processor (For general & sustained release) (Solace)	1	23.50	23.50	S.K. Pharma Machinery Pvt. Ltd.	31.07.2008
10.	Tablet Compression Machine with PLC & Tablet Deduster				FLUID PACK	04.08.2008

	45-Station Type B-Tooling	1	13.85	13.85		
	55- Station Type B-Tooling	1	25.02	25.02		
	37- Station Type- D Tooling	1	16.85	16.85		
	35- Station Type- B Tooling	1	7.58	7.58		
	25- Station Type- D Tooling	1	7.58	7.58		
11.	IPQC Equipments i.e. Friability Test, Leak Test Appartus, Hardness Test, Vernier Caliper, Disintegration Test, Metler Balance with Printer, IR Moisture Balance.	1 LOT	7	7.00	S.K. Traders	01.08.2008
12.	Pallets 1.2MX1 Meter	300	0.03	9.00	Kaushal Graphics	21.07.2008
13.	Autocoater with PLC control with accessories	1	32.00	32.00	Pharmaceutical Machinery Mfg.Works	12.07.2008
14.	Solution Preparation Vessels	2	3.25	6.50	S.K. Pharma Machinery Pvt. Ltd.	31.07.2008
15.	Colloidal Mill	1	1.50	1.50	Elecon Pharma	01.08.2008
16.	Tablet Inspection Belt with Metal detector	4	2	8.00	Elecon Pharma	01.08.2008
17.	Blender (for Capsule) (Solace)	1	20.09	20.09	S.K. Pharma Machinery Pvt. Ltd.	31.07.2008
18.	Sifter 30" dia	1	2.50	2.50	S.K. Pharma Machinery Pvt. Ltd.	31.07.2008
19.	Capsule filling machine along with sorter, loader, filling & sealing & polishing & inspection & online sampling-AF-90	1	28	28.00	Pharmaceutical Machinery Mfg. Works	12.07.2008
20	Alu-Alu cold forming tablet packing machine Precision	1	16	16.00	Accurate Machines	10.08.2008
21.	Blister packing machine with PLC control & with NFD & with Collator Captech	5	7	35.00	Brajesh Packaging Sales	07.08.2008
22.	Packing Conveyors	6	1.50	9.00	S.K. Pharma Machinery Pvt. Ltd.	31.07.2008
23.	Shrink Packing Machine	2	2.5	5.00	Brajesh Packaging Sales	07.08.2008
24.	QC EQUIPMENTS INCLUDE TOC, HPLC, DFTIR, UV Spectro Photometry, Particle Analyser, Instrument Lab Equipments, Chemical Lab Equipments, Incubator, Environmental Chambers, Walkin	1 LOT	50	50.00	S.K. Traders	01.08.2008

	stability study Chamber, Laboratory Furniture, Sterility & Testing L.A.F., Microbiological Lab Equipments, Ovens, Incubators					
25.	Warehouse Pallets, Racks, stackers, doc leveler. Pallet truck etc	1 Lot	15	15.00	Kaushal Graphics	21.07.2008
26.	Production Development labouratory with all equipments	1 Lot	15	15.00	Chamunda Pharma Machienry Pvt.Ltd.	25.07.2008
27.	Strip Sealing Machine	4	2.2	9.00	Brajesh Packaging Sales	07.08.2008
28.	Cartoonator	2	9	18.00	Brajesh Packaging Sales	07.08.2008
29.	Inkjet Printer (Domino)	3	2	6.00	Domino Printech India Private Limited	01.08.2008
30.	Dry Heat Sterlizer	1	7.80	7.80	S.K. Pharma Machinery Pvt. Ltd.	31.07.2008
31.	Miscellaneous Items:			26.00	No Quotations for Misc. Items	
	IR Drier with Mobile Trolley	1	1.5			
	Dies & Punches maintenance kit	1	1.5			
	On line Contact Coder for cartons	6	1			
	Over printing Machine (Off line) 1 for Label & 1 for Carton.	1	1			
	BOPP taping machine with coding ITW Signode.	4	1			
	Check Weigher	4	2.5			
	Automatic Bin Washer with PLC control	1	2			
	Total			549.87		

No order has been placed for any of the machineries mentioned above.

Details of the cost of various machineries for Cephalosporin Block are as under:

Sr. No.	Particulars of Machinery	Qty.	Rate (Rs. in lacs)	Total cost (Rs. in lacs)	Name of the supplier	Date of order/ quotation
1.	Sifter 30" dia (Solace)	1	2.50	2.50	S.K. Pharma Machinery Pvt. Ltd.	31.07.2008
2.	RMG with Loader & Lifter (Prism)	1	12.00	12.00	S.K. Pharma Machinery Pvt. Ltd.	31.07.2008
3.	Paste Making Kettle- 150 Ltrs.	1	2.10	2.10	S.K. Pharma Machinery Pvt. Ltd.	31.07.2008
4.	Fluid Bed Dryer with Tipper & 2 Product Bowl (Solace)	1	23.50	23.50	S.K. Pharma Machinery Pvt. Ltd.	31.07.2008
5.	Blender (Solace)	1	12.00	12.00	S.K. Pharma Machinery Pvt. Ltd.	31.07.2008
6.	Multimill/ Cadmill	1	2.70	2.70	S.K. Pharma Machinery Pvt. Ltd.	31.07.2008
7.	Bins	3	1.50	4.50	S.K. Pharma Machinery Pvt. Ltd.	31.07.2008

8.	Tablet Compression Machine with PLC & Tablet De-duster	2	13.85	27.70	S.K. Pharma Machinery Pvt. Ltd.	31.07.2008
9.	Pallets 1.2MX1 Meter	100	0.03	3.00	Kaushal Graphics	21.07.2008
10.	Auto-coater with PLC control with accessories	1	32.00	32.00	Pharmaceutical Machinery Mfg. Works	12.07.2008
11.	Tablet Inspection Belt with Metal detector	2	2	4.00	Elecon Pharma	01.08.2008
12.	Blender (for Capsule)	1	15.00	15.00	S.K. Pharma Machinery Pvt. Ltd.	31.07.2008
13.	Sifter 30" dia	1	2.50	2.50	S.K. Pharma Machinery Pvt. Ltd.	31.07.2008
14.	Alu-Alu cold forming tablet packing machine Pam Pac/PG	1	16	16.00	Accurate Machines	10.08.2008
15.	Blister packing machine with PLC control & with NFD & with Collator Captech	2	7.00	14.00	Brajesh Packaging Sales	07.08.2008
16.	Dry Syrup Bottle filling sealing complete line(Ace Technology)	1	12.75	12.75	Anchor Mark Pvt. Ltd.	19.07.2008
17.	Packing Conveyors	2	1.5	3.00	S.K. Pharma Machinery Pvt. Ltd.	31.07.2008
18.	Shrink Packing Machine	1	2.5	2.50	Brajesh Packaging Sales	07.08.2008
19.	Miscellaneous Items			14.30	No quotation as Misc. Items	
	Over printing Machine (Off line) 1 for Label & 1 for Carton.	1	1.00			
	BOPP taping machine with coding ITW Signode.	2	1.00			
	Check Weigher	1	1.30			
	IPQC Equipments i.e. Friability Test, Leak Test Apparatus, Hardness Test, Vernier Caliper, Disintegration Test, Metler Balance with Printer, IR Moisture Balance.	1	3.00			
	Automatic Bin Washer with PLC control	1	3.00			
	IR Drier with Mobile Trolley	1	1.50			
	Dies & Punches maintenance kit	1	1.50			
	On line Contact Coder for cartons	1	1.00			
	TOTAL			206.05		

No order has been placed for any of the machineries mentioned above.

Miscellaneous Cost

In addition, cost towards Technical Project Consultant Fees, Project Management Cost, Office Furniture and Gadgets, Vehicle, Product Development fees, Liasoning Fees for approval, Government Deposits and approval cost, Foreign Consultants Fees, Foreign Registration Fees is estimated at Rs.50.33 lacs.

Power Requirement

Power requirement for the proposed facility is estimated to be 800 KVA and the necessary agreement with the local electricity board will be entered into at the relevant point of time.

Water Requirement

Water requirement for the proposed manufacturing facility at Indore SEZ is estimated at 25000 litre per day and the same will be provided by Madhya Pradesh Audhyogik Kendra Vikas Nigam Limited (MPAKVN).

Manpower Requirement

The manpower required for various activities in the new proposed facility at Indore SEZ is estimated as under:

Nature of function	No of employees required
Production Manager cum Works Manager	1
Production Supervisor / Officer	2
Production Operator	15
Packing (semi-skilled)	22
QC Manager	1
QC Chemist / Analyst	6
QA/ Documentation	2
Engineering Manager	1
Engineer Supervisor	2
Technician / Plant Operator	6
Electrician	3
Store Incharge	1
Store Supervisor	2
Helpers (un-skilled)	4
House Keeping Supervisor	1
Helper (un-skilled)	4
Security	8
Personnel / Administration	2
Account	2
Purchase	2
Total	87

The requisite manpower is easily available in the nearby location.

(B) To undertake the Upgradation/modernization of manufacturing facilities at Dehradun Plant

For undertaking the upgradation/modernization at Dehradun Plant, the total funds requirement is estimated to be Rs.662.00 lacs. The details of cost of upgradation/modernization are under:

(Rs. in lacs)	
Particulars	Amount
Civil Work	120.00
Plant & Machineries	417.00
WHO Certification & Product Registration	125.00
Total	662.00

Civil Work

(Rs. in lacs)	
Particulars	Amount

Alluminium Work, Elevation, Temporary Sheds, etc.	100.00
Painting	20.00
Total	120.00

The details of plants & machinery required for upgradation/modernization at Dehradun plant are as under:

(Rs. in lacs)

Sr. No.	Particulars of Machinery	Qty.	Rate (Rs. in lacs)	Total cost (Rs. in lacs)	Name of the supplier	Qty. ordered	Qty. received	Date of order/ quotation	Date/ expected date of supply
1	ALU-ALU Blister Packing Machines	1	16.00	16.00	Accurate Machines	Nil	Nil	10.08.2008	
2	Material Handling Equipments			15.00	Crystal Automation Private Limited	Nil	Nil	29.08.2008	
3	Lab Equipments			25.00	S.K. Traders	Nil	Nil	01.08.2008	
4	Dehumidifier & Air Conditioning (For WHO Certification)			175.00	Maxcool Technology	Nil	Nil	30.08.2008	
5	Auto Coater (Tablet)	1	32.00	32.00	Pharmaceutical Machinery Mfg. Works	Nil	Nil	12.07.2008	
6	Cartoonator (Tablet)	4	9.00	36.00	Brajesh Packaging	Nil	Nil	07.08.2008	
7	Cartoonator (Liquid)	1	9.00	9.00	Brajesh Packaging	Nil	Nil	07.08.2008	
8	Laser Printer	2	4.00	8.00	Domino Printech	Nil	Nil	01.08.2008	
9	Material Handling Equipments-Compression			10.00	Crystal Automation Private Limited	Nil	Nil	29.08.2008	
10	Fully Automatic Liquid filling line for external preparation			22.00	Pharma Tech	Nil	Nil	29.08.2008	
11	Upgradation of External Preparation (From 500 Litres to 1000 Litres)			22.00	Pharma Tech	Nil	Nil	29.08.2008	
12	Boiler 850 kgs.	2	6.00	12.00	Indicon Boiler	1	1	22.01.2008	03.05.2008
13	Misc. Fixed Assets			26.00	Non quotation Items	Nil	Nil		
14	Servo Stabilizer			9.00	Globe Rectifier	1	1	10.05.2008	02.08.2008
	Total			417.00					

The Company neither has purchased nor proposes to purchase any second hand machinery for any of the objects of the issue mentioned above.

(C) To meet Working Capital Requirements

Presently our company is availing the working capital facilities for the existing operations from the Bank of India as stated in the section "Financial information of the Company" beginning on page no. 104 of this Red Herring Prospectus. These limits and our internal accruals are adequate to meet our existing working capital requirement. However, the Company will utilize a part of the Issue proceeds to meet long term working capital requirement for Indore SEZ Unit and up gradation of the existing Unit at Selaqui, Dehradun which has been estimated as under:

(Rs. In Lacs)

PARTICULARS	DAYS	F.Y. 2008-09 (Audited)	F.Y.2009-10 (estimates)	F.Y.2010-11 (estimates)
Raw material & Packing Materials	90/60	374.97	547.40	896.52
Work in progress	30	153.17	245.63	551.92

Finished Goods	45	360.55	590.24	1047.27
Gift Items		74.15	75.00	80.00
Total Inventories (A)		962.84	1458.27	2575.71
Receivable	120/ 90	2848.91	2928.11	2939.68
Advance and Deposits		541.78	550.00	550.00
Total Receivable (B)		3390.69	3478.11	3489.68
Other current Assets (C)				
Total current Assets (D)		4353.53	4936.37	6065.40
Less: Creditors	30	457.35	373.63	339.69
Other Current Liabilities		143.92	135.00	140.00
Total Current Liabilities (E)		601.27	508.63	479.69
Net Working Capital Requirement (D-E)		3752.26	4427.75	5585.71
Funding Pattern				
Bank Borrowing		1225.00	1225.00	1225.00
Internal Accrual		2527.26	2602.75	3460.71
Proposed to be funded from Public Issue		0.00	600.00	900.00
Total Funding		3752.26	4427.75	5585.71

(D) For Brand & Product Registration and Approval

For export of the pharma products, it is mandatory to get the products Registered and approved from the authorities of the countries in which the products are proposed to be exported. The Brands also need to be approved and registered to ensure smooth marketability and to stop infringement and copy of our products and to get the legal validity of the products. In order to export the pharma products in South – East Asia, neighboring countries like, Nepal, Bangladesh, Sri Lanka, Bhutan, etc. CIS Countries i.e. Russia, Kazakhstan, Uzbekistan, etc. and Third World Countries like Nairobi, Tanzania, Zaire, Mozambique, Kenya, etc., the Company has to obtain the WHO Certifications. For making exports to Europe, MHRA certification needs to be obtained. For making exports to USA the company needs to obtain the USFDA certifications. The company has estimated that for brand & product registration and approval, the company will incur approximately Rs.300.00 lacs.

(E) To set up an Export Office at Mumbai

In order to have easy access with the global market to export the pharma products, smooth logistic services and also to comply with the legal and other formalities, it is essential to have an export office in Mumbai. Presently we are having a small Registered Office at Mumbai, which is not sufficient to cope up with our requirements. To overcome with this situation the company has proposed to have an office admeasuring around 1500 square feet area to take care of our administrative needs and also to take care of our global marketing requirements. The company has estimated that to set up export office at Mumbai, the company will incur approximately Rs.400.00 lacs.

The Company is planning to purchase a Commercial Space between Vile Parle to Andheri admeasuring 1500 Sq. Feet area with a cost of Rs. 350 Lacs. The Cost of Rs. 350 Lacs is the cost of space in Building. The Cost of Furniture, Fixtures, Office Equipments & Fittings is estimated to Rs. 50 Lacs.

GENERAL CORPORATE PURPOSES

In accordance with the policies set up by the Board, the Company proposes to retain flexibility in applying Issue Proceeds for general corporate purpose, including strengthening of our marketing capabilities, brand building exercises and upgradation of Infrastructure.

Our management will have the flexibility in utilizing these proceeds under the overall guidance and policies laid down by our Board.

ISSUE EXPENSES

The total expenses of the Issue are estimated to be approximately Rs.[●] lacs. The expenses of the Issue include, among others, underwriting and issue management fees, selling commission, printing and distribution expenses, advertisement expenses and listing fees. All expenses with respect to the Issue will be allocated on the following basis:

Sr. No.	Activity	Total (Rs. in Lacs)
1.	Lead management fees, underwriting and selling commission*	[●]
2.	Advertising and marketing expenses*	[●]
3.	Printing and stationery, including transportation costs*	[●]
4.	Others (Registrar's fee, Legal Advisor, listing fees etc.)*	[●]
5.	Fees payable to Rating Agency*	[●]
	Total estimated Issue expenses*	[●]

* will be incorporated after the issue price is finalized.

Schedule of Implementation

Items Description	Commencement	Completion
To set up our new manufacturing unit at Indore SEZ		
Land Acquisition	February, 2010	March, 2010
Civil work for building etc	April, 2010	September, 2010
Delivery of machinery & various other equipments	August, 2010	October, 2010
Commencement of commercial production		December, 2010
To undertake the upgradation/modernization of manufacturing facilities at Dehradun Plant		
Civil work for building etc	February, 2010	April, 2010
Delivery of machinery & various other equipments	March, 2010	April, 2010
WHO Certification & Product Registration	March, 2010	June, 2010
Commencement of commercial production		Already Started
To meet Working Capital Requirements	March, 2010	January, 2011
For Brand & Product Registration and Approval	March, 2010	September, 2010
For setting up an Export Office at Mumbai	March, 2010	May, 2010

Details of funds already deployed & Sources of funds deployed

The funds deployed up to November 15, 2009 towards the object of this issue on the project as certified by the Statutory Auditors of our Company, viz. M/s Sanjay Mehta & Associates, Chartered Accountants vide their certificate dated November 15, 2009 is given below:

Particulars	Amount (Rs. In lacs)
Funds Deployed	
Purchase of Machineries	66.09
Issue Expenses	57.98
Total	124.07
Sources of Funds	
Internal accruals	124.07
Total	124.07

Appraisal Report

None of the projects for which Issue Proceeds will be utilized have been financially appraised and the estimates of the costs of projects mentioned above are based on internal estimates of the Company.

Bridge Loan

We have not entered into any bridge loan facility that will be repaid from the Issue Proceeds.

Interim use of Issue proceeds

Pending utilisation of the Issue proceeds for the purposes described above, we intend to invest the funds in high quality interest bearing liquid instruments including money market mutual funds and deposits with the banks for the applicable period.

Monitoring of utilisation of funds

Our Board will monitor the utilization of the Issue proceeds. We will disclose the details of the utilization of the Issue proceeds, including interim use, under a separate head in our financial statements for Financial Years 2009-10 and 2010-11, specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of our listing agreements with the Stock Exchanges and in particular Clause 49 of the Listing Agreement.

No part of the proceeds of the Issue will be paid by us as consideration to our Promoters, our Directors, key management personnel or companies promoted by our Promoters except in the usual course of business.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by the Company in consultation with the BRLM on the basis of assessment of market demand for the issued Equity Shares by the Book Building Process. The face value of the Equity Shares is Rs.10/- and the Issue Price is **6.5** times the face value of the Equity Shares at the lower end of the price band and **7.5** times the face value at the higher end of the price band.

Investors should read the following summary with the Risk factors included in page no ix and the details about the Company and its financial statements included in this Red Herring Prospectus.

QUALITATIVE FACTORS

For some of the qualitative factors which form the basis for computing the price, see “Business Overview” on page 55 of this Red Herring Prospectus.

QUANTITATIVE FACTORS

Information presented in this section is derived from the Company’s audited financial statements.

1. Adjusted Earning Per Share (EPS)

Year ended	Basic EPS (Rs.)	Diluted EPS (Rs.)	Weight
March 31, 2007	4.81	4.78	1
March 31, 2008	5.36	5.19	2
March 31, 2009	3.85	3.83	3
Weighted Average	4.51	4.44	
Four months ended July 31, 2009 (Annualised)	4.80	4.80	

Note

Earning per share represents earning per share calculated on the basis of Adjusted profit divided by the weighted number of equity shares (Basic /Diluted) as at the end of year

2. Price/Earning (P/E) ratio in relation to Issue Price of Rs. [●] per share of Rs.10 each

- a. Based on year ended March 31, 2009 Basic EPS of Rs.3.85, the P/E Ratio is [●]
- b. Based on year ended March 31, 2009 Diluted EPS of Rs.3.83, the P/E Ratio is [●]
- c. Based on weighted average Basic EPS of Rs.4.51, the P/E Ratio is [●]
- d. Industry P/E

i) Highest	12.7
ii) Lowest	2.8
iii) Industry Composite	8.3

Source: Capital Market Dec 14 - 27, 2009 Category – Pharmaceuticals – Indian – Formulations.

3. Average Return on Net Worth (RONW %)

Year ended	RONW (%)	Weight
March 31, 2007	29.06	1
March 31, 2008	23.22	2
March 31, 2009	17.91	3
Weighted Average	21.54	
Four months ended July 31, 2009 (Annualised)	27.97	

Return on Net worth as a percentage represents Adjusted profit after tax divided by Net worth at the end of each financial year.

4. Minimum Return on Total Net Worth Required to Maintain Pre- Issue EPS: [●]%.

5. Net Asset Value per Equity Share

- (i) As on March 31, 2009 – Rs. 21.47
- (ii) As on July 31, 2009 – Rs. 22.91

- (iii) After the Issue: Rs. [●]
 (iv) Issue Price: Rs. [●]

6. Comparison of Accounting Ratios

The comparable ratios of the companies which are to some extent similar in business are as given below:

	Face Value (Rs.)	EPS (Rs.)	P/E	RONW(%)	NAV (Rs.)
ABL Bio-tech	10	-	-	22.1	14.7
Alpa Lab	10	0.2	-	0.5	44.6
Amrutanjan Healt	10	36.5	10.2	24.1	302.6
Kilitch Drugs	10	8.3	12.7	19.3	48.8
Venus Remedies	10	53.2	4.4	38.5	169.1
Syncom Healthcare Limited	10	3.85	[●]	17.91	21.47

Source: Capital Market Dec 14 - 27, 2009 Category – Pharmaceuticals – Indian – Formulations.

The Face value of the Share is Rs.10 per Equity Share and the Issue Price is [●] time of the face value.

The issue Price will be determined on the basis of the demand from the investors in accordance with the SEBI Regulations. The BRLM believe that the Issue Price of Rs. [●] per share is justified in view of the above qualitative and quantitative parameters. The investors should peruse the risk factors and the financials of the Company including important profitability and return ratios, as set out in the Auditors' report on page no. 104 of the Red Herring Prospectus to have a more informed view of the investment.

STATEMENT OF TAX BENEFITS

To
The Board of Directors
Syncom Healthcare Limited
221, Vypar Bhawan, P. D'Mello Road
MUMBAI - 400009

Dear Sirs,

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

We hereby report that the enclosed Statement states the possible tax benefits available to the Company under the Income-tax Act, 1961 amended by Finance Bill 2009, presently in force in India and to the shareholders of the Company under the Income Tax Act, 1961, Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed Statement are not exhaustive. This Statement is only intended to provide general information to the Investors and is neither designed nor intended to be a Substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each Investor is advised to consult his or her own tax Consultant with respect to the specific tax implications arising out of their participation in the issue.

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

- (i) the Company or its shareholders will continue to obtain these benefits in future; or
- (ii) the conditions prescribed for availing the benefits have been/would be met with.

The contents of the enclosed Statement are based on Information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and Operations of the Company.

For Sanjay Mehta & Associates
Chartered Accountants

Manish Mittal
Partner

M. No.079452
Date: 31/10/2009
Place: Indore

A. SPECIAL TAX BENEFITS

1. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY

There are two special tax benefits available to the Company as follows:

- a. The net profit of the company is derived from the operations of the Dehradun Industrial unit of the company the taxable income derived from which is subject to a 100% tax holiday/deduction U/s 80IC for a continuous period of 1st five years starting from year 2006-07 and 30% for next five years
- b. Full excise duty exemption is available to the company for its manufacturing operations at its Dehradun manufacturing Unit for first ten years starting from 2006-07.

2. SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS OF THE COMPANY

There are no special tax benefits available to the shareholders of the Company.

B. GENERAL TAX BENEFITS

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961

The tax benefits listed below are the possible benefits available under the current tax laws in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions as may be prescribed under the relevant sections of the Income Tax Act, 1961.

I BENEFITS AVAILABLE TO THE COMPANY

Subject to compliance of certain conditions laid down in Section 32 of the Income Tax Act 1961, (hereinafter referred to as ACT) the Company will be entitled to a deduction for depreciation:

- In respect of building, machinery, plant or furniture being tangible assets
- In respect of intangible assets being in the nature of know how, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired after 31st day of March, 1998 at the rates prescribed under Income Tax Rules, 1962;
- In respect of new plant or machinery which has been acquired and installed after 31st March, 2005 by a tax payer engaged in the business of manufacture or production of any article or thing, additional depreciation of 20% of the actual cost of such new plant or machinery will be allowed as deduction.

Subject to compliance of certain conditions laid down in Section 35 (1) (iv) of the Act, the Company is entitled to claim as deduction the whole of capital expenditure, other than the expenditure incurred on the acquisition of any land, incurred on scientific research related to the business of the Company.

The Company is eligible for amortization of preliminary expenses including the expenditure on public issue of shares under Section 35D of the Act, subject to the conditions and limits specified in the section.

MAT credit allowable is the difference between MAT paid and the tax computed as per the normal provisions of the Act and can be utilized in those years in which tax becomes payable under the normal provisions of the Act. MAT credit can be utilised to the extent of difference between tax payable under the normal provisions and MAT payable for the relevant year. MAT credit cannot be carried forward and set off beyond 7 years immediately succeeding the assessment year in which it becomes allowable under section 115JAA(1A) of the Act [section 115JAA(1A) of the Act].

II BENEFITS AVAILABLE TO THE PROSPECTIVE RESIDENT SHAREHOLDERS OTHER THAN DOMESTIC COMPANIES

DIVIDENDS EXEMPT UNDER SECTION 10(34) OF THE ACT

1. Any income by way of dividends (declared, distributed or paid on or after 1 April, 2003) from a domestic Company are exempt in the hands of the Company/ shareholders, if the same is subject to dividend distribution tax as referred to in Section 115-0, as per the provisions of section 10(34) of the IT Act. However, Section 94(7) of the IT Act provides that the losses arising on account of sale/transfer of shares purchased up to three months prior to the record date and sold within three months after such date will be disallowed to the extent of dividend on such shares are claimed as tax exempt by the shareholder.

INCOME FROM CAPITAL GAINS

- 2.1 Section 48 of the IT Act, categories capital assets into two major categories viz. Long term Capital Assets and Short Term Capital Assets. If the shares are held for a period more than 12 months it is termed as a long term asset and otherwise as a short term asset, Any profit or loss arising on account of sale/transfer of such Long Term Assets are termed as long term capital gains and short term assets as short term capital gains.
- 2.2 Section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, as per second proviso to Section 48 of the IT Act, in respect of long term capital gains arising from transfer of shares of Indian Company, it offers a benefit by permitting Substitution of cost of acquisition/ improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition/improvement by a cost inflation index, as prescribed annually.
- 2.3 Provisions of Section 112 of the IT Act, permit taxing long term capital gains (which are not exempt under Section 10(38) of the IT Act) arising on transfer of shares in the Company at a rate of 20 percent (plus applicable surcharge and education cess) after factoring the indexation benefit. However, the share holder may opt for the tax on long term gains computed at the rate of 10 percent (plus applicable surcharge and education cess), if the tax on indexed long term capital gains resulting on transfer of listed securities calculated at the rate of 20 percent exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit.
- 2.4 Provisions of Section 111A of the IT Act, prescribes for taxing the short-term capital gains arising from sale of equity shares in the Company at a rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax.
- 2.5 Provisions of section 10(38) of the IT Act/ exempts, from tax the long term capital gains arising on sale of equity shares in the Company where the sale transaction has been entered on a recognized stock exchange of India and is liable to securities transaction tax.
- 2.6 Provisions of Section 54EC of the IT Act exempts long-term capital gains (which are not exempt under section 10(38) of the IT Act) from being taxed to the extent such capital gains are invested in long term specified assets within a period of 6 months after the date of such transfer in notified bonds (Presently, bonds issued by the National Highways Authority of India or the Rural Electrification Corporation Limited have been specified) Where only a part of the capital gains is so invested, the exemption is proportionately available. The minimum holding period prescribed to remain eligible for the exemption is 3 years. However, the Investment made made in the long-term specified asset by an assessee during any financial year does not exceed fifty lakh rupees.
- 2.7 Subject to the conditions specified under the Provisions of Section 54F of the IT Act, long-term capital gains (which are not exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF) on transfer of shares of the Company will be exempt from capital gains tax if the sale proceeds from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property, within a period of 3 years after the date of such transfer.

- 2.8** In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No.2) Act, 2004, transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a Company through the recognized stock exchange is liable to securities transaction tax @ following rates

Sr. No.	Taxable Securities Transactions	w.e.f. 1-6-08	Payable by
1	Purchase of an equity share in a company or a unit of an equity oriented fund, where – a) the transaction of such purchase is entered into in a recognized stock exchange; and b) the contract for the purchase of such share or unit is settled by the actual delivery or transfer of such share or unit.	0.125%	Purchaser
2	Sale of an equity share in a company or a unit of an equity oriented fund, where – a) the transaction of such purchase is entered into in a recognized stock exchange; and b) the contract for the purchase of such share or unit is settled by the actual delivery or transfer of such share or unit.	0.125%	Seller
3	Sale of an equity share in a company or a unit of an equity oriented fund, where – a) the transaction of such purchase is entered into in a recognized stock exchange; and b) the contract for the purchase of such share or unit is settled otherwise than by the actual delivery or transfer of such share or unit.	0.025%	Seller
4*	Sale of a derivative, where the transaction of such sale is entered into in a recognized stock exchange.	0.017% of option premium in case of sale of option, 0.125% of settlement price in case of sale of option is exercised, 0.017% of the price in case of sale of futures	Seller
5	Sale of a unit of an equity oriented fund to the Mutual Fund.	0.25%	Seller

- 2.9** Provisions of Section 36(1)(xv) provides that where the total income of a person includes income chargeable under the head "Profits and Gains of business or profession" arising from purchase or sale of an equity share in a Company entered on a recognized stock exchange, i.e. from taxable securities transactions, he shall get a deduction an amount equal to the securities transaction tax paid by the assessee in respect of the taxable securities transactions entered into in the course of his business during the previous year, if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and gains of business or profession".

III. BENEFITS AVAILABLE TO CORPORATE RESIDENT SHAREHOLDERS (DOMESTIC COMPANIES).

DIVIDENDS EXEMPT UNDER SECTION 10(34) OF THE ACT

Any income by way of dividends (declared, distributed or paid on or after 1 April, 2003) from a domestic Company are exempt in the hands of the Company/ shareholders, if the same is subject to dividend distribution tax as referred to in Section 115-0, as per the provisions of section 10(34) of the IT Act. However, Section 94(7) of the IT Act provides that the losses arising on account of sale/transfer of shares purchased up to three months prior to the record date and sold within three months after such date will be disallowed to the extent dividend on such shares are claimed as tax exempt by the shareholder.

INCOME FROM CAPITAL GAINS

- 2.1 Section 48 of the IT Act, categories capital assets into two major categories viz. long term capital assets and short term capital assets.' If the' shares are held for a period more than 12 months it is termed as a long term asset and otherwise short term asset Any profit or loss arising on account of sale/transfer of such long term assets are termed as long term capital gains and short term assets as short term capital gains.
- 2.2 Section 48 of the IT Act which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset from the sale consideration to arrive at the amount of capital gains. Further, in respect of long term capital gains from transfer of shares of Indian Company, it offers a benefit by permitting Substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement which adjusts the cost of acquisition / improvement by a cost Inflation index, as prescribed annually.
- 2.3 Provisions of Section 112 of the IT Act permit taxing long term capital gains (which are not exempt under Section 10(38) of the IT Act) arising on transfer of shares in the Company at a rate of 20 percent (plus applicable surcharge and education cess) after factoring the indexation benefit. However, the share holder may opt for the tax on long term gains computed at the rate of 10 percent (plus applicable surcharge and education cess), if the tax on indexed long term capital gains resulting on transfer of listed securities calculated at the rate of 20 percent exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit
- 2.4 Provisions of Section 111A of the IT Act prescribes for taxing the short-term capital gains arising from sale of equity share in the Company at a rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax.
- 2.5 Provisions of section 10(38) of the IT Act exempts from tax the long term capital gains arising on sale of equity shares in the Company where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax, subject to the condition that the income by way of long-term capital gain of the Company shall be taken into account in Computing the book profit and income tax payable under Section 115JB.
- 2.6 Provisions of Section 54EC of the IT Act exempts long-term capital gains (which are not exempt under section 10(38) of the IT Act) from being taxed to the extent such capital gains are invested in long term specified assets within a period of 6 months after the date of such transfer in notified bonds (Presently, bonds issued by the National Highways Authority of India or the Rural Electrification Corporation Limited have been specified) Where only a part of the capital gains is so invested, the exemption is proportionately available. The minimum holding period prescribed to remain eligible for the exemption is 3 years. However, the Investment made made in the long-term specified asset by an assessee during any financial year does not exceed fifty lakh rupees.
- 2.7 In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No.2) Act, 2004, transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a Company through the recognized stock exchange is liable to securities transaction tax @ following rates

Sr. No.	Taxable Securities Transactions	w.e.f. 1-6-08	Payable by
1	Purchase of an equity share in a company or a unit of an equity oriented fund, where – a) the transaction of such purchase is entered into in a recognized stock exchange; and b) the contract for the purchase of such share or unit is settled by the actual delivery or transfer of such share or unit.	0.125%	Purchaser

2	Sale of an equity share in a company or a unit of an equity oriented fund, where – a) the transaction of such purchase is entered into in a recognized stock exchange; and b) the contract for the purchase of such share or unit is settled by the actual delivery or transfer of such share or unit.	0.125%	Seller
3	Sale of an equity share in a company or a unit of an equity oriented fund, where – a) the transaction of such purchase is entered into in a recognized stock exchange; and b) the contract for the purchase of such share or unit is settled otherwise than by the actual delivery or transfer of such share or unit.	0.025%	Seller
4*	Sale of a derivative, where the transaction of such sale is entered into in a recognized stock exchange.	0.017% of option premium in case of sale of option, 0.125% of settlement price in case of sale of option is exercised, 0.017% of the price in case of sale of futures	Seller
5	Sale of a unit of an equity oriented fund to the Mutual Fund.	0.25%	Seller

2.8 Provisions of Section 36(1)(xv) provides that where the total income of a person includes income chargeable under the head "Profits and Gains of business or profession" arising from purchase or sale of an equity share in a Company entered on a recognized stock exchange, i.e. from taxable securities transactions, he shall get a deduction an amount equal to the securities transaction tax paid by the assessee in respect of the taxable securities transactions entered into in the course of his business during the previous year, if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and gains of business or profession".

IV BENEFITS AVAILABLE TO MUTUAL FUNDS

Provisions of Section 10(23D) of the IT Act exempts the Mutual Funds registered under the Securities and Exchange Board of India or Mutual Funds set up by Public Sector Banks or Public Financial institutions or authorized by the Reserve Bank of India and subject to the conditions specified therein, from income tax on their income.

V. BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS ('FIIS')

DIVIDENDS EXEMPT UNDER SECTION 10(34) OF THE ACT

- Any income by way of dividends (declared, distributed or paid on or after 1 April, 2003) from a domestic Company are exempt in the hands of the Company/ shareholders, if the same is subject to dividend distribution tax as referred to in Section 115-0, as per the provisions of section 10(34) of IT Act However, Section 94(7) of the IT Act provides that the losses arising on account of sale/transfer of shares purchased up to three months prior to the record date and sold within three months after such date will be disallowed to the extent dividend on such shares are claimed & exempt by the shareholder.

INCOME FROM CAPITAL GAINS

- Provisions of Section 115AD of the IT Act, provides for taxing income of FIIS arising from securities (other than income by way of dividends referred to in section 115(0) of the IT Act) at Concessional rates, set forth below:

Nature of income	Rate of tax (%)
Income in respect of securities (other than units referred to in Section 115AB)	20

Long Term capital gains	10
Short term capital gains (other than short term capital gain referred to in section 111A)	30

The above tax rates would be increased by the applicable surcharge and education cess. The benefits of indexation and foreign currency fluctuation protection as provided under Section 48 of the IT act are not available to a FII.

- 2.2 Provisions of Section 111A of the IT Act, prescribes for taxing the short-term capital gains arising from sale of equity share in the Company at a rate of 15 (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax.
- 2.3 Provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the FII would prevail over the provisions of the IT Act, as per section 90(2) of the Act; to the extent they are more beneficial to the FII.
- 2.4 Provisions of section 10(38) of the IT Act, exempts from tax the long term capital gains arising on sale of equity shares in the Company where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax, subject to the condition that the income by way of long-term capital gain of the Company shall be taken into account in Computing the book profit and income tax payable under Section 115JB.
- 2.5 Provisions of Section 54EC of the IT Act exempts long-term capital gains (which are not exempt under section 10(38) of the IT Act) from being taxed to the extent such capital gains are invested in long term specified assets within a period of 6 months after the date of such transfer in notified bonds (Presently, bonds issued by the National Highways Authority of India or the Rural Electrification Corporation Limited have been specified) Where only a part of the capital gains is so invested, the exemption is proportionately available. The minimum holding period prescribed to remain eligible for the exemption is 3 years. However, in terms of Union Budget 2007-08 investments in the specified assets by an assessee during any Financial Year should not exceed 50 Lakhs rupees.
- 2.6 In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No.2) Act, 2004, transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a Company through the recognized stock exchange is liable to securities transaction tax @ following rates

Sr. No.	Taxable Securities Transactions	w.e.f. 1-6-08	Payable by
1	Purchase of an equity share in a company or a unit of an equity oriented fund, where – a) the transaction of such purchase is entered into in a recognized stock exchange; and b) the contract for the purchase of such share or unit is settled by the actual delivery or transfer of such share or unit.	0.125%	Purchaser
2	Sale of an equity share in a company or a unit of an equity oriented fund, where – a) the transaction of such purchase is entered into in a recognized stock exchange; and b) the contract for the purchase of such share or unit is settled by the actual delivery or transfer of such share or unit.	0.125%	Seller

3	Sale of an equity share in a company or a unit of an equity oriented fund, where – a) the transaction of such purchase is entered into in a recognized stock exchange; and b) the contract for the purchase of such share or unit is settled otherwise than by the actual delivery or transfer of such share or unit.	0.025%	Seller
4*	Sale of a derivative, where the transaction of such sale is entered into in a recognized stock exchange.	0.017% of option premium in case of sale of option, 0.125% of settlement price in case of sale of option is exercised, 0.017% of the price in case of sale of futures	Seller
5	Sale of a unit of an equity oriented fund to the Mutual Fund.	0.25%	Seller

2.7 Provisions of Section 36(1)(xv) provides that where the total income of a person includes income chargeable under the head "Profits and Gains of business or profession" arising from purchase or sale of an equity share in a Company entered on a recognized stock exchange, i.e. from taxable securities transactions, he shall get a deduction an amount equal to the securities transaction tax paid by the assessee in respect of the taxable securities transactions entered into in the course of his business during the previous year, if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and gains of business or profession".

VI. BENEFITS AVAILABLE TO NON-RESIDENTS/NON-RESIDENT INDIAN SHAREHOLDERS (OTHER THAN MUTUAL FUNDS, FIIS AND FOREIGN VENTURE CAPITAL INVESTORS)

DIVIDENDS EXEMPT UNDER SECTION 10(34) OF THE ACT

1. Any income by way of dividends (declared, distributed or paid on or after 1 April, 2003) from a domestic Company are exempt in the hands of the Company/ shareholders, if the same is subject to dividend distribution tax as referred to in Section 115-0, as per the provisions of section 10(34) of the IT Act. However, Section 94(7) of the IT Act provides that the losses arising on account of sale/ transfer of shares purchased up to three months prior to the record date and sold within three months after such date will be disallowed to the extent dividend on such shares are claimed a exempt by the shareholder.

INCOME FROM CAPITAL GAINS

- 2.1 In terms of first proviso to Section 48 of the IT Act, in case of a non-resident, while Computing capital gains arising from transfer of shares in or debentures of the Company acquired in convertible foreign exchange (as per exchange control regulations) protection is provided from fluctuations in 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. The capital gains/ loss in such a case computed by Converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized the purchase of shares.
- 2.2 Provisions of Section 112 of the IT Act, permit taxing long term capital gains (which are not exempt under Section 10(38) of the IT Act) arising on transfer of shares in the Company at a rate of 20 percent (plus applicable surcharge and education cess) after factoring the indexation benefit. However, the share holder may opt for the tax on long term gains computed at the rate of 10 percent (plus applicable surcharge and education cess), if the tax on indexed long term capital gains resulting or transfer of listed securities calculated at the rate of 20 percent exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit.

- 2.3 Provisions of Section 111A of the IT Act, prescribes for taxing the short-term capital gains arising from sale of equity share in the Company at a rate of 15 (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short term capital gains arising from transfer of shares in a Company other than those covered by Section 111A of the IT Act would be subject to tax as calculated under the normal provisions of the IT Act.
- 2.4 Provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the non resident would prevail over the provisions of the IT Act, as per section 90(2) of the Act; to the extent they are more beneficial to the non-resident.
- 2.5 Provisions of section 10(38) of the IT Act, exempts from tax the long term capital gains arising on sale of equity shares in the Company where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.
- 2.6 Provisions of Section 54EC of the IT Act exempts long-term capital gains (which are not exempt under J section 10(38) of the IT Act) from being taxed to the extent such capital gains are invested in long term specified assets within a period of 6 months after the date of such transfer in notified bonds (Presently, bonds issued by the National Highways Authority of India or the Rural Electrification Corporation Limited have been specified) Where only a part of the capital gains is so invested, the exemption is proportionately available. The minimum holding period prescribed to remain eligible for the exemption is 3 years. However, in terms of Union Budget 2007-08 investments in the specified assets by an assessee during any Financial Year should not exceed 50 Lakhs rupees.
- 2.7 Subject to the conditions specified under the Provisions of Section 54F of the IT Act, long-term capital gains (which are not exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF) on transfer of shares of the Company will be exempt from capital gains tax if the sale proceeds from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.
- 2.8 Where shares of the Company have been subscribed in convertible foreign exchange, Non-Resident Indians (i.e. An individual being a Citizen of India or person of Indian origin who is not a resident) have the Option of being governed by the provisions of Chapter XII-A of the IT Act, which inter alia entitles them to the following benefits:
- Under Section 115E, where the total income of a non-resident Indian includes any income from investment in convertible foreign exchange, such income shall be taxed at a concessional rate of 20 per cent (plus applicable surcharge and education cess). Income arising to a non - resident Indian in form of long term capital gain shall be taxed at a concessional rate of 10 percent (plus applicable surcharge and education cess).
 - Under Section 115F of the IT Act, long-term capital gains (in cases not covered by section 10(38) of the IT Act) arising to a non-resident Indian from transfer of shares of the Company, subscribed in convertible foreign exchange (in case not covered under Section 115E of the IT Act), shall be exempt from income tax, if the entire net consideration is reinvested in specified assets/saving certificates referred to in Section 10(4B) within 6 months of the date of transfer. Where only a 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/saving certificates are transferred or converted into money within 3 years from the date of their acquisition.
 - Under Section 115G of the IT Act, it shall not be necessary for a non-resident Indian to furnish his return of income under Section 139(1) if his income chargeable under the IT Act comprises only investment income or long term capital gains or both, arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the IT Act.
 - Under Section 115I of the IT Act, a Non-Resident Indian may elect not to be governed by the foregoing provisions for any assessment year by furnishing his return of income for that assessment

year under Section 139 of the IT Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the IT Act.

- 2.9** In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No.2) Act, 2004, transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a Company through the recognized stock exchange is liable to securities transaction tax @ following rates

Sr. No.	Taxable Securities Transactions	w.e.f. 1-6-08	Payable by
1	Purchase of an equity share in a company or a unit of an equity oriented fund, where – a) the transaction of such purchase is entered into in a recognized stock exchange; and b) the contract for the purchase of such share or unit is settled by the actual delivery or transfer of such share or unit.	0.125%	Purchaser
2	Sale of an equity share in a company or a unit of an equity oriented fund, where – a) the transaction of such purchase is entered into in a recognized stock exchange; and b) the contract for the purchase of such share or unit is settled by the actual delivery or transfer of such share or unit.	0.125%	Seller
3	Sale of an equity share in a company or a unit of an equity oriented fund, where – a) the transaction of such purchase is entered into in a recognized stock exchange; and b) the contract for the purchase of such share or unit is settled otherwise than by the actual delivery or transfer of such share or unit.	0.025%	Seller
4*	Sale of a derivative, where the transaction of such sale is entered into in a recognized stock exchange.	0.017% of option premium in case of sale of option, 0.125% of settlement price in case of sale of option is exercised, 0.017% of the price in case of sale of futures	Seller
5	Sale of a unit of an equity oriented fund to the Mutual Fund.	0.25%	Seller

- 2.10** Provisions of Section 36(1)(xv) provides that where the total income of a person includes income chargeable under the head "Profits and Gains of business or profession" arising from purchase or sale of an equity share in a Company entered on a recognized stock exchange, i.e. from taxable securities transactions, he shall get a deduction an amount equal to the securities transaction tax paid by the assessee in respect of the taxable securities transactions entered into in the course of his business during the previous year, if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and gains of business or profession".

BENEFITS AVAILABLE UNDER THE WEALTH TAX ACT, 1957

- Investment in shares of companies are excluded from the definition of the term "asset" as given under section 2(ea) of the Wealth Tax act, 1957, and hence the shares held by the shareholders would not be liable to Wealth tax.

Notes:

- The above Statement of Possible Direct Tax benefits sets out the provisions of law in a summary

manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.

- The above Statement of Possible Direct Tax benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.
- This statement is only intended to provide general Information to the investors and is neither designed nor intended to be a Substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax Consultant with respect of the specific tax implications arising out of their participation in the issue.
- 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 Agreement, if any, between India and the country in which the non-resident has fiscal domicile.

SECTION IV – ABOUT THE ISSUER COMPANY

Industry Overview

The **Indian Pharmaceutical Industry** today is in the front rank of India's science-based industries with wide ranging capabilities in the complex field of drug manufacture and technology. A highly organized sector, the Indian Pharma Industry is estimated to be worth \$ 4.5 billion, growing at about 8 to 9 percent annually. It ranks very high in the third world, in terms of technology, quality and range of medicines manufactured. From simple headache pills to sophisticated antibiotics and complex cardiac compounds, almost every type of medicine is now made indigenously.

Playing a key role in promoting and sustaining development in the vital field of medicines, **Indian Pharma Industry** boasts of quality producers and many units approved by regulatory authorities in USA and UK. International companies associated with this sector have stimulated, assisted and spearheaded this dynamic development in the past 53 years and helped to put India on the pharmaceutical map of the world.

The Indian Pharmaceutical sector is highly fragmented with more than 20,000 registered units. It has expanded drastically in the last two decades. The leading 250 pharmaceutical companies control 70% of the market with market leader holding nearly 7% of the market share. It is an extremely fragmented market with severe price competition and government price control.

The pharmaceutical industry in India meets around 70% of the country's demand for bulk drugs, drug intermediates, pharmaceutical formulations, chemicals, tablets, capsules, orals and injectibles. There are about 250 large units and about 8000 Small Scale Units, which form the core of the pharmaceutical industry in India. These units produce the complete range of pharmaceutical formulations, i.e., medicines ready for consumption by patients and about 350 bulk drugs, i.e., chemicals having therapeutic value and used for production of pharmaceutical formulations.

Following the de-licensing of the pharmaceutical industry, industrial licensing for most of the drugs and pharmaceutical products has been done away with. Manufacturers are free to produce any drug duly approved by the Drug Control Authority. Technologically strong and totally self-reliant, the pharmaceutical industry in India has low costs of production, low R&D costs, innovative scientific manpower, strength of national laboratories and an increasing balance of trade. The Pharmaceutical Industry, with its rich scientific talents and research capabilities, supported by Intellectual Property Protection regime is well set to take on the international market.

(Source: www.pharmaceutical-drug-manufacturers.com)

DRUGS & PHARMACEUTICALS

The Indian pharmaceutical industry valued has portrayed tremendous progress with reference to infrastructure development, technology base creation and a wide range of production. The progressive trend in this sector is expected to continue, due to increased integration with global trade, which began with the signing of the General Agreement on Tariffs and Trade (GATT) in January 2005. India started to recognise global patents and the growing significance of the country in terms of contract research and clinical trials.

The pharmaceutical industry produces bulk drugs belonging to major therapy groups. Globally the Indian pharmaceutical industry ranks 4th in terms of volume (with an 8 per cent share in global sales), 13th in terms of value (with a share of 1 per cent in global sales) and produces 20-24 per cent of the world's generic drugs (in terms of value). The industry has developed Good Manufacturing Practices (GMP) facilities for the production of different dosage forms.

India is emerging as the global hub for contract research and manufacturing services due to a combination of low-cost and world-class quality standards. According to a study by Ernst & Young, the total market for clinical research activities in India is expected to touch \$1.5-2 billion by 2010. Also, A.T. Kearney has listed India second (just after China) for attractiveness as a clinical trials centre. With pharma majors facing increased pressure on profit margins, spiralling R&D costs and increasing overheads, outsourcing of clinical research processes to third parties in developing countries seems a viable option. By contracting such work to India, they save 40-60 per cent in new drug development.

India has the capability to become a global pharma hub by exporting domestically produced generic products and positioning itself as an off shoring destination for clinical and pre-clinical research and other support services. There is tremendous potential in the Indian pharma market itself. Consumer spending on healthcare went up from 4 per cent of GDP in 1995 to 7 per cent in 2007. That number is expected to rise to 13 per cent of GDP by 2015.

Industry Strengths

- Knowledge based Industry
- Large manufacturing base for high quality drugs and formulations
- Developing cost effective technologies for drug intermediaries and bulk actives without a compromise on quality
- Cost advantage in terms of drug production, maintenance of high standards in terms of purity, stability and international safety, health and environment protection
- Tremendous export potential
- Major driver of growth in the future
- Strong scientific and technical manpower
- World class national laboratories in process development
- Increasing balance of trade in the sector
- An excellent centre for clinical trials
- Competencies in chemistry and process development

Exports

Exports of Drugs, Pharmaceuticals and Fine Chemicals

(in Rs. Crores)			
2002-03	2003-04	2004-05	2005-06
12837.89	15213.24	7857.80	21578.96

Investment Opportunities

- Scope for generic drug production market
- Contract research
- Lean manufacturing
- Clinical research and trials
- Significant export potential
- Supply of generic drugs to developed markets

Research and Development

Indian Pharmaceutical companies are in a favourable position to develop drugs at a fraction of the international costs due to the low manpower cost, infrastructure, quality scientists and the capability to conduct path-breaking research.

- The Government has taken various policy initiatives in order to strengthen Research and Development in the pharma sector.
- Fiscal incentives are awarded to Research and Development units in the pharma sectors towards the development of new drug molecules, clinical research, new drug delivery systems, new Research and Development set ups and infrastructure provision.

- Certain leading Research and Development companies have increased their Research and Development spending to over 5 percent of their turnover in comparison to an average spending of 2 per cent.
- Pharma units interested in obtaining Income Tax Exemption under Section 35(2AB) need to get their Research and Development unit recognized by CSIR.
- A Pharmaceutical Research and Development Promotion Fund to the tune of Rs 150 crore has been established for promoting Research and Development in the pharma sector.

Contract Manufacturing

Many global pharmaceutical majors are looking to outsource manufacturing from Indian companies, which enjoy much lower costs (both capital and recurring) than their western counterparts. Many Indian companies have made their plants cGMP compliant and India is also having the largest number of USFDA-approved plants outside USA.

Indian companies are proving to be better at developing Active Pharmaceutical Ingredients (APIs) than their competitors from target markets and that too with non-infringing processes. Indian drugs are either entering in to strategic alliances with large generic companies in the world of off-patent molecules or entering in to contract manufacturing agreements with innovator companies for supplying complex under-patent molecules.

Some of the companies like Dishman Pharma, Divis Labs and Matrix Labs have been undertaking contract jobs for MNCs in the US and Europe. Even Shasun Chemicals, Strides Arcolabs, Jubilant Organosys, Orchid Pharmaceuticals and many other large Indian companies started undertaking contract manufacturing of APIs as part of their additional revenue stream. Top MNCs like Pfizer, Merck, GSK, Sanofi Aventis, Novartis, Teva etc. are largely depending on Indian companies for many of their APIs and intermediates. The Boston Consulting Group estimated that the contract manufacturing market for global companies in India would touch \$900 million by 2010. Industry estimates suggest that the Indian companies bagged manufacturing contracts worth \$75 million in 2004.

Initiatives in Pharmaceutical Sector

Export Promotion Cell: An Export Promotion cell in this sector has been incorporated with the objective of

- Boosting Pharmaceutical exports
- Function as a nodal centre
- Promotional Activities aiming at accelerating pharma exports.
- Suggestions for modifications in the EXIM Policy.
- Seminars / Workshops on standards, quality control requirements etc

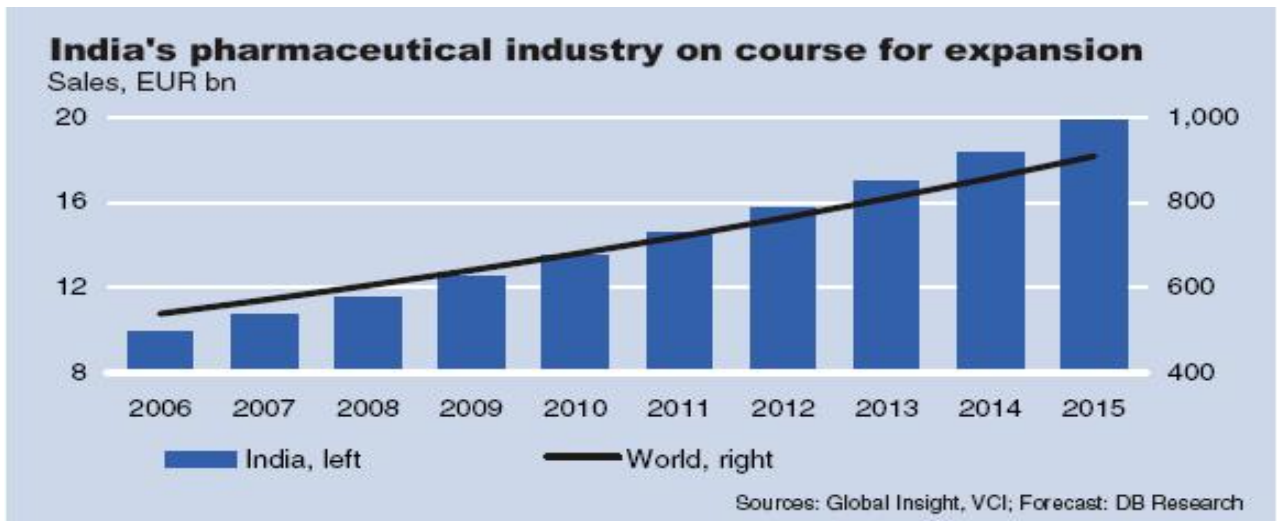
Pharma Export Promotion Council (Pharmexcil): The Pharma Export Promotion Council (Pharmexcil) has been constituted with the objective of

- Facilitation of exports of Drugs, Pharmaceuticals, Biotechnology products, Herbal Medicines, Diagnostics.
- Export thrust to various products through workshops, conferences and seminars and delegate visits.

(Source: www.indiainbusiness.nic.in)

India's pharmaceutical industry on course for globalisation

Booming sales India is gaining in importance as a manufacturer of pharmaceuticals. Between 1996 and 2006, nominal sales of pharmaceuticals were up 9% per annum and thus expanded much faster than the global pharmaceutical market as a whole (+7% p.a.). Demand in India is growing markedly due to rising population figures, the increasing number of old people and the development of incomes. As a production location, the country is benefiting from its wage cost advantages over western competitors also when it comes to producing medicines.



(Source: Deutsche Bank Research Report dated April 9, 2008)

India has discovered the world market. Since the end of the 1980s India has been exporting more pharmaceuticals than it imports. Over the last ten years the export surplus has widened from EUR 370 m to EUR 2 bn. At 32% in 2006, the export ratio was about twice as high as in 1996 and will likely rise further in the coming years (Germany: 55% at present).

New patent law necessitated reorientation. Legal changes in India in 2005 made it considerably more difficult to produce "new" generics. Foreign pharmaceuticals, which enjoy 20 years of patent protection, can no longer be copied by means of alternative production procedures and sold in the domestic market. Hence, a reorientation was required in India's pharmaceutical industry. It now focuses on drugs developed in-house and contract research or contract production for western drug makers.

Considerable impact of hampering factors. The sector's development is slowed by major infrastructure problems. These are, above all, qualitative and quantitative shortcomings in the energy and transport sectors.

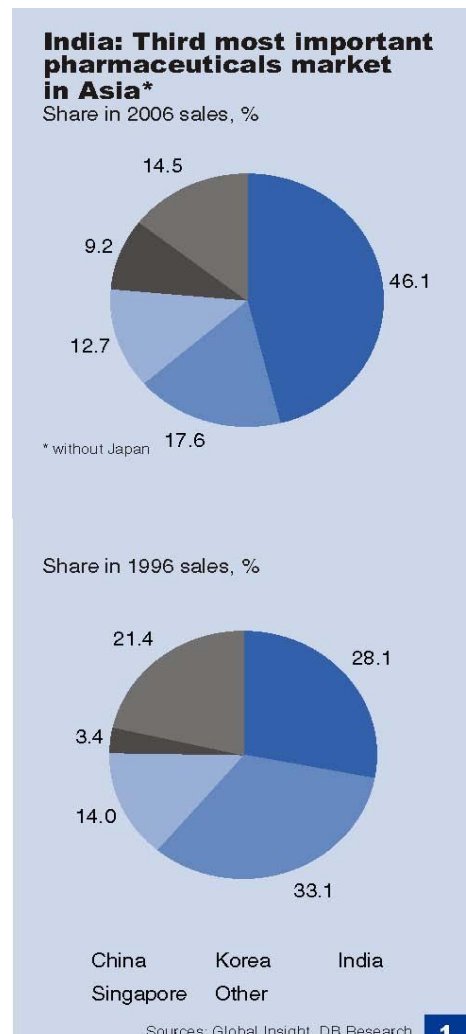
Strong growth continues. Up until 2015, we expect pharmaceutical sales to rise by 8% p.a. to just under EUR 20 bn, compared with an increase of 6% in the world as a whole and 5% in Germany. But even then, India's share in the world pharmaceutical market would only come to slightly over 2% (Germany: 7%). In Asia, India looks set to lose market share, as other Asian countries are registering even stronger growth.

India's pharmaceutical industry in the spotlight

In 2001, India's pharmaceutical industry became the focus of public debate when Cipla, the country's second-largest pharmaceuticals company, offered an AIDS drug to African countries for the price of USD 300, while the same preparation cost USD 12,000 in the US. This was possible because the Indian company produced an all-in-one generic pill which contains all three substances required in the treatment of AIDS. This kind of production is much more difficult in other countries as the patents are held by three different companies. In the final analysis, the price slump was a result of India's lax patent legislation. In 2005, patent legislation was tightened, so India's pharmaceutical sector had to adjust.

1. Development of India's pharmaceutical industry

Up until the 1970s India's pharmaceuticals market was mainly supplied by large international corporations. Only cheap bulk drugs were produced domestically by state-owned companies founded in the 1950s and 60s with the help of the World Health Organisation (WHO). These state-run firms provided the foundation for the sector's growth since the 1970s. Back then, India's government aimed to reduce the country's strong dependence



(Source: Deutsche Bank Research Report dated April 9, 2008)

on pharmaceutical imports by flexible patent legislation and to create a self-reliant sector. In addition, it introduced high tariffs and limits on imported medicines and demanded that foreign pharmaceutical companies reduce their shares in their Indian subsidiaries to two-fifths. This made India a less attractive location for international companies, many of which left the country as a consequence.

Especially India Drugs and Pharmaceutical Ltd. (IDPL) is credited with speeding up the development of a national pharmaceutical industry. Several IDPL staff have successfully founded their own firms, which now belong to the top group among India's pharmaceutical companies. In the 1980s, however, the decline of state-run companies began – among other things because of increasing central government bureaucracy and insufficient corporate governance. Today, there are no (entirely) state-owned pharmaceutical companies left.

By contrast, the weakening of the patent system and numerous protectionist measures sped up the development of a major national pharmaceutical industry on a private-sector basis, which made it possible to provide the population with a large number of drugs.

Large market share for generic drugs

As there was no efficient patent protection between 1970 and 2005, many Indian drug producers copied expensive original preparations by foreign firms and produced these generics by means of alternative production procedures. This proved more cost-efficient than the expensive development of original preparations as no funds were required for research, which contained the financial risks. This

spending block may come to as much as EUR 600 m for only one drug. This kind of money could previously only be raised by large corporations in the industrial countries. The competitiveness of generics producers is based on cost-efficient production. In this field, Indian companies are currently in top position. At one-fifth, India's share in the global market for generic drugs is considerably higher than its share in the overall pharmaceuticals market (approx. 2%). At the same time, India's pharmaceutical companies gained know-how in the manufacture of generic drugs. Hence the name "pharmacy of the poor" which is frequently applied to India. This is of significance not least for the domestic market as disposable income is as little as EUR 1,900 per year for roughly 140 million of the total of 192 million Indian households, which means the majority of Indians cannot afford expensive western preparations.

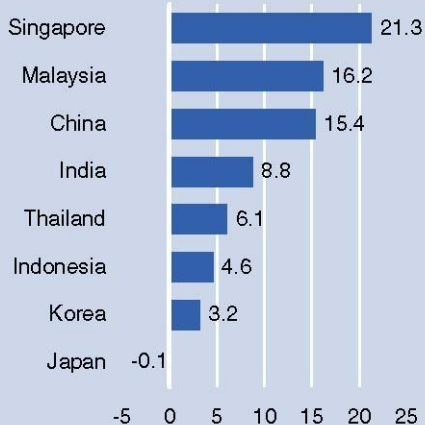
Current situation

India's pharmaceutical industry has been in transition for several years now. This is the result mainly of the changes to drug patent legislation in 2005. Prior to the Patent Amendment Bill, not the substance itself but merely the manufacturing process was protected for a period of seven years. India's patent legislation had frequently been the reason for legal disputes with large western drug firms, especially from the US. In line with international standards, the sector is now subject to product and process patents valid for a period of 20 years. Indian companies seeking to copy drugs before the patent expires are forced to pay high licence fees. This became necessary following the signing by India's government of the TRIPS Agreement (Agreement on Trade-Related Aspects of Intellectual Property Rights). So Indian drug firms could no longer simply copy medicines with foreign patents by using alternative manufacturing processes and offer them on the domestic market.

As a consequence of these major changes to India's drug patent legislation, the country's pharmaceutical industry is undergoing a process of re-orientation. Its new focus is increasingly on self-developed drugs and contract research and/or production for western drug companies.

High sales of pharmaceuticals in Asia

Annual average growth 1996-2006, %



Disproportionately high sales growth

Between 1996 and 2006, nominal sales of pharmaceuticals on the Indian subcontinent were up 9% per annum and thus expanded much faster than the global pharmaceutical market as a whole (+7% p.a.). Indian companies strongly expanded their capacities, making the country by and large self-sufficient. Nonetheless, with total sector sales of roughly EUR 10 bn, India commands a less than 2% share in the world's pharmaceutical market (1966: 1.5%). This puts the country in twelfth place internationally, even behind Korea, Spain and Ireland and before Brazil, Belgium and Mexico. Among the Asian countries, India's pharmaceuticals industry ranks fourth at 8%, but has lost market share to China, as sales growth

(Source: Deutsche Bank Research Report dated April 9, 2008)

(Source: Deutsche Bank Research Report dated April 9, 2008)

there was nearly twice as high and sales volumes nearly four times higher than in India.

India's pharmaceutical industry currently comprises about 20,000 licensed companies employing approx. 500,000 staff. Besides many very small firms these also include internationally well-known companies such as Ranbaxy, Cipla or Dr. Reddy's. With sales of roughly EUR 1 bn, Ranbaxy is currently the world's seventh largest generics manufacturer.

Currently the most important segment on the domestic market is anti-infectives; they account for one-quarter of total turnover. Next in line, and accounting for one-tenth each, are cardio-vascular preparations, cold remedies and pain-killers. By contrast, medicines against civilisation diseases (such as diabetes, asthma and obesity) or so-called lifestyle drugs (anti-depressants, drugs to help smokers to quit and anti-wrinkle formulations) are of little significance at present. All in all, the Indian pharma industry produces about 70,000 different drugs, which is higher than the number produced in Germany (60,000).

How does this compare with China and western industrial countries?

Despite its high turnover growth rates, India cannot match the sales achieved by its two major competitors in ex-Japan Asia, China and Korea. With sales to the tune of EUR 36 bn or four times as much as India's, China is clearly the leader in the pharmaceuticals market. Korea, too, outstrips India, with pharma sales amounting to EUR 14 bn. High growth rates are also being registered in the pharmaceuticals markets of Singapore, Malaysia, Thailand and Indonesia. To be sure, sales in these countries are relatively low at EUR 1-7 bn. Compared with the large industrial countries, India's pharmaceutical industry is still relatively unimportant – despite its high growth rates. In the US, pharma sales are fourteen times higher, in Japan five times and in Germany four times. The gap with India is even more obvious when comparing per-capita sales. In the western industrial countries, per-capita sales of pharmaceuticals amount to a good EUR 400 per year, this is forty times higher than in India.

Pharmaceuticals one of the export-driven sectors

In 2006, India's pharma industry exported products worth EUR 3 bn, up from only EUR 650 m in 1996, which was due to the fact that demand for low-cost generic drugs is strongly on the rise, above all in the US, Europe and Japan. At 22%, export growth in 2006 was even twice as high as the global average and in Germany (roughly 11% each). Meanwhile, India's export ratio has reached 32% – about double the figure registered ten years ago. For some time now, India has exported more pharmaceutical products than it imports. Over the last ten years, the export surplus has risen from about EUR 370 m to currently just under EUR 2 bn.

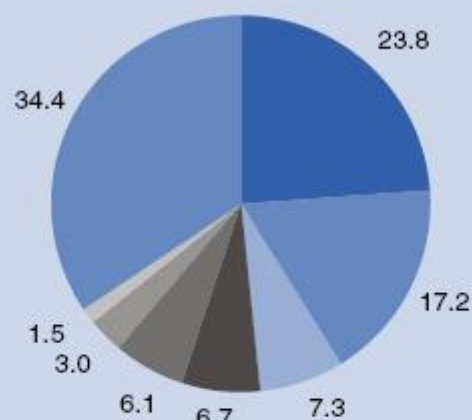
Slightly over 80% of the drugs are sold to the US and Europe, where India's companies are benefiting from the population's purchasing power as well as regulatory changes (greater cost-consciousness). By contrast, traditional sales markets such as Russia, Southeast Asia, Africa and Latin America have lost in importance. However, only 60 production locations of India's pharma sector have been certified by the World Health Organisation, which implies they comply with the strict quality standards imposed by the US Food and Drug Administration (FDA). Compliance with FDA standards is the precondition for selling products on the important US market.

2. Medium-term outlook

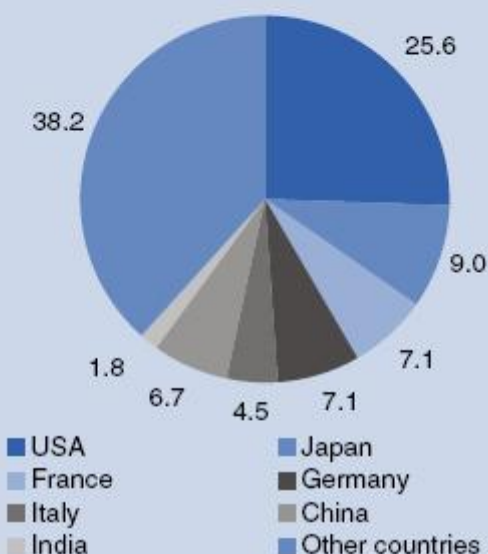
High GDP growth rates, rising population numbers and, as a result, a growing middle class are the drivers of India's pharmaceutical market.

Boost from population growth

US by far the world's major pharmaceuticals markets...
Shares in sales 1996, %



... but Asia catching up rapidly
Share in sales 2006, %



(Source: Deutsche Bank Research Report dated April 9, 2008)

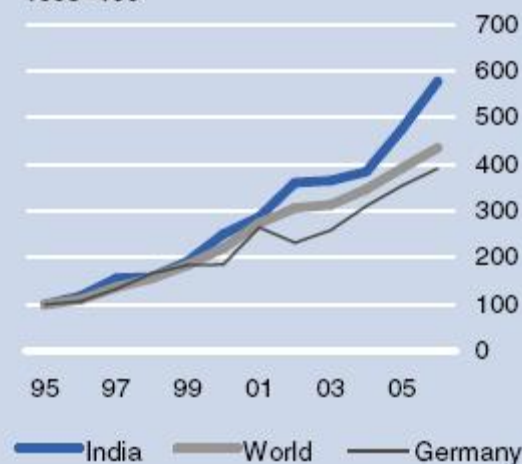
Sources: Global Insight, DB Research

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India's pharma sector is receiving a major boost from population growth. According to UN estimates, the population total looks set to rise from 1.1 bn at present to 1.4 bn in 2020. Up until 2020 India will see as many children being born as there are people living in Germany, France, the UK and Italy together. By 2025, India will probably have overtaken China as the world's most populous country. Its population growth results not least from higher life expectancy. This is attributable, among other things, to improved preventive healthcare. Of course, though, average life expectancy in India is still markedly lower than in western countries. While the figure is 64 years for men and 66 years for women in India, life expectancy in Germany is 76 years for men and 82 years for women.

Faster growth of pharmaceutical exports from India

1995=100



(Source: Deutsche Bank Research Report dated April 9, 2008)

Sources: Global Insight, VCI 5

more wide-spread. The pharmaceutical sector will also receive a boost from the gradual spreading of civilisation diseases such as obesity and diabetes. According to PricewaterhouseCoopers (PwC), the number of Indians with diabetes will reach approx. 74 m in 2025 (currently 34 m); this is roughly the population of Turkey today. In the developing countries as a whole, there could be just under 230 m diabetes patients. This development should benefit India's generics manufacturers.

Support from rising household incomes

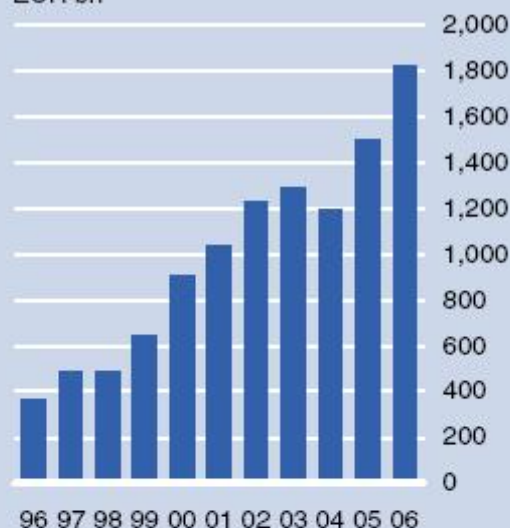
For the next 15 years we expect average annual growth in India of 6-7%. Strong income growth will broaden the middle class, an important group for foreign drugs manufacturers, as it has considerably higher incomes at its disposal than average Indians. Already today, nearly 60 m people in India's middle class, with disposable incomes of EUR 3,500 to EUR 17,000 p.a., can afford western-produced medicines. Until 2025 their number looks set to rise to approx. 580 m (+12% p.a.), according to McKinsey estimates.

Over a space of ten years, a four-member middle-class family has seen spending on pharmaceuticals grow five times over, to approx. EUR 170 p.a. People's improved income situation has also led to a growing desire to insure against illness. At this juncture, only 4% of all Indians have health insurance, but this share should rise strongly over the medium term. This will have a positive impact on the demand for drugs as people with health insurance are usually more likely to obtain prescriptions than those without cover.

Globalisation has not caused traditional medicine to be abandoned but with higher education, rising income and a change in lifestyle, western medical treatment is

Export surplus for pharmaceuticals up fivefold India

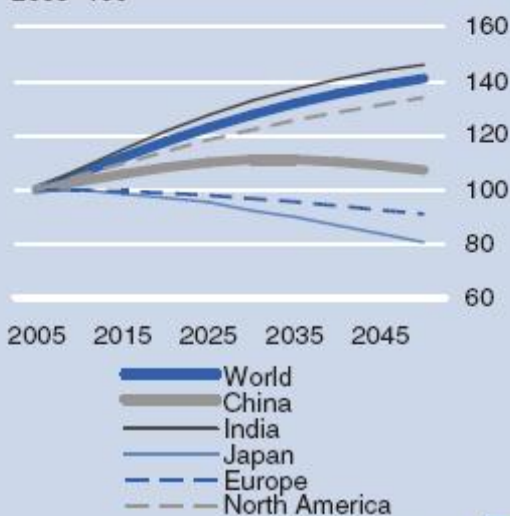
EUR bn



Sources: Global Insight, VCI 6

Strong population growth in India

2005=100



Source: UN 7

(Source: Deutsche Bank Research Report dated April 9, 2008)

gaining in importance. At present the population especially in rural areas still sees western medicine as a stop-gap cure which is unlikely, though, to provide a lasting solution to health problems. Today, about 70% of the population on the Indian subcontinent depend entirely or at least in part on traditional Indian medicine which is cheaper and more easily available than western drugs.

Changes in drug patent law lead to development of “original” drugs

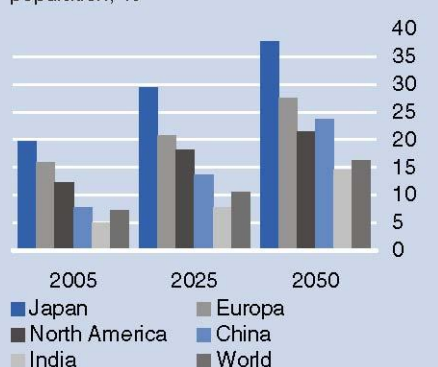
Since 2005 India's pharma sector has no longer been protected by the country's lax patent legislation. Hence innovation must come before imitation now. Large manufacturers already began to adjust their business models some time ago and put greater emphasis on drugs research. On a long-term horizon, they do not want to limit themselves to the production of low-cost generics. Even though a number of companies are well positioned in the generics market, many of them are seeking to turn into research-based firms. However, they are facing fierce international competition in this segment. So it will take many years for India

to become a serious competitor for western pharmaceuticals companies in the field of patent-protected drugs. According to the company's own information, approx. 40% of turnover at drugs manufacturer Ranbaxy stems from drugs developed in-house, which would still be about one-tenth lower than at similarly large western companies. In order to increase the speed of development and share the financial risk, there are likely to be more strategic alliances between Indian and foreign companies.

India's leading pharmaceutical companies are currently spending nearly one-tenth of their revenues on research and development. At the large western companies, however, R&D expenditure comes to 20%. Already in 1994, Dr. Reddy's launched a basic research programme and was followed by Ranbaxy and Wockhardt in 1997. Last year, as many as twelve companies engaged in research for new pharmaceutical substances. The focus here is on drugs against malaria and AIDS, as demand potential in these segments is particularly high. Malaria is the most common tropical disease, with about 300 m to 500 m new infections per year, according to the WHO. The number of people infected with HIV adds up to about 40

Continuing ageing of society

Share of people aged over 65 in the population, %



Source: UN

8

million worldwide.

However, compared with the large international players, the volume of research at Indian pharmaceutical companies – especially basic research – is still very small. Average R&D spending of Indian pharmaceutical companies comes to just under 4% of total turnover, compared with 9% in Germany. However, one must bear in mind the different sizes of the pharmaceutical industries in the two countries. In this context, Indian companies are likely to benefit from the liberalisation process on the domestic capital market, which began at the start of the 1990s and is not yet completed. The loosening of financial market regulations has until recently led to an increasing presence of foreign investors, with interest focussing mostly on the equity market. Since the beginning of the 1990s, Indian companies may also be listed on foreign stock exchanges.

High level of education benefits pharma sector

India: Above-average growth

Real GDP, % yoy

	2006	2007	2008	2009
W. Europe	2.8	2.8	1.7	1.7
Germany	2.9	2.5	1.5	1.5
France	2.2	1.9	1.6	1.6
UK	2.9	3.1	1.7	1.6
Italy	1.9	1.8	1.0	1.5
E. Europe	6.6	6.4	5.5	5.5
Russia	6.7	8.1	6.5	6.0
USA	2.9	2.2	1.5	1.7
Japan	2.4	1.9	1.2	1.5
China	11.1	11.4	10.4	10.0
India	9.4	8.7	8.2	8.6
World	3.7	3.4	2.6	2.7

Source: DB Research

9

The fact that despite the low level of unit labour costs India boasts a highly skilled workforce has enabled the country's pharmaceutical industry at a relatively early stage to offer quality products at competitive prices. Each year, roughly 115,000 chemists graduate from Indian universities with a master's degree and roughly 12,000 with a PhD. The corresponding figures for Germany – just under 3,000 and 1,500, respectively – are considerably lower. After many chemists from India migrated to foreign countries over the last few years, they now consider their chances of employment in India to have improved. As a result, a smaller number is expected to go abroad in the coming years; some may even return.

Competitive advantages over traditional manufacturers

Irrespective of the disadvantages in some areas, India's pharmaceutical companies make use of their competitive advantages over traditional drugs manufacturers in western industrial countries. Wage costs in the Indian drugs industry come to only about 30% of the European level or 20% of the US level. Overall

drugs manufacturing in India is up to 50% cheaper than in western industrial countries.

Development costs for drugs relatively low in India

For international pharmaceutical firms, India is attractive as a location for research primarily because of its low development costs. Clinical tests may be conducted more easily and often even yield more precise results. Thanks to higher population numbers, there are considerably more suitable persons to be found who can take part in tests than in the west. Approval for drugs to go on the market will only be granted if they have passed several tests on humans. In order to achieve this, companies usually need several thousand persons per drug. This means that roughly 100,000 volunteers must be subjected to initial examinations. In many cases, clinical tests by drug manufacturers in the west failed because their test persons had already taken a number of other medicines so the effect of the new drug could not be proven. Moreover, roughly 40 to 70% of all drug trial persons will fail to complete the test phase. By contrast, 90% of all probands in India complete the tests, not least because they seek to improve their income situation by participating. This could cause a problem if ethical aspects gain in importance; in light of the relatively high financial incentive, participants pay too little attention to potential side effects.

However, it is not altogether easy for western firms to relocate their clinical tests to emerging markets. In many cases, local hospitals must make large-scale investments and train their staff. Despite these difficulties several large international companies have chosen India as their location for clinical tests. Eli Lilly, the US pharmaceutical company, currently has several projects in India, and Pfizer (US) is carrying out clinical tests for malaria drugs there. The market for contract research in India could reach a volume of nearly EUR 2 bn by 2010, up from EUR 600 m in 2006. All in all, the global market volume for contract research is likely to rise from EUR 8 bn recently to EUR 20 bn by 2020.

International cooperation gaining in importance

So the formerly distant relationship between Indian and international companies is beginning to turn increasingly towards cooperation. A case in point is the Contract Research Agreement between an Indian and a British company, which lays down a limited number of previously agreed steps to develop a new drug in laboratories in India.

Manufacture for foreign pharmaceutical groups more important

Indian companies also see profitable business opportunities in contract production for international pharma groups. There are sufficient production capacities available following the massive expansion of plants for generics manufacture.

Already today, Ranbaxy for instance produces drugs for Germany's Hexal and Ratiopharm. According to an analysis by IBEF (India Brand Equity Foundation), total contract production worldwide has a volume of approx. EUR 25 bn, which looks set to rise further to EUR 40 bn by 2010. Growth is driven mainly by the relocation of production for preparations whose patent protection will expire soon. Building a pharmaceutical plant in India is about 40% cheaper than in Europe or the US, and manufacturing costs for pharmaceuticals are markedly lower. This cost advantage provides a strong incentive to move production also for western firms. Given the improvements in patent law and capital protection, the Indian market has become attractive again for western drugs manufacturers. Add to this the relatively low wage costs, employees' good qualifications and expectations of strong growth in the market. According to the German-Indian Chamber of Commerce, twenty German drugs companies have already started operations in India

Indian pharmaceutical companies increasing investment abroad

Large drug makers export to more than 100 countries

In the coming years, Indian drug makers will likely continue to look to foreign countries to expand their operations. An example for the global orientation of Indian pharmaceutical companies is Ranbaxy. Currently, Ranbaxy exports its products to 125 countries, has subsidiaries in nearly 50 countries and production plants in more than 10 countries. The US has become its most important sales market. Sales to the US recently amounted to just under 30% of Ranbaxy's total sales, while sales to Europe came to nearly 20%. Overall, approx. 80% of the manufacturer's total sales are generated abroad.

According to PwC, about half of all larger Indian drug makers are looking to expand abroad through take-overs, whereas less than 20% of their Chinese competitors pursue that strategy. Targeted markets are still the US and Europe. In many cases, there are institutional obstacles to overcome first. More often than not, Indian medicines fail because doctors and pharmacists in other countries are reluctant to prescribe or hand

out drugs produced in India. There is a tendency to favour locally/nationally produced drugs. For this reason, drug companies from India are finding it hard to gain a foothold in western markets.

Over the past few years, for instance, Ranbaxy has bought companies in Romania, Belgium, Italy and France, and intends to become the world's fifth largest manufacturer of generics by 2012. Wockhardt is operating in Germany and the UK, as is Cadila in France. At the beginning of 2006, Dr. Reddy's bought Betapharm, a German generics manufacturer, for almost EUR 500 m.

Germany a lucrative market for Indian pharmaceutical companies

The German market is particularly attractive for Indian companies as generics prices there are relatively high by international standards. Compared with the UK, a generic drug costs nearly 50% more in Germany. So it cannot come as a surprise that Indian producers are loath to leave the lucrative German market to the large German generics companies such as Ratiopharm, Hexal and Stada alone.

Factors weighing on the pharmaceuticals industry

Besides the positive outlook for India's drugs industry, there are also a number of adverse factors. These include, above all, serious shortcomings in infrastructure.

Compared with western industrial nations, energy prices are low but companies must expect repeated power cuts and offset fluctuations in the electricity network with the help of emergency power generators. In many areas, the hot and humid climate makes high demands on climate technology at production plants and on the refrigeration of finished products. Insufficient energy supply also leads to a situation where production hours must be handled very flexibly. This shortage can only be eliminated in the medium term and will require maximum effort. However, India's government intends to expand power generation capacities to roughly 240 GW by the end of the 11th five-year plan in 2012. This would mean a more than 100 GW, or nearly 90%, increase on today's total.

Moreover, the country's lacking transport infrastructure is increasingly turning into a major obstacle. The pharmaceuticals industry is especially dependent on road transport. However, the major transport links are chronically congested and many are in a poor state of repair. Of the total road network covering just over 3.3 million kilometres, only about 6% are relatively well built National and State Highways. In many cases, there are no paved surfaces or there is only one lane for all traffic. But the government has launched an extensive investment programme entitled the National Highway Development Programme, to be implemented by the middle of the next decade.

Outlook for India's pharmaceutical industry up to 2015

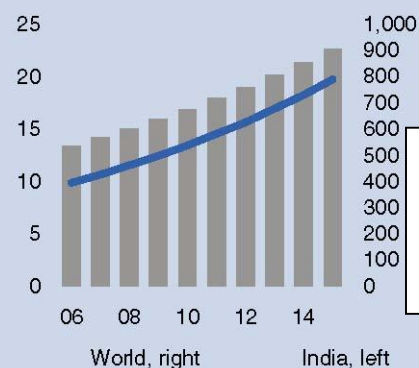
All in all we expect India to see drugs sales rise by an annual 8% to nearly EUR 20 bn between 2006 and 2015. To be sure, this growth rate is higher than that seen for Germany (+5% p.a.) and the entire world (+6%). Nonetheless, India's share in world pharmaceutical sales will rise only marginally to a good 2%.

Growth of India's pharmaceutical industry and thus its share in global drugs manufacturing could even be slightly higher if the infrastructure problems could be remedied quickly. While the pharmaceutical industries of China and Singapore will likely continue to show much higher growth, India looks set to even lose market share in Asia. Mainly affected by this development are smaller Indian companies with sales of up to EUR 10 m which focus on traditional Indian medicines. It is likely that many of these companies will merge or disappear from the market altogether. By contrast, large pharmaceutical companies with sales volumes of over EUR 50 m will be able to increase their sales as they will be better equipped to adjust their product ranges to the demands of international markets. These firms will expand their capacities in India – mostly in the sector's clusters surrounding Delhi and Mumbai – but will also take over firms in the industrial countries. Medium-sized businesses will benefit from increasing contract production for western firms.

All in all, the share of pharmaceuticals in the total chemicals

India's pharmaceutical sales set to double

Sales, EUR bn



Sources: Global Insight, VCI; Prognose: DB Research

(Source: Deutsche Bank Research Report dated April 9, 2008)

10

Strong growth of India's pharmaceutical imports

1995=100



Sources: Global Insight, VCI

11

(Source: Deutsche Bank Research Report dated April 9,

industry in India will come to roughly 17% in 2015 (2006: 18%), compared with 28% in Germany (from 24% in 2006). For the world as a whole, the ratio will likely be only slightly lower than the German level (25%). Although India's pharmaceutical sector is growing strongly, the population's demand for drugs cannot be met by the country's own production in all segments. At EUR 1.5 bn, India's total drugs imports are comparable in size to Norway's entire pharmaceuticals market. Imports look set to continue to rise strongly. On a medium-term horizon, one-fifth of the world's pharma sales will be accounted for by the emerging markets. China will then be among the group of the five largest manufacturers, while India will join the group of the ten largest suppliers.

High export growth of Indian drugs makers

In the course of increasing contract production and low-cost manufacture of proprietary medicines, exports are expected to receive a major boost in future. However, Germany's very high export ratio of currently 55% will hardly be achieved by 2015, as this would imply more than a trebling of total exports. In this context, it should be considered that take-overs of foreign companies will lead to a strong increase in foreign production by Indian manufacturers, which will have a dampening effect on exports. A positive impact on exports is expected from foreign investment in India, though.

Companies eager to tap global markets

Competition between Indian firms and western drug makers will probably be much fiercer as the companies from Asia are increasingly seeking to tap the global markets. The generics market will grow in both the developed countries and in the emerging markets. Most vital medicines are already exempt from patent protection today. The manufacture of generic drugs in that segment is growing strongly. In addition, patents for high-turnover drugs with a volume of EUR 100 bn will expire in the next few years. Of these drugs, roughly one-third will likely be produced by Indian companies.

3. Summary

The pharmaceutical industry is expanding worldwide. For some years now, it has been benefiting from the particular dynamics of the Asian economies as both purchasers and producers. It is not only the markets in China and India that register high growth rates. Annual growth rates are also impressive in Singapore, Malaysia, Thailand and Indonesia.

Thanks to low costs, qualified staff and extensive production and research units India is becoming more and more of a major pharmaceutical location. Drivers of growth are the growing population, which at 1.5 bn should exceed that of China already in 2025, as well as the larger number of older people with markedly higher demand for medicines. Add to this the increase in middle-class households which have considerably higher incomes at their disposal than the population on average.

India's pharmaceutical industry in reorientation process

As a result of the new patent legislation, the country's pharmaceutical industry is reorienting itself and focussing on self-developed medicines and/or contract research and production for western drugs companies. Also the expansion of Indian firms abroad looks set to continue – preferred target markets are the US and European countries.

Despite the positive outlook India will lose market share in the Asian market in future. The winner, first and foremost, will be China, which will remain the No 1 thanks to its expected higher sales growth and volume, as Indian companies' strategic reorientation away from generics to original preparation is still in its infancy. The sooner India manages to close the infrastructure gap, the higher growth will be in the country's pharmaceutical industry.

(Source: Deutsche Bank Research Report dated April 9, 2008)

BUSINESS OVERVIEW

Syncom Healthcare Limited (SHL) was incorporated on July 29, 2002 by Mr. Ajay Bankda & Mrs. Jyoti Bankda for manufacturing, marketing & trading of pharmaceuticals formulations under its own brands in Ethical, OTC, Generic and Herbal market segment. The registered office of the company is situated at 221, Vyapar Bhawan, P.D'Mello Road, Mumbai-400009.

In its first year of the operation itself i.e. year ended March 31, 2003, the Company achieved a turnover of Rs.1160.71 lacs with a net profit of Rs.10.92 lacs. From there, the company has reached to a turnover of Rs.6056.59 lacs and a net profit of Rs.381.31 lacs during the year ended March 31, 2009 with a growth rate of 55.66%, (13.90)%, 24.28%, 58.93%, 78.85% and 10.21% year on year in turnover and a growth rate of (1.01)%, (46.44)%, 289.98%, 1115.59%, 33.53% and 4.04% year on year in net profit respectively.

Initially it started its journey with the marketing of the pharmaceuticals products manufactured by others under its own brand and in year 2006, the company set up a State of Art manufacturing unit at Dehradun in Uttarakhand. The unit was commissioned in November, 2006. During the year ended March 31, 2007, the net profit before tax & extra-ordinary items, of the Company increased to Rs.331.38 lacs from Rs.32.20 lacs during the year ended March 31, 2006 due to commencement of manufacturing of the various products in its own manufacturing unit and marketing through a strong distribution network.

Syncom Healthcare Limited was incorporated, during the process of family settlement, to carry on the domestic pharmaceuticals formulation business of another company Syncom Formulations (India) Limited (SFL), a company which was promoted by Mr. Ajay Bankda & his two elder brothers. Mr. Ajay Bankda is now not associated with SFL in any capacity. The Company entered into "Deed of Assignment of Trade Marks" and "Deed of Assignment of Copyright" both dated May 10, 2004 with Syncom Formulations (India) Limited (SFL) for transferring & assigning various registered & pending trade marks & copy right for artistic works of various labels from SFL to SHL. In nutshell, domestic pharmaceuticals formulations business of SFL was hived off to SHL. SHL took over various domestic brands of SFL as well as the domestic marketing network of SFL. Overseas business is still with SFL for which "Registered User Agreement" and "Licensed User Agreement" both dated May 12, 2004 was entered into between SFL & SHL. For details, refer to the paragraph titled "Other Agreements / Arrangements" in the section titled "History And Certain Corporate Matters" on page 76.

Present Business Model

- c) SHL started as a marketing Company, which was outsourcing its requirement of finished products (Under Its Own Brand And Drug License) from other formulation manufacturing units based in and around Indore. Presently also SHL is outsourcing some of its requirement of finished products.

With these companies, Syncom has a purchase and sale arrangement where the supplier unit is manufacturing SHL's products on SHL's specification and under SHL's quality control under which SHL controls the quality of raw material, their sourcing by the supplier as well as production in the units of these suppliers. The manufactured goods, manufactured for SHL are sold to SHL on pre-decided order prices for each formulation product so manufactured.

- d) To cater the diversified and increased demand the Company planned to set up its own pharmaceutical manufacturing facilities. Accordingly, the company has set up a manufacturing facility at Dehradun in the state of Uttarakhand, which is a Tax free & duty free Zone. The Company set up its Plant at Dehradun and it has started the commercial production in November, 2006. Presently Company is Manufacturing, Marketing and Distribution of Pharmaceutical Formulations under own Brands of Ethical, OTC, Generic and Herbal market segment.

The manufacturing unit of the Company was set up at Dehradun in Uttarakhand due to the following reasons:

Nature of Benefit		Quantum of benefit
Excise exemption		100% Central Excise Exemption for a period of 10 year from the year of commencement of production.
Income	Tax	For first 5 years from first assessment year - 100%
Exemption		For subsequent 5 years - 30%
		MAT is payable by the company but is eligible for set off

OUR COMPETITIVE STRENGTHS

Multi-product capability

We have approvals to manufacture various formulations. We routinely manufacture 200 to 250 types of formulations based on market demand and limited formulation lines. However, we have versatile manufacturing facilities, which can produce multiple products using a combination of processes. The flexible manufacturing infrastructure helps us in changing our product mix in response to changes in market demand. We have complete infrastructure of formulation development, pilot plant and validation studies and are able to develop efficient and cost effective specialized processes at short notice.

Established client relationship

We have established client relationships in domestic markets from whom we get orders on a continuous basis. We believe that our existing relationship with our clients represents a competitive advantage in gaining new clients and growing our business. Some of the domestic clients from whom continuous orders have been received are Gupta Distributors, Aligarh; J.V. Pharma, Karnal; SK Agencies, Jaipur; Meditech Distributor, Bhopal; Payal Agencies, Raipur; Agarwal Drug Corporation, Allahabad; Mohit Enterprises, Amritsar etc.

Complying with environmental norms

We have already set up systems in the existing business which not only meet the present environment norms but are also geared to face the strict environmental norms and thereby enabling us to leverage newer business opportunities.

Locational advantage

Our Unit is situated at Selaqui, Dehradun. The locational advantages are as under:

- Road – Our manufacturing facility is situated in Selaqui at Dehradun- Chandigarh State Highway.
- Manpower- The skilled manpower is easily available in and around the area where our plant is situated thereby fulfilling our human resource requirements.
- Water- Water is one of the basic requirements of pharmaceutical companies. The water is easily available in the valley and we are taking water through tube wells.
- The existing plant is located in the State of Uttarakhand and availing advantage of Excise exemption for a period of 10 years and also 100% exemption of Income Tax for a period of 5 years and 30% exemption of Income Tax for a subsequent period of 5 years.

Experienced management team

Our company is managed by a team of experienced and professional people with experience of different aspects of pharmaceutical industry including production, quality control, procurement of inputs, sales, marketing and finance. Our Promoter has experience of over 26 years in Pharma sector.

Details of the Business of the Company

Location

The Company has a manufacturing facility at D-42, UPSIDC Industrial Area, Selaqui, Dehradun, Uttarakhand – 248 197. The manufacturing facility was set up on a land admeasuring 4397 square metre which is taken on lease of 90 years from UP State Industrial Development Corporation Limited (UPSIDC Ltd) vide Lease Deed dated June 2, 2005.

The Corporate Office of the Company is situated at Syncom House, 293/2, Niranjapur, Dewas Naka, AB Road, Indore (MP) – 452 010. This property is owned by the promoters of the company & company has entered into a Lease Agreement dated May 24, 2008 with the promoters. The lease is for a period of 36 months w.e.f. April 1, 2008 & the plot area is approximately 18000 sq. ft. with a built up area of approximately 30000 sq.ft.

The registered office of the company is situated at 221, Vyapar Bhawan, P.D'mello Road, Mumbai – 400 009 which is also a leased property for which Lease Agreement dated April 24, 2009 for a period of 5 year w.e.f. April 1, 2009 with Mr. Jagdish Prasad Bagaria, C/o JP Bagaria & Sons, one of the directors the company.

So far as new project is concerned, upgradation is to be made at the existing site of Dehradun unit. In addition, new unit has to be set up at Indore Special Economic Zone, which will be located at Pithampur, Dist. Dhar in Madhya Pradesh. The company has already obtained the Letter of Approval from the Development Commissioner, Department of Commerce, Government of India, Sector-3, Pithampur, Dist-Dhar (MP) for setting up a pharmaceutical formulation unit in Indore SEZ.

Plant, Machinery, Technology and Process

Plant & Machinery

For details about the plant & machinery, please refer section titled “Objects of the Issue” on page no. 19 of this Red Herring Prospectus.

Technology and Process

In house R&D is set up to cater the need of process development of various dosage form like tablet, capsule, liquids, external preparation, E/E drops etc to serve clients with quality products.

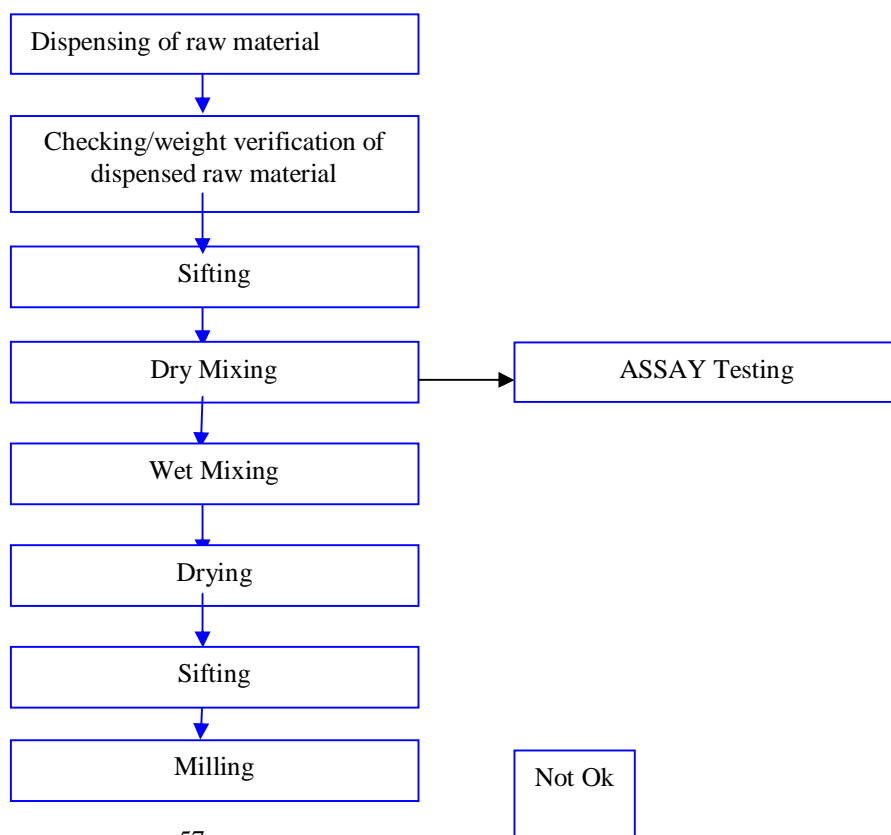
Our technology and expertise in development and manufacturing of quality finished dosage forms is significant to our success, in delivering quality and affordable medicines to our consumers. With an aim to reach out to the world and to provide the best pharmaceutical products, services, research and development and manufacturing units, our facilities are at par with the International standards.

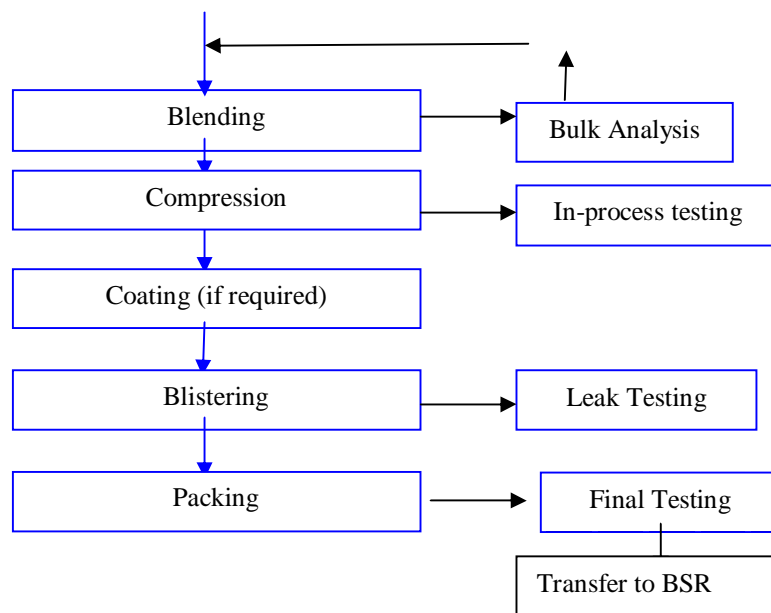
Manufacturing Process

Manufacturing process of various products of the Company is as under:

1. TABLETS

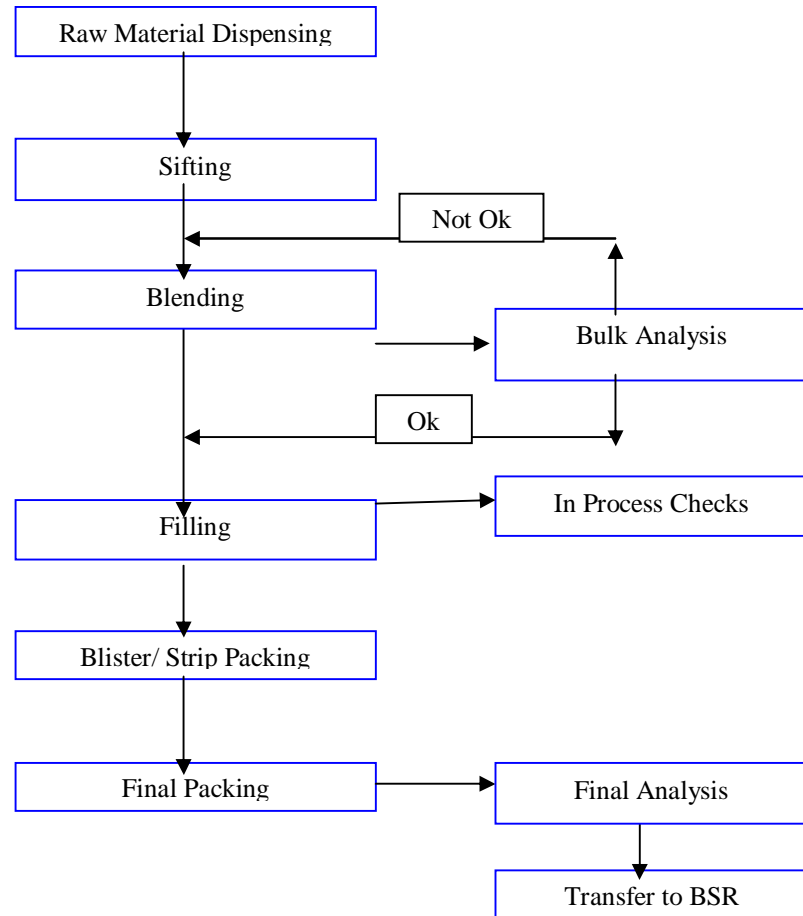
FLOW PROCESS CHARTS





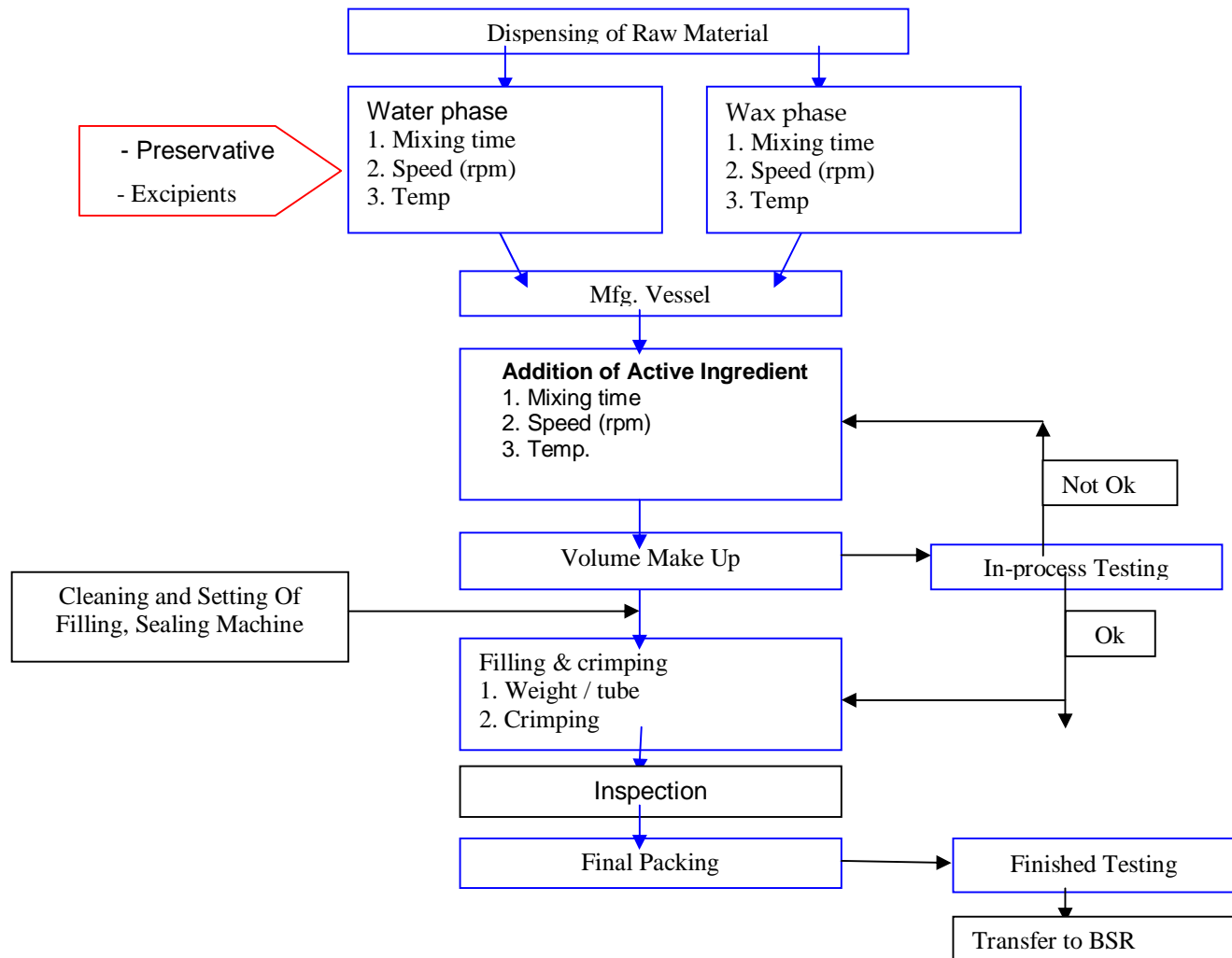
1. **Dispensing:** In this step we dispense all the raw materials (Active and Excipients) for particular product on the basis of Raw material sheet.
2. **Verification:** Production checks all the dispensed raw materials before start the manufacturing.
3. **Sifting:** One by one we shift all the raw material (Active and Excipients) through the different type of mesh.
4. **Dry Mixing:** In RMG, we mix the raw materials.
5. **Wet Mixing:** We prepare the binder solution and pour it into the dry mixed powder and run the RMG until it mixed properly.
6. **Drying:** After finishing of wet mixing process, dried the granules in FBD with fixed temp and check the LOD.
7. **Shifting :** After drying, we shift the granules through the proper mesh to obtain the granules.
8. **Milling :** In shifting the granules which do not shift through sieves we use Multimill which contain blade for cutting the Lumps and mesh for shifting.
9. **Blending:** In this process, lubricant materials and granules mix properly for a fixed time is called bulk. Bulk sample are given to the QC department for assay testing. If result complies with standard data then start next step if not blend the materials again for few minutes
10. **Compression :** After approval from QC, we start the compression of above materials with a suitable Die and Punches. During compression all the standard parameter should follow with the help of in-process testing and sample send to QC for testing.
11. **Coating :** If coating is required prepared the coating solution and coat the compressed tablets according to parameter.
12. **Blistering:** Finally blistering process take place with using proper change part, foil and PVC. In this process Leak test and Physical observations are important.
13. **Packing:** Start packing all the blister in appropriate carton, inner and Shipper and send the sample for final testing. After approval from QC, transfer the final packed material to BSR.

2. CAPSULES



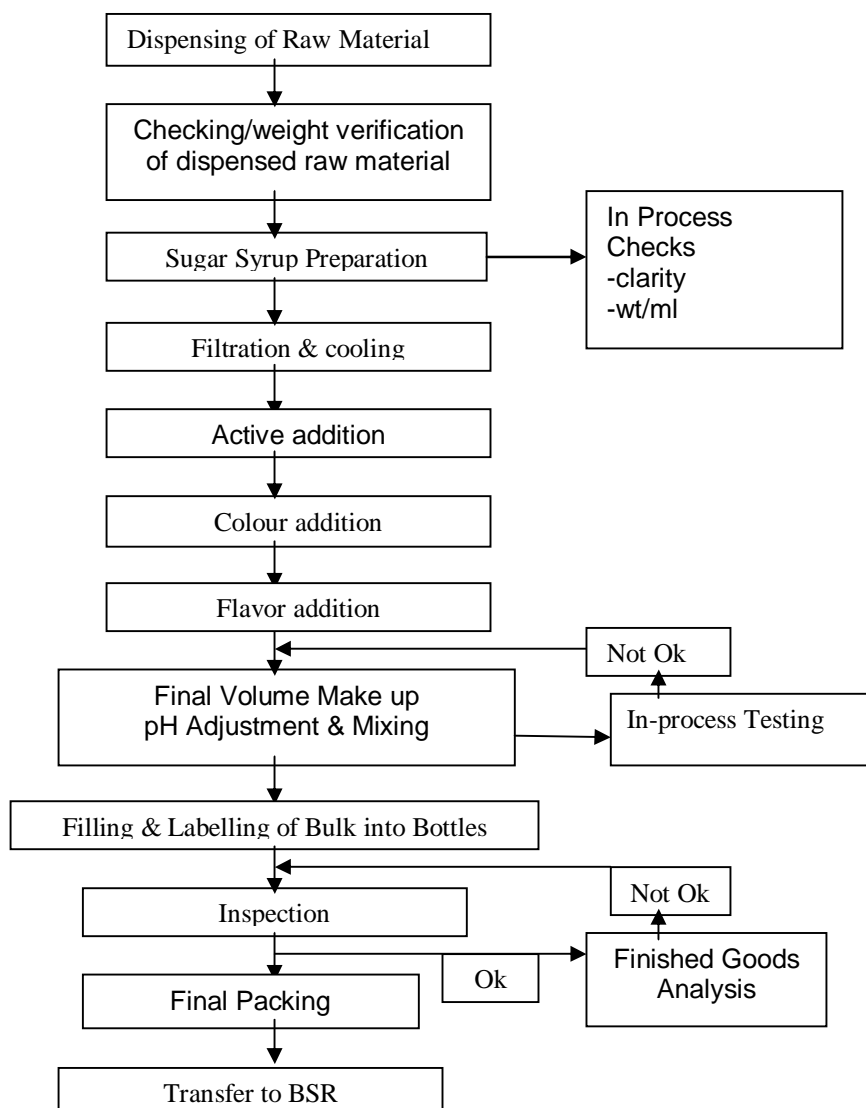
1. **Dispensing:** In this step we dispense all the raw materials (Active and Excipients) for particular product on the basis of Raw material sheet.
2. **Sifting:** One by one, we shift all the raw material (Active and Excipients) through the different type of mesh.
3. **Blending:** In this process, excipients, lubricants and Active materials are mixed properly for a fixed time. Bulk sample is then given to the QC department for testing. If result complies with standard data then start next step otherwise blend the materials again for a few minutes.
4. **Filling :** After approval from QC, we start the filling of above materials into the empty capsules using Semi Automatic Capsule Filling Machine. During filling all the standard parameters should follow specification and verified with the help of in-process testing and sample send to QC for testing.
5. **Blistering /stripping:** Finally blistering / stripping process takes place using proper change parts, foil and PVC. In this process Leak test and Physical observation of the strips / blisters are tested.
6. **Packing:** We start packing all the blisters/strips in appropriate carton, inner and Shipper and send the sample for final testing and after approval from QC, transfer the final packed material to BSR.

3. OINTMENTS



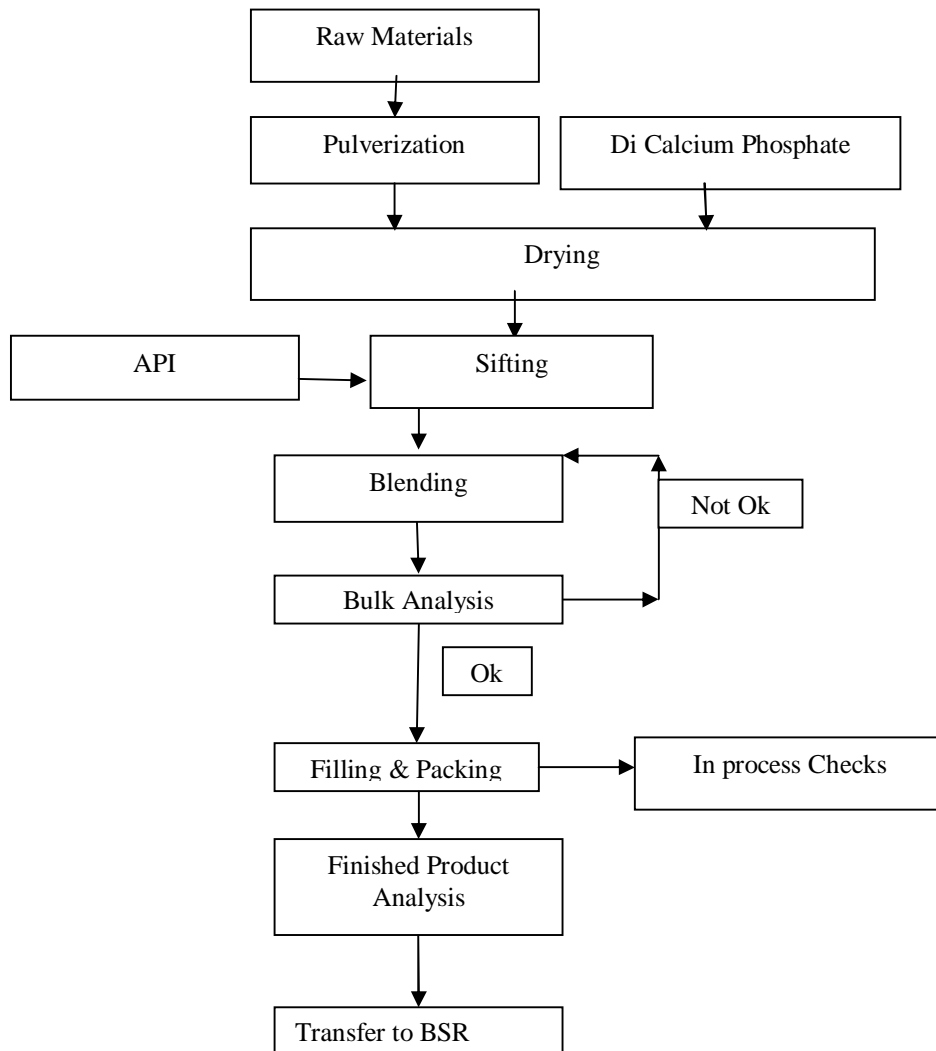
1. **Dispensing:** In this step we dispense all the raw materials (Active and Excipients) for particular product on the basis of Raw material sheet.
2. **Water phase:** In a manufacturing vessel, we collect the Purified water add the preservative and Excipients one by one with continuous stirring.
3. **Wax phase:** In wax phase tank, we add the waxing materials one by one with continuous stirring and heat up till the materials dissolves.
4. **Manufacturing Tank :** In this tank, we mix wax phase into the water phase and start the homonizer.
5. **Addition of active Ingredients:** With continuous stirring of homonizer, we add the active ingredients step by step in to the manufacturing Tank.
6. **Volume Makeup:** In final step, we make up the volume according to the Batch size with the help of Purified water and send the sample for the testing to QC.
7. **Filling:** After approval from QC, we start filling in empty tubes
8. **Inspection:** Time to time, we inspect the fill tube, weight, Crimping, Text matter according to Standard Parameters.
9. **Final Packing:** We start packing all the tubes in appropriate carton, inner and Shipper and send the sample for final testing and after approval from QC, transfer the final packed material to BSR.

4. LIQUID



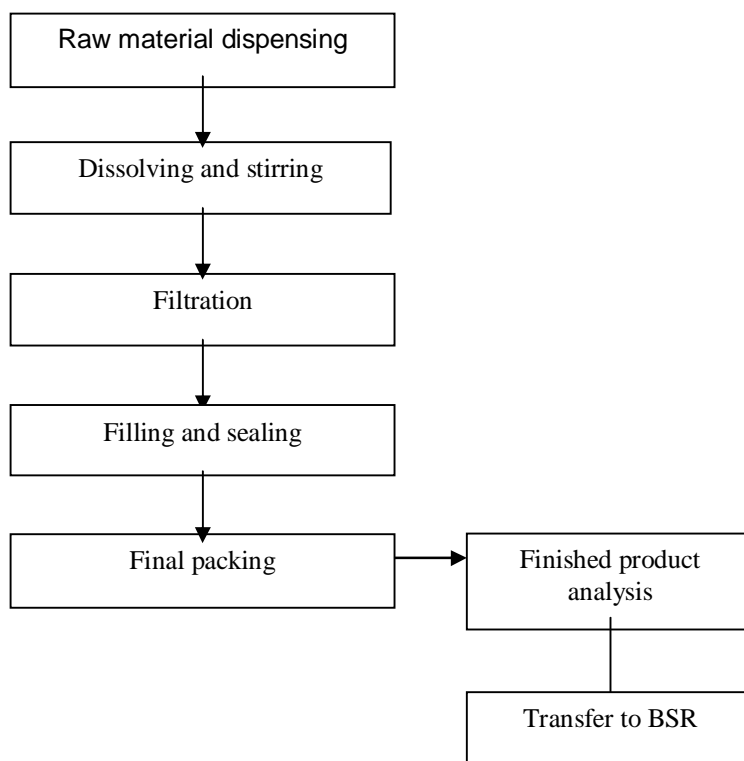
1. **Dispensing:** In this step, we dispense all the raw materials (Active and Excipients) for particular product on the basis of Raw material sheet.
2. **Verification:** Production checks all the dispensed raw materials before start of the manufacturing
3. **Sugar syrup Preparation:** in a syrup preparation tank, we collect the Purified water & add the preservative and sugar one by one with continuous stirring and check the clarity and wt/ml.
4. **Filtration & Cooling:** We check clarity and wt/ml of Sugar syrup, filter it with the help of Filter press and send it into manufacturing tank and cool it.
5. **Active addition:** In this manufacturing tank, we add active ingredient one by one with continuous stirring until it dissolves completely.
6. **Colour Addition :** With continuous stirring, we add the colouring material into the manufacturing Tank.
7. **Flavour addition:** With continuous stirring, we add the flavouring ingredient into the manufacturing Tank.
8. **Volume Make up:** in this step first pH is adjusted within limits and finally make up volume using purified water with continuous stirring.
9. **Filling & Labeling:** After getting approval from QC, we start filling. Bottles should be washed, with DM water.
10. **Inspection:** Time to time, we inspect the fill volume of bottles, Clarity, Leak test, Text matter according to Standard Parameter.
11. **Final Packing:** We start packing all the Bottles in appropriate carton, inner and Shipper and send the sample for final testing and after approval from QC, transfer the final packed material to BSR.

5. POWDER



1. **Dispensing:** In this step, we dispense all the raw materials (Active and Excipients) for particular product on the basis of Raw material sheet.
2. **Verification:** Production checks all the dispensed raw materials before start the manufacturing.
3. **Pulvarization Of sugar :** in this step, we pulvarise the Dried Sugar with a specified screen.
4. **Drying:** in this step, we dry DCP and Pulvarized Sugar in tray drier upto 100°C.
5. **Sifting:** The dried materials along with others are sifted together through specified screen.
6. **Blending:** All the sifted materials are blended in double cone blender.
7. **Bulk Analysis:** The blended material is sent to QC for analysis and release for filling and packing.
8. **Filling and packing:** The blended material is then filled in pouches and packed.
9. **Finished product analysis:** The filled container is sent to QC for final analysis and release for BSR.

6. Eye / Ear DROPS



1. **Dispensing:** In this step, we dispense all the raw materials (Active and Excipients) for particular product on the basis of Raw material sheet.
2. **Verification:** Production checks all the dispensed raw materials before start of the manufacturing
3. **Dissolving and stirring:** In this step, the materials are added in the manufacturing tank under continuous stirring
4. **Filtration:** The solution is then filtered through 0.22 micron filter to make it free from microbes.
5. **Filling and sealing:** In this step, the filtered solution is filled under class 100 area in vials.
6. **Final Packing:** The filled vials or bottles are packed in unit cartons and in shippers.
7. **Finished product analysis:** The pack vials or bottles are sent to QC for final analysis and release to BSR.

Collaborations

Except availing financial assistance from banks and others, the Company has not entered into any technical or financial collaboration agreement.

Infrastructure facilities for raw materials

Raw Materials

The basic raw material required to manufacture formulation is basic drug/bulk comprising of both active and non-active ingredients. The active raw materials are required in bulk quantities whereas non-active raw materials (excipients) are required in small quantities. We are having a system of vendors' approval for procurement of raw materials and all the raw material items are purchased only from such approved vendors. At least three vendors of repute are approved for each and every raw material items so as to ensure timely supplies.

The raw materials items are procured from time to time as per the production planning. All the raw materials are available in India in abundance.

The major raw material consumed by our company includes Paracetamol, Alprazolam, Caffeine, Cetirizine Dihydrochloride, Bromoxin HCL, Diclofenac Potassium, Livocertizine HCL, etc

However, to enable better negotiation, no long term contract has been entered into with any of the suppliers. The normal lead time is as under:-

Indigenous Raw Materials: 7 - 30 Days
Empty Gelatin Capsules: 30 - 45 Days

In view of the reputation enjoyed by our Company in the market, the raw material are available at the most competitive rates. The suppliers are having long term relationship with our Company. Most of the purchases are on clean credit basis from 30 to 90 days without any letter of credit. There is no supply bottleneck for raw materials.

Utilities like water, electricity, etc.

Power

The existing requirement of power at full capacity of the plant is estimated at 600 KVA, which is sourced from Uttaranchal Power Corporation Limited (UPCL). The UPCL has sanctioned a power load of 600KVA. However, the sanctioned power load has been reduced to 450 KVA to reduce the minimum charges applied on the contracted power load. In addition to this the company has installed a DG set of 340 KVA capacity to ensure uninterrupted power supply in case of any power failure, etc.

Water

The requirement of water is about 25000 Liters per day for the entire process and for domestic use. The water is sourced from the under ground which is procured from Tube Wells.

Manpower

The requirement of the manpower at the plant is about 300 persons, including at all managerial level, supervisor level and the workers. The plant is located in Industrial Area, the manpower is sourced locally. Our company does not envisage any difficulty in sourcing the manpower.

The existing no of employees at Indore office is approximate 59. In addition there is approximately Marketing/Sales staff of 236 persons. No of employees at Dehradun plant (excluding workers) is approximately 117.

Products

SYNCOM has presence in Pharmaceuticals Formulations which can be categorized in 4 broad categories i.e. Generic, OTC, Ethical and Herbal.

We manufacture a range of products such as Ethical drugs, Generic drugs, over the counter drugs (OTC) and Herbal formulations in various dosage forms and market them under the trade mark "Syncom" which is a registered trademark in the name of Syncom Healthcare Limited. We also undertake contract manufacturing for large variety of pharmaceutical formulations for a number of other pharmaceutical companies of national and international repute such as Lupin Limited, Nicholas Piramal India Ltd, Galpha Laboratories Limited, Percos India Pvt. Ltd etc. (under their own brands) located in India.

We manufacture various dosage forms, which include tablets, capsules, eye/ear drops, ointment and creams and dry syrups. We have an established product-marketing network covering both metro and mini-metro cities, which enable us to reach our existing and potential customers through our network of distributors and dealers spread across the country. For the purpose of marketing the various products, our Company's business has been categorized as Branded Generic Division, Over the Counter (OTC), Ethical division and Contract Manufacturing Division.

The Company is producing more than 130 products in Generic segment which includes CTZ, Profeed, Nimjet, Divoron, Gentijet, Ciprojet, etc.

As per the report published in Economic Times 7% of Cetrigine Market in India is held by SYNCOM. CTZ indeed reflects the distinct “identity” that the Company has earned in this segment of business.

Apart from Generic, the Company has developed presence in OTC Segment. The Company is producing more than 40 products in this segment which includes Fastac, Q-coral, Triple action, Pandrop, Syncom Gripe Water, etc.

Having built-up a presence in Generic & OTC segment and as a measure to expand and grow, the Company has also entered into Ethical segment. Syncom has developed more than 20 products in this segment which includes Fresca, Flusa, Nutone, Busera, etc.

Syncom is also having presence in Herbal segment with around 25 products which includes Patton, Attom, Narisudha, Salony Cream, etc.

The Company's product-mix is fairly large with Anti-biotics, Anti-inflammatory-analgesics, Anti-allergics, Anti-cold, Anti-cough, Anti-fungal, Anti-diarrhoeals, Anti-oxidants, Vitamins, Proteins etc. The Company manufactures all sorts of formulations like tablets, capsules, liquids, ointments, powders, Eye/Ear drop, external preparations etc.

On the basis of dosage forms the products are categorized into following product lines. All products are being sold in domestic market only.

DOSAGE FORMS	PRODUCT NAME	
TABLET	ALBS	LORSYN
	AZISYN -500 MG	PANDROP
	CEFAD LB	PLAMORE
	CIPROJET	Q-CORIL DMR
	CIPROJET TZ	Q-CORIL TAB
	CTZ	SYBAND
	CTZ-L	SYNOSPAS
	DI-VORAN	TRIPLE ACTION
	DIVORAN MR	Q-CORIL DMR TAB
	DICTOP	CT COM
	DICTOP -P	ENTOWIN
	DOLONIT	FASTAC
	FABRIMOL	FLENIM MR
	METROCOM	FLENIM PLUS
	NIMJET DISPERSIBLE	FLENIM DISPERSIBLE
	NIMJET PLUS	NVP
	O-SYN – 200 MG	NIMZA
	PALERA PLUS	ULTICAL
	PRAZ -0.25	ACIRIL
	PRAZOPEN TAB	ALPRAF
	Q-CORIL	COLO PLUS
	SYNCOSPAS	COLO TAB
	SYNCOZOL	AFLUS
	SYNGAT	BUSERA
	SYNGRA-50 TAB	DOLOTIN
	SYNGRA-100 MG	FRESCA
	SYNOR – LB TAB	FLUSA KIT
	SYNROX	FIXICOM 200/100
	TRIJETVOMIROX	XEROSPAS
	VOVECOM – 50MG	
CAPSULES	ANERGY PLUS	PANTACOM - 24
	HBC	GROMUS
	LOPASYN	REVIVE CAPSULES
	PRAZOLE	ATTOM MEGACAPS
	PRAZOLE DM	FEMLIFE CAP
	SYNCOM B-COMPLEX FORTE	PATTON POWER CAP

	SYNCOZYME	RMC 30 CAP
	TETRAC 250 MG	SHILAJIT CAP
	CATADOL CAPSULES	MENOTIME
	HEMOR	
LIQUID	ANC FORTE SUSPENSION	DIVYASMRITI MEMORY & EYE TONIC
	ANERGY FAMILY TONIC	FASTAC PAIN OIL
	CITROI STYRUP	GLOFY SYRUP
	CUFCON SYRUP	NARISUDHA SYRUP
	COLDEN SYRUP	SYNCOM GRIPE WATER
	CTZ SYRUP-60 ML	SPURNA HAIR OIL
	CTZ -L SYRUP-60 ML	LOVINIC SYRUP
	FABRIMOL SUSPENSION	PROPOWER SYRUP
	GROSYN SYRUP	Q-CORIL DMR SYRUP
	LIVOSSET SYRUP	Q-CORIL COUGH FORMULA
	MENOR SUSPENSION	LACTOGOG
	NIMJET PLUS SUSPENSION	NUTONE SYRUP
	POLYFER SYRUP	RECOP
	PROFEED SYRUP	TUSRIL
	SYNCOM COUGH SYRUL	ACIRIL SUSPENSION
	SYNCOZYME LIQUID	COLO SUSPENSION
	TOPISEPTIC LIQUID	SYNFER IRON TONIC
	TRIJET SUSPENSION	BONNYGROW BABY TONIC
OINTMENTS/CREAMS	CLOZE-B CREAM	DOLOTIN GEL
	CONOL-F SKIN OINTMENT	BURNOSIL CREAM
	DAMCY GEL	BURNOSIL CREAM
	MICLOG GM SKIN CREAM	CLOZOL GM
	PANDROP GEL	ECZIGUARD CREAM
	POVICOM OINTMENT	FASTAC OINTMENT
	QUDERMIS CREAM	QUADY CREAM-10 GMS
	SILVER PLUS CREAM	SYNI GEL A/B
	SILVISYN CREAM	COLO GEL
	SPORSYN OINTMENT	EDICARE CREAM
	NADICOM GEL	SALONI ANTI-MARKS AND FAIRNESS CREAM
	SYNBATE CREAM	SALONI ANTI-ACNE CREAM
	ALLERCALM CREAM	LYNO CREAM
	CLOPIROX CREAM	CATADOL CREAM
	CORTIDEX CREAM	MOISTONE CREAM
	FLUTICOM CREAM	MUPICOM CREAM
	FUSICOM – S CREAM	NADICOM CREAM
	FUSICOM OINTMENT	DERM UP CREAM
EYE/EAR DROPS	CIPROJET EYE/EAR DROPS	SYNGAT EYE/EAR DROPS
	CIPROJET –DX EYE/ER DROPS	SYNPANY-DX EYE/EAR DROPS
	GENTIJET-DX EYE/EAR DROPS	GENTIJET EYE/EAR DROPS
	O-SYN EYE/EAR DROPS	O-SYN –DX EYE/EAR DROPS
	VOVECOM OPHTHALMIC SOLUTION	
DRY POWDERS, DRY SYRUP AND EXTERNAL PREPARATION	PROFEED POWDER	EAR SAF DAR DROPS
	CEFAD –LB 125 DRY SYRUP	GROMUS POWDER-
	ALB SUSPENSION-10 ML	REVIVE ORAL
	ECZIGUARD LOTION	SALONI ANTI-DANDRUFF SHAMPOO
	POVICOM DUSTING	TOPISEPTIC LIQUID
	POVICOM LOTION.	REST EYE DROP
	VI-PROMIN POWDER	SAF EYE DROP
	CLOPIROX LOTION	PROPOWER POWER
	COLO NASAL DROPS	

Competition

The pharmaceutical industry is highly fragmented with large number of players in organized and unorganized sectors. Any WHO GMP certified Pharmaceutical formulator having spare capacity & complying with The Drugs and Cosmetics Act, 1940 is a potential competitor and to meet the competition, we are proposing expansion of our business activity so as to achieve diverse product portfolio, economies of scale and cost competitiveness.

Approach to marketing and proposed marketing set up

Marketing and distribution are the major activities for pharmaceutical companies and the overall success of a pharmaceuticals company is dependent to a great extent on the efficiency of its marketing and distribution function. The marketing operations of our company have grown both quantitatively and qualitatively over the last few years. We believe that our Company has carved out a name for itself in the domestic market.

The Company is selling its formulations under its own brand name through a nationwide marketing network spread over 20 states through a chain of distributors, who in turn sells the goods to stockiest and retailers. The products of the Company are sold in the domestic market in all the four segments of Formulations market i.e. OTC, GENERIC, ETHICAL and HERBAL.

The Company is marketing its OTC & Generic products through 203 Medical Representatives /Sales staff and its Ethical products through 33 Medical Representatives /Sales staff. The sales administration is coordinated and supported by the staff sitting at the corporate office.

Export possibilities and export obligations

There is an export obligation of Rs. 7.50 Lacs (Rupees Seven Lacs Fifty Thousands) cast on the company through bond executed under notification no. 97/2004 dt. September 17, 2004 of Central Excise and Customs Act, for duty free import of Machinery. The Obligation is to be fulfilled within eight years from the date of EPCG license i.e. July 18, 2006.

Pharma sector is a remarkable success story, while medicines may be retailed at 25-50 paise per tablet in India. In the US and Europe the tablet is sold at very high price as compared to the selling price in Indian market. The export possibilities of the pharmaceutical formulation products in the global market is huge as appeared in the various reports of the Government, semi Government and other agencies. The margins available to the Indian exporters are attractive. Considering these growth prospects available in the Global market, Syncom Healthcare Limited is planning to set up a project in SEZ (Special Economic Zones) for manufacture of tablets, capsules and dry syrup to cater to the needs of export. The plant proposed to be set up in SEZ will meet the standard of WHO GMP, MHRA & USFDA.

The South Asian and the third world countries are dependent on imports for their requirements of most of the pharmaceutical products. Most of the other countries in the rest of the worlds are also making a good size of the imports of the pharma products. Even in United State of America and in Europe there is great opportunity of exports of the pharma products which fulfill the USFDA norms. Syncom Healthcare Limited is planning to explore and capture all these possibilities to produce the pharma products and export to these countries.

OUR BUSINESS STRATEGY

Increase in product portfolio

The implementation of the expansion will enable us to add other products in our portfolio. At present the Company is manufacturing number of products in OTC, Generics, Ethical and Herbals segments. The Company will further add other products in the line.

Increase in contract manufacturing activities

The Company will increase the volume of business from the existing contract manufacturing parties for whom we are presently manufacturing the products for them under their brand. We also propose to add more contract manufacturing parties for contract manufacturing of the products for them.

Many R & D based multinational pharmaceutical companies are expected to be affected by the number of drugs going off patent. To maintain their growth momentum, the affected companies have to reduce their manufacturing costs. To achieve this cost reduction, these companies are expected to increasingly outsource part of manufacturing of bulk actives and formulations. This increases the prospects for countries that offer a low cost manufacturing base, India being one of them. We intend to expand our contract manufacturing activities to include large multinational companies as our Customers.

Focus on Environmental Protection

We are committed to provide a safe, clean and healthy environment. We focus on minimizing the generation of waste water and air emissions, thereby preventing pollution at source and that can be achieved by adopting cleaner technologies, reducing the use of natural resources and recovering and recycling wastes.

Reduction of Operational Cost

We want to remain as a cost competitive Company. We are also planning to be cost competitive by increasing our capacity to benefit from economies of scale.

Quality Product and widen our product range

The implementation of the proposed upgradation at our existing plant at Dehradun will enable us to produce quality and diverse range of products and also to get better utilization of the existing capacity. We intend to implement a state of art plant in SEZ at Pithampur with WHO-cGMP, MHRA and USFDA approved norms to enable the Company to manufacture a wide range of products & market them globally. We intend to set up regulated market compliant manufacturing facility which would enable us to tap into these markets.

Future Business Plans

- The Company has plan to set up a Pharmaceutical Formulation Unit in 2010-11 at Indore SEZ, which will be a MHRA, USFDA & WHO-cGMP approved plant, the Company expects to commence the commercial production in the year 2010-11 in this unit and also expects to complete the upgradation at the existing plant located at Dehradun.
- To enter into contract manufacturing tie ups with MNCs and major Indian Players for better capacity utilization in Dehradun plant.
- To enter into strategic marketing tie-ups with MNCs for specific products leveraging the distribution network and Sales force of the Company.

Capacity & Capacity Utilisation

Existing Capacity Utilisation (For Dehradun Unit)

Product Line	Particulars	Unit	2008-09	2007-08	2006-07
Tablet	Installed Capacity	Nos.	1500000000	1500000000	1500000000
	Capacity Utilization		386414373	564012592	306282280
	% Capacity Utilization		25.76%	37.60%	49.01%
Capsule	Installed Capacity	Nos.	100000000	100000000	100000000
	Capacity Utilization		17948316	31248732	18619300
	% Capacity Utilization		17.95%	31.25%	44.69%
Liquid Oral	Installed Capacity	Ltrs.	1500000	1500000	1500000
	Capacity Utilization		442698	479145	325162
	% Capacity Utilization		29.47%	31.94%	52.03%
Ointment	Installed Capacity	Kgs	150000	150000	150000
	Capacity Utilization		95725	47051	20289
	% Capacity Utilization		64.00%	31.37%	32.48%
Eye/Ear Drops	Installed Capacity	Ltrs.	80000	80000	80000
	Capacity Utilization		33614	27226	976
	% Capacity Utilization		42.50%	34.03%	2.93%
Dry Powder	Installed Capacity	Kgs	600000	600000	600000
	Capacity Utilization		212809	200993	21851

	% Capacity Utilization		35.50%	33.50%	8.74%
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Note:

- Installed Capacity is based on single shift.
- The Company started its production from 01.11.2006 thus, %age utilization of 2006-07 has been annualized to make the figures comparable.
- Number of working days in a year is 350.
- The actual production is inclusive of goods manufactured on job work for other Companies

Proposed Capacity Utilisation (For Dehradun Unit)

Product Line	Particulars	Unit	2009-10	2010-11	2011-12
Tablet	Installed Capacity	Nos.	1500000000	1500000000	1500000000
	Capacity Utilization		600000000	900000000	1050000000
	% Capacity Utilization		40.00%	60.00%	70.00%
Capsule	Installed Capacity	Nos.	100000000	100000000	100000000
	Capacity Utilization		460000000	60000000	70000000
	% Capacity Utilization		40.00%	60.00%	70.00%
Liquid Oral	Installed Capacity	Ltrs.	150000	150000	150000
	Capacity Utilization		75000	90000	105000
	% Capacity Utilization		50.00%	60.00%	70.00%
Ointment	Installed Capacity	Kgs	15000	15000	15000
	Capacity Utilization		10500	10500	10500
	% Capacity Utilization		70.00%	70.00%	70.00%
Eye/Ear Drops	Installed Capacity	Ltrs.	8000	8000	8000
	Capacity Utilization		4000	4800	5600
	% Capacity Utilization		50.00%	60.00%	70.00%
Dry Powder	Installed Capacity	Kgs	60000	60000	60000
	Capacity Utilization		30000	36000	42000
	% Capacity Utilization		50.00%	60.00%	70.00%

Note: The Company started its production from 01.11.2006 thus, %age utilization of 2006-07 has been annualized to make the figures comparable.

The Company is enhancing its third party manufacturing base by obtaining more orders for their contract manufacturing from the existing parties and at the same time increasing the number of contract manufacturing companies to manufacture their products. The Company recently added KLAR SEHEN PRIVATE LIMITED, CANIXA SCIENCES PRIVATE LIMITED, TVC LIFE SCIENCES LIMITED, WOCKHARDT LIMITED, etc. in its existing list of the contract manufacturing companies. We are also negotiating with other contract manufacturing companies for their job work as well.

The company further launched the Derma Division as an external preparation in Ointment Department. The Company also put Fluid Bed Drier (FBD) in protein Powder Division i.e. in Dry Powder Department.

With the cumulative impact of all of the above, the capacity utilization will substantially increase and the Company will not face any difficulty in achieving the proposed capacity utilization.

Proposed Capacity Utilisation (For SEZ Unit at Pithampur)

Product Line	Particulars	Unit	2010-11*	2011-12	2012-13
Tablet	Installed Capacity	Nos.	1450000000	1450000000	1450000000
	Capacity Utilization		181250000	870000000	1015000000
	% Capacity Utilization		50.00%	60.00%	70.00%
Capsule	Installed Capacity	Nos.	150000000	150000000	150000000
	Capacity Utilization		18750000	90000000	105000000
	% Capacity Utilization		50.00%	60.00%	70.00%
Dry Syrup	Installed Capacity	Nos.	750000	750000	750000
	Capacity Utilization		938000	450000	5250000

	% Capacity Utilization		50.00%	60.00%	70.00%
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* Working for 2010-11 is considered for three months only.

Property

The details of the properties occupied/owned by the Company are as under:

Sr. No.	Particulars	Area	Nature of ownership
1	Property situated at D-42, UPSIDC Industrial Area, Selaqui, Dehradun, Uttarakhand – 248 197 where plant of the Company is situated	Land Area 4,397 Sq. Mtrs.,	Leasehold (Lease with UPSIDC)
2	Property situated at Syncom House, 293/2, Niranjapur, Dewas Naka, AB Road, Indore (MP) – 452 010 being used as Corporate Office of the Company	Plot Area app. 18,000 Sq. ft. and built up Area App.30,000 Sq. ft.	Leasehold (Owned by Promoters)
3	Office situated at 221, Vyapar Bhawan, P.D'mello Road, Mumbai – 400 009 which is being used as Registered office of the company.	Built up area 120 Sq. ft.	Leasehold (Owned by one of the Director)

Purchase of the property

Except as stated in “Objects of the Issue” in this Red Herring Prospectus and save in respect of the property purchased or acquired or to be purchased or acquired in connection with the business or activities contemplated by the objects of the Issue, there is no property which we have purchased or acquired or propose to purchase or acquire, which is to be paid for wholly or partly out of the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Red Herring Prospectus, other than property in respect of which:

- The contracts for the purchase or acquisition were entered into in the ordinary course of the business, and the contracts were not entered into in contemplation of the Issue nor is the Issue contemplated in consequence of the contracts; or
- The amount of the purchase money is not material.

Except as stated in the section titled “Related Party Transactions” of page no.101 of the Red Herring Prospectus, the Company has not purchased/acquired any property in which any of its promoters and/or Directors, have any direct or indirect interest in any payment made thereof.

Our Indebtedness

Name of the bank	Type of the Loan facility	Amount Sanctioned (In Lacs)	Amount outstanding as on November 30, 2009 (Rs. In lacs)	Interest / Commission	Repayment	Security
Bank of India	Term Loan -1	930.00	355.89	1.00% below the BPLR with a minimum 11.75% p.a. with monthly rest presently 11.75% p.a.	60 Monthly Instalments of Rs. 15.50 Lacs each commencing from October 2006.	(a) First charge in the form of Hypothecation of plant and machinery installed/ situated at the factory premises plot no. D-42 Selaqui Industrial Estate Dehradun (U.A.) (b) First charge in the form of Equitable mortgage by deposit of the title deed s of the company's immovable properties comprising land and building situated at plot no. D-42 Selaqui Industrial Estate Dehradun (U.A.)

Name of the bank	Type of the Loan facility	Amount Sanctioned (In Lacs)	Amount outstanding as on November 30, 2009 (Rs. In lacs)	Interest / Commission	Repayment	Security
Bank of India	Term Loan -2	170.00	86.19	1.00% below the BPLR with a minimum 11.75% p.a. with monthly rest presently 11.75% p.a.	57 ballooning monthly instalments commencing from February 2007 as under. First 15 instalments of Rs. 0.85 Lacs each, next 41 instalments of Rs. 3.74 Lacs each and last instalment of Rs. 3.91 Lacs.	(a) First charge in the form of Hypothecation of plant and machinery installed/ situated at the factory premises plot no. D-42 Selaqui Industrial Estate Dehradun (U.A.) (b) First charge in the form of Equitable mortgage by deposit of the title deed s of the company's immovable properties comprising land and building situated at plot no. D-42 Selaqui Industrial Estate Dehradun (U.A.)
Bank of India	Working Capital Cash credit Limit	1225.00	1209.63	1.00% below the BPLR with a minimum 11.75% p.a. with monthly rest presently 11.75% p.a.	Payable on demand	a) First charge in the form of Hypothecation of Stock of raw materials, stock in process and finished goods and Book Debts of the company b) First Charge in the form of Hypothecation of plant and machinery installed at the factory premises at plot no. D-42 Selaqui Industrial Estate Dehradun (U.A.) c) First charge in the form of equitable mortgage of Fixed Assets of the company comprising of land and building situated at plot no. D-42 Selaqui Industrial Estate Dehradun (U.A.)

Name of the bank	Type of the Loan facility	Amount Sanctioned (In Lacs)	Amount outstanding as on November 30, 2009 (Rs. In lacs)	Interest / Commission	Repayment	Security
Bank of India	Working Capital Demand Loan	500.00	222.20	1.00% below the BPLR with a minimum 11.75% p.a. with monthly rest presently 11.75% p.a.	Payable in 35 monthly instalments of Rs. 13.89 Lacs each and last instalment of Rs. 13.85 Lacs.	a) First charge in the form of Hypothecation of the current assets of the company. b) First Charge in the form of Hypothecation of plant and machinery installed at the factory premises at plot no. D-42 Selaqui Industrial Estate Dehradun (U.A.) c) First charge in the form of equitable mortgage of Fixed Assets of the company comprising of land and building situated at plot no. D-42 Selaqui Industrial Estate Dehradun (U.A.) .
Bank of India	Inland Guarantee Limit *	5.00	NIL	Rs.175 plus 0.86% per quarter with a minimum 1.72%.	NA	Equitable mortgage by deposit of the title deeds of the company's immovable properties comprising land and building and other structure, machineries and plant and other fixtures and fittings erected and thereon (both present and future) at plot no. D-42 Selaqui Industrial Estate Dehradun (U.A.)

Note: *There are no bank guarantees availed by the company

Restrictive Covenants in Loan Agreements

As per the terms of the loan agreement, we require prior written consent from the Bank, for certain activities, amongst others, including to dispose off the assets as declared in the net worth statement during the currency of the Banks loan, to pay dividend, to disinvest the Promoters equity in the Company till the currency of the banks loan, to divert short term funds for long term uses, change in management or expansion, to compound or release any of the book debts or to do anything whereby the recovery of the same may be impeded, delayed or prevented, to call uncalled capital without notice to the Bank, to make or attempt any alterations in its Memorandum or Articles of Association or in its Capital Structure, to allow any Receiver to be appointed on the movable and immovable property of the Company, which is mortgaged, pledged and/or charged to the Bank or to allow any distress or execution to be levied upon or against the same or any thereof, not to vary the shareholding of the Directors, to effect any change in the units Capital Structure, to effect any scheme or amalgamation or reconstitution, to implement a new scheme of expansion or take up an allied line of business or manufacture.

In accordance with the loan agreements, we have received no objection certificate from the Bank of India:

Sr. No.	Name of the Lender	Reference No & Date of NOC
1	Bank of India	Ref No: KHAJ/ADV/ dated September 1, 2008

Insurance Policies

The Company has insured its assets and stocks through various insurance policies, details of which are as under:

Sr. No.	Policy No.	Policy Type	Insurance details	Sum Insured (Rs.in lacs)	Premium Paid (Rs.)	Date Expiry of Policy
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1	450200/11/08/12/00001215	Standard Fire & Special Perils Policy	Stock of pharma products, samples, gift articles etc. at Indore	150.00	10955	21.01.2010
2	450200/11/09/12/00000990	Fire Declaration Policy	Stock of Finished Goods, Raw Material (RM) & Packing Material (PM) at Dehraun	340.00	25783	03.11.2010
3	450200/11/09/11/00000999	Standard Fire & Special Perils Policy	Building, Plinth, Foundation various machineries pertaining to Insured Factory and Stock in Process at Dehradun	1500.00	107543	03.11.2010
4	450200/48/08/52/70000002	Office Protection Shield (General)	Building, Furniture & Fixture, Fidelity Guarantee, Electronic Equipments, etc. at Indore Office	76.62	12630	26.02.2010
5	450200/42/09/05/00000276	Tailor-made Group Personal Accident Policy	Group Personal Accident for Employees at Indore Office	145.00	19551	30.05.2010
6	450200/11/09/11/00000390	Standard Fire & Special Perils Policy	Stock and Stock in process comprising of Finished Goods, RM & PM etc.	500.00	37916	24.06.2010

Intellectual Property Rights

The Company has total 143 trade mark registered in the name of Syncom Healthcare Limited for various pharmaceutical formulations. In addition, The Company has total 109 Trade Marks assigned to it through Syncom Formulation (India) Limited. The Company has made further applications for registering 61 trade marks in its own name. "Syncom" is a registered trademark in the name of Syncom Healthcare Limited. All formalities in this regard have been complied with by the Company.

REGULATIONS AND POLICIES IN INDIA

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

Drugs And Cosmetics Act, 1940

Drugs and Cosmetics Act, 1940 governs and regulates the manufacture, sale, stock, import, export, distribution of drugs. This legislation requires a company *inter alia* engaged in any of the above activities to obtain licenses for the manufacture, sale, distribution, and import of drugs, as the case may be, from the Drugs Controller General of India and to maintain records of the same. In order to obtain a License for a particular drug, the approval of the Central Drugs Laboratory certifying the standards of quality is required for which the product is subjected to series of tests involving different stages and procedures. In case of APIs, the Drug Controller General of India issues manufacturing licenses. These manufacturing and marketing Licenses are submitted by the company seeking to produce the drug to the state level authority, the Drug Control Administration which clears the drug for manufacturing and marketing. The Drug Control Administration also provides the approval for the technical staff as per the drugs and Cosmetics Act and rules framed under the legislation abiding by WHO inspection norms.

Drugs and Cosmetics Rules, 1945

These Rules have been framed under the Drugs and Cosmetics Act, 1940. These Rules, *inter alia*, provide that for the purpose of importing drugs import license and registration certificate is required from the Licensing Authority. The authorization by a manufacturer to his agent in India is documented by a Power of Attorney executed and authenticated in India before a 1st class Magistrate or in the country of origin before such equivalent authority. The Rules also provides for the approval of the Technical staff as per the Drugs and Cosmetics Act and rules framed under the legislation abiding by the World Health Organization inspection norms.

The Drugs (Prices Control) Order, 1995

The Drugs (Prices Control) Order 1995 was promulgated under the Essential Commodities Act, 1955. Under this Order, the Government of India regulates the equitable distribution and increase in supply of a bulk drugs, and regulates the availability and fair price mechanism at which bulk drugs are sold. A manufacturer has to submit a list of all the Scheduled and Non-Scheduled drugs produced by it and also the cost of each of the bulk drugs. This Order is to be read in consonance with the Drugs and Cosmetics Act, 1940.

The Government of India also fixes the ceiling price of scheduled formulations, keeping in view the cost or efficiency, or both of major manufacturers of such formulations. Such price consequently operates as the ceiling sale price for all packs including those sold under generic name. The authority appointed under the Order for regulation and fixation of drug prices is the “National Pharmaceuticals Pricing Authority” (NPPA). Upon the recommendation of the NPPA, the Ministry of Chemicals and Fertilizers fixes a ceiling price of the API and issues notifications in respect of drugs which are scheduled drugs and formulations.

The Government of India has the power under the Order to recover charges charged by companies in excess to the notified prices. A Gazetted Officer of the Central Government or State Government so appointed for the purposes of this Act is empowered to enter and search any place, seize any drug to ensure compliance with this order. Contravention of any provisions of this Order is punishable in accordance with the provisions of the Essential Commodities Act.

Drugs and Magic Remedies Act, 1954

The legislation prohibits the advertising of a drug in such a way that the advertisement contains any matter which directly or indirectly misrepresents the true character of the drug or makes a false claim or a claim which is false or misleading in any material particulars. The legislation also expressly prohibits the import or export of any document containing an advertisement relating to the same. The contravention of any provisions of this Act has been made subject to punishments as specified therein.

Narcotic Drug & Psychotropic Substances Act

The Narcotic Drug & Psychotropic Substances Act controls operations relating to narcotic drugs like opium, cannabis, and psychotropic materials.

Poisons Act

The Provisions of the Poisons Act restrict the use of poisons. The poisonous substances covered by the Act are classified into two categories. These include aconite, arsenic, morphine, heroin, essential oil of almonds, oxalic acid, poppies, chloroform, zinc chloride, etc.

Patent Regulation

The protection and enforcement of patent rights in India are essentially governed by the Patents Act, 2005 (including the rules framed thereunder), as amended from time to time, the Patent Co-operation Treaty (PCT) and related international conventions to which India is a signatory. A patent unlike a trademark or copyright is territorial in nature meaning that an invention (be it product or process) that is patented in one country does not enjoy protection as a patented invention in any other country.

The PCT is an international treaty between more than 125 Paris Convention countries, administered by the World Intellectual Property Organization (WIPO). The PCT makes it possible to seek patent protection for an invention simultaneously in each of a large number of countries by filing a single "international" patent application instead of filing several separate national or regional patent applications. The granting of patents remains under the control of the national or regional patent Offices called the "national phase". In keeping with its commitment as a signatory of Trade Related Aspects Intellectual Property Rights (TRIPs) in 1995, India is required to recognise product patents in addition to process patents in respect of pharmaceutical products. Under the amended Patents Act 1970, patents in India can be granted for a product or a process. Under the new Indian patent regime, patent protection has been increased from seven years to twenty years.

Environmental Regulations

In India, regulation and enforcement of environment protection and safety is governed by three major central regulations namely Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control (Prevention and Control of Pollution) Act, 1981, and the Environment (Protection) Act, 1986. The main purpose of these legislations is to regulate prevent and control pollution, by the setting up, *inter alia* of national and regional Pollution Control Boards (PCBs) which monitor and enforce standards and norms in relation to air, water pollution and other kinds of wastes causing environmental damage.

In addition, the Environment (Protection) Act, 1986 also prescribes rules for the management and disposal of hazardous industrial wastes as governed by Hazardous Wastes (Management and Handling) Rules, 1989 and Bio- Medical Waste (Management and Handling) Rules, 1998.

Further all proposals for setting up, expansion or modernization are evaluated in terms of environment assessment impact, by the Ministry of Environment and Forests, which accords the necessary clearance for projects after evaluation of Environment Impact Assessment.

Foreign Direct Investment: Foreign Direct Investment up to 100% is permitted, subject to stipulations laid down from time to time in the Industrial Policy, through the automatic route in the case of all bulk drugs cleared by Drug Controller General (India), all their intermediates and formulations, except those, referred to in para above, kept under industrial licensing.

Foreign Technology Agreements: Automatic approval for Foreign Technology Agreements is available in the case of all bulk drugs cleared by Drug Controller General (India), all their intermediates and formulations, except those, referred to in Para above, kept under industrial licensing for which a special procedure prescribed by the Government is to be followed.

Labour Regulations

Depending upon the nature of the projects undertaken by the Company, applicable environmental and Labor Laws and regulations include the following:

- Contract Labor (Regulation and Abolition) Act, 1970;
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- Payment of Gratuity Act, 1972;
- Payment of Bonus Act, 1965;
- The Minimum Wages Act, 1948;
- Employees State Insurance Act, 1948;
- The Maternity Benefits Act, 1961.

HISTORY AND CERTAIN CORPORATE MATTERS

Mr. Ajay S. Bankda and Mrs. Jyoti Bankda incorporated M/s Syncom Healthcare Limited on July 29, 2002 for marketing of pharmaceutical formulations. The Certificate for Commencement of business was granted on August 2, 2002. In the year 2005 the Company initiated setting of a manufacturing unit at Selaqui, Dehradun in the state of Uttarakhand. The Unit commenced commercial production from November, 2006 of all types of formulations viz. tablets, capsules, eye/ear drops, ointments, dry powder, liquid syrup/suspension and creams.

We manufacture a range of products such as Ethical drugs, Generic drugs, over the counter drugs (OTC) and Herbal formulations in various dosage forms and market them under the trade mark "Syncom" which is a registered trademark in the name of Syncom Healthcare Limited. We also undertake contract manufacturing of a large variety of pharmaceutical formulations for a number of other pharmaceutical companies of national and international repute such as Lupin Limited, Nicholas Piramal India Ltd, Galpha Laboratories Limited, Percos India Pvt. Ltd etc. (under their own brands) located in India.

We manufacture various dosage forms, which include tablets, capsules, eye/ear drops, ointment and creams and dry syrups. We have an established product-marketing network covering both metro and mini-metro cities, which enable us to reach our existing and potential customers through our network of distributors and dealers spread across the country. For the purpose of marketing the various products, our Company's business has been categorized as Branded Generic Division, Over the Counter (OTC), Ethical division and Contract Manufacturing Division.

Change in Registered Office: The Company has not changed its Registered Office since incorporation.

Major Events

Following are the key events and milestones achieved by us:

Calendar Year	Events
2002	Incorporation of Syncom Healthcare Limited
2002	Syncom Healthcare Limited started marketing operations
2005	Commenced setting up of manufacturing facility at Selaqui, Dehradun
2006	Start of commercial production at Dehradun Industrial Unit for its own marketing
2007	Entered into agreement for Contract manufacturing with Lupin Limited, Galpha Laboratories, Nicholas Piramal, etc. Pharmaceutical Companies for manufacturing its various range of products.

For details regarding Capacity/facility creation, location of plant, products, marketing, competition etc. please refer "**Business Overview**" on page no 55 of RHP. For details regarding raising of Capital in the form of Equity please refer "**Capital Structure**" on page no 12 of RHP. For details regarding raising of Capital in the form of Debt please refer "**Business Overview**" on page no 55 of RHP. For details regarding delay in the Proposed project, please refer "Implementation Schedule" on page no 29 of RHP. For details regarding Corporate profile of the issuer regarding its history, the description of the activities, services, products, market of each segment, the growth of the issuer, exports, Competition, management, the technology, market, managerial competence and capacity built-up etc., please refer to "**Business Overview**" and "**Our Management**" on page no 55 & 79 respectively of RHP. The number of shareholders of the Company are 8 as on the date of RHP.

MAIN OBJECTS OF OUR COMPANY:

The main objects of our Company as contained in our Memorandum of Association are as set forth below

1. The Manufacturer and trader of pharmaceuticals, medicine, drugs.
2. To carry on the business of manufacturers, marketing dealers, job works, processors, sellers, retailers, importers and exporters of pharmaceutical, medicinal and other industrial preparation, drugs, compounds, mediciners, allophethec, ayurvedic, homeopathic, unani and patents dediciners, pharmaceutical products, fine chemicals, surgical goods, lotions, cosmetics, formulation, pills and ointment.

CHANGES IN MEMORANDUM OF ASSOCIATION

Since the date of Incorporation the following changes have been made to the Memorandum of Association:

Date of Shareholders' Approval	Amendment
March 28, 2003	Increase in authorized share capital from Rs.5 Lacs to Rs.25 Lacs
September 30, 2003	Increase in authorized share capital from Rs.25 Lacs to Rs.75 Lacs
August 18, 2004	Increase in authorized share capital from Rs.75 Lacs to Rs.85 Lacs
November 25, 2005	Increase in authorized share capital from Rs.85 Lacs to Rs.550 Lacs
June 1, 2006	Increase in authorized share capital from Rs.550 Lacs to Rs.610 Lacs
September 29, 2007	Increase in authorized share capital from Rs.610 Lacs to Rs.1000 Lacs
June 25, 2008	Increase in authorized share capital from Rs.1000 Lacs to Rs.2000 Lacs

Subsidiaries

The company does not have any subsidiary company.

Joint Venture Agreements

As on date of filing this Red Herring Prospectus with SEBI we have not entered into any joint venture agreements with any other company or entity.

Shareholders Agreements

There is no Shareholder agreement.

Other Agreements / Arrangements

The Company entered into a "Deed of Assignment of Trade Marks" on May 10, 2004 with Syncom Formulations (India) Limited (SFL) through which SFL transferred and assigned to SHL w.e.f. July 29, 2002 various trade marks together with all the rights, title, interest, property and benefit whatsoever in and to the said trade marks together with the goodwill of the business in the goods for which the said trade marks have been registered and/or pending for registration and/or are used in connection therewith absolutely forever. The deed was for 33 registered trade marks and 440 trade marks pending registration for various pharmaceuticals products. The consideration of the transaction paid by SHL to SFL was Rupees Ten Lacs only.

The Company also entered into a "Deed of Assignment of Copyright" on May 10, 2004 with Syncom Formulations (India) Limited (SFL) through which SFL transferred and assigned to SHL w.e.f. July 29, 2002, Artistic Works of various labels etc used for various pharmaceuticals products together with all the rights, title, interest, property and benefit and the beneficial ownership whatsoever in and to the said Artistic Works and the business in respect of or relating to the goods or articles or things to which they were used absolutely forever. The deed was for 15 Artistic Works for various pharmaceuticals products. The SFL also gave SHL list of its distributors, dealers, agents and customers with whom it had dealings and contracts relating to its business in India and transferred to the SHL benefit of all contracts, agreements and orders entered into or received by it in connection with the business for manufacture, sale, purchase and supply of medicinal and pharmaceutical preparations bearing the said artistic works and all articles and things and the exclusive benefit of all the distributors, dealers, agents and customers of the SFL. SFL has agreed not to use directly or indirectly the said Artistic Works or colourable imitation thereof in India on its preparations and products. The consideration of the transaction paid by SHL to SFL was Rupees Fifteen Lacs only.

Again through another "Registered User Agreement" dated May 12, 2004, the SHL granted the SFL exclusive and irrevocable license and right to use the 10 registered trade marks for various pharmaceuticals products only for export out of India subject to certain conditions w.e.f August 5, 2002. No royalty or any other remuneration was payable to SHL under this agreement i.e. the transaction was without any consideration. SHL has agreed to not to use these trade marks for export.

Through another "Licensed User Agreement" dated May 12, 2004, the SHL granted the SFL exclusive and irrevocable license and right to use the 139 trade marks pending registration for various pharmaceuticals products only for export out of India subject to certain conditions w.e.f August 5, 2002. No royalty or any

other remuneration was payable to SHL under this agreement i.e. the transaction was without any consideration. SHL has agreed to not to use these trade marks for export.

Other than the agreements mentioned above, there are no other agreements entered into by our Company other than those entered into during the course of business.

Strategic Partners

As on date of filing this Red Herring Prospectus with SEBI there are no strategic partner agreements entered into by our Company.

Financial Partners

As on date of filing this Red Herring Prospectus with SEBI there are no financial partnership agreements entered into by our Company.

OUR MANAGEMENT

Board of Directors

The following table sets forth the details regarding the Board of Directors.

Sr. No	Name, Father's Name, Age, Address, Occupation, Designation & DIN No.	Qualification	Date of Appointment and Term	Other Directorships
1	Mr. Ajay S. Bankda, S/o. Late Shankarlal Bankda Aged 49 Years Address: 351, Saket Nagar, Indore Occupation :Business Designation: Chairman Cum Managing Director DIN No. 00013796	M.Com	July 29, 2002 Five years from July 25, 2007	1. Ultratech Energy Pvt. Ltd. 2. Sinorita Biotech Pvt. Ltd. 3. Ajay Jyoti Estate Pvt. Ltd. 4. Vimla Housing Pvt. Ltd. 5. Bankda Realty Pvt. Ltd. 6. Bankda Developers Pvt. Ltd. 7. Bankda Housing Pvt. Ltd. 8. Ajay Laxmi Housing Pvt. Ltd. 9. Bankda Estate Pvt. Ltd. 10. Kedar Vijay Housing Pvt. Ltd. 11. Styler Textiles Pvt. Ltd.
2	Mrs. Jyoti Bankda, D/o. Shri. Jagdish Prasad Bagaria Aged 43 Years Address: 351, Saket Nagar, Indore Occupation :Business Designation: Whole Time Director DIN No. 00228864	SSC	July 29, 2002 Five years from July 25, 2007	1. Sinorita Biotech Pvt. Ltd. 2. Ajay Jyoti Estate Pvt. Ltd. 3. Vimla Housing Pvt. Ltd. 4. Bankda Realty Pvt. Ltd. 5. Bankda Developers Pvt. Ltd. 6. Bankda Housing Pvt. Ltd. 7. Ajay Laxmi Housing Pvt. Ltd. 8. Bankda Estate Pvt. Ltd. 9. Kedar Vijay Housing Pvt. Ltd. 10. Styler Textiles Pvt. Ltd.
3	Mr. Jagdish Prasad Bagaria S/o. Shri. Shivchand Rai Bagaria Aged 64 Years Address: 294/17, Shival Nagar Society, Pant Nagar, Ghatkopar East Mumbai - 75 Occupation :Business Designation: Director DIN No. 00014106	B. Com (Part -I)	July 29, 2002	Bankda Realty Pvt. Ltd.
4	Mr. Bharat Kumar Doshi S/o Mr. Nand Lal Doshi Aged 49 Years Address: 81/4, Vallabh Nagar, Indore – 452 001 Occupation : Professional Designation: Director DIN No. 00041045	B.E. (Mech.)	May 28, 2008	Doshi Consultants Pvt. Ltd.
5	Mr. Govind Das Pasari S/o Mr. Murlidhar Pasari Aged 55 Years Address: Tirupati, 23/3, Yeshwant Niwas Road, Tukoganj, Indore Occupation : Business Designation: Director	B. Com	May 28, 2008	Neeta Medicos Private Limited

	DIN No. 01893095			
6	Mr. Avichal Kasliwal S/o Mr. Trilokchand Kasliwal Aged 51 Years Address: 41/42, Samwad Nagar, Indore Occupation : Business Designation: Director DIN No. 01364228	B. Com, LLB	June 2, 2008	Beleza Furnishings Private Limited

Mrs. Jyoti Bankda is wife of Mr. Ajay Bankda and daughter of Mr. Jagdish Prasad Bagaria.

Brief profile of the Directors

Please refer to the section on “Our Promoters And Promoter Group” for brief profile of Mr. Ajay Bankda and Mrs. Jyoti Bankda. Brief profile of other directors is given hereunder:

Mr. Jagdish Prasad Bagaria, aged 64 years has completed B. Com. Part I from the University of Calcutta in the year 1964. He is engaged in the family business and is presently operating his own proprietary business since last 31 years.

Mr. Bharat Kumar Doshi, aged 49 years is a Bachelor of Engineering (Mech) from Shri Govind Ram Seksaria Institute of Technology & Science, Indore in 1981. He has 26 years of experience in Planning, Designing Pharmaceutical, Biotech & API Facilities and Design of HVAC with Clean Room and BSL facility in India & Abroad. He is also an Associate Member of American Society of Heating, Refrigerating, Air-Conditioning Engineers, INC; USA, Member of International society for Pharmaceutical Engineering, member of The Institute of Validation Technology. He is Master Layout & Internal Layout as per URS for Biotech, Formulation & Bulk Chemical Plants based on WHO-cGMP, USFDA and E.U. requirement. He has promoted Doshi Consultants Private Limited. Mr. Bharat Doshi is the Jt. Managing Director of Doshi Consultants Private Limited. This Company has implemented various Pharmaceutical & Bulk Chemical Projects in India & abroad on turn key basis and on advisory capacity.

Mr. Govind Das Pasari, aged 55 years has completed B.Com in 1975 from University of Indore. He has more than 29 years experience in the field of Marketing of the Pharmaceutical Products. He is a Partner in Neeta Medicos which is engaged in Marketing of Pharmaceutical Products. He has also promoted Neeta Medicos Private Limited to expand its current line of business and he is the prompter Director of this Company. He is C & F Agent of various Leading Pharmaceutical Companies.

Mr. Avichal Kasliwal, aged 51 years has completed his B. Com form the University of Indore in the year 1979 and has also completed his LLB Hons. in 1983 from Devi Ahilya Vishwavidyalaya, Indore. He is engaged in business of furnishings and possesses 16 years of experience. He has promoted Beleza Furnishings Private Limited to expand the existing Business operations.

Details of borrowing powers

The Company at its Extra Ordinary General Meeting held on June 25, 2008, passed a resolution authorizing the Board of Directors pursuant to the provisions of section 293(1)(d) for borrowing from time to time all such sum of money as they may deem requisite, notwithstanding that the moneys 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) will exceed the aggregate of the paid-up Capital of the Company and its free reserves, that is to say, reserve not set apart for any specific purpose, provided that the total amount upto which the moneys may be borrowed by the Board of Directors shall not exceed Rs.100 Crores (Rupees One hundred Crores only).

Terms of Appointment and Compensation of Managing Director / Whole Time Director

Mr. Ajay S Bankda

The Members of the Company have vide resolution passed in the meeting held on September 29, 2007 approved the reappointment and remuneration of Mr. Ajay S Bankda as Managing Director of the Company for a period of five years with effect from July 25, 2007 on the following terms and conditions:

1. Basic Salary Rs. 20000 p.m.
2. Rent Free House (Rent paid by company presently Rs. 30000/- p.m.
3. Free Electricity, Gas, Water, Telephone Facility”

The Members of the Company have vide resolution passed in the meeting held on June 25, 2008 approved the increase in the remuneration of Mr. Ajay Bankda, the Managing Director of the Company, from Rs. 20,000 per month to Rs. 50,000 per month by way of salary with effect from 1st July, 2008. with other terms and conditions including Allowances, perquisites and other benefits remaining unchanged.

Mrs. Jyoti Bankda

The Members of the Company have vide resolution passed in the meeting held on September 29, 2007 approved the reappointment and remuneration of Mrs. Jyoti Bankda as Whole Time Director of the Company for a period of five years with effect from July 25, 2007 on the following terms and conditions:

1. Basic Salary Rs. 20000 p.m.
2. Free Electricity, Gas, Water, Telephone Facility

The Members of the Company have vide resolution passed in the meeting held on June 25, 2008 approved the increase in the remuneration of Mrs. Jyoti Bankda, the Whole Time Director of the Company, from Rs. 20,000 per month to Rs. 40,000 per month by way of salary with effect from 1st July, 2008 with other terms and conditions including Allowances, perquisites and other benefits remaining unchanged.

During the financial year 2008-09, following remuneration including perquisites was paid to Mr. Ajay Bankda and Mrs. Jyoti Bankda:

Mr. Ajay Bankda: Rs. 510000

Mrs. Jyoti Bankda: Rs. 816848

The Managing Director & Whole Time Director shall be entitled to Gratuity equivalent to his/her half months' salary for each completed year of service subject to the ceiling of Rs. 1,00,000/-. No other benefit is allowed. There is no bonus or profit sharing plan for them.

Payment or benefit to officers of the Company

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

CORPORATE GOVERNANCE

We have complied with the requirements of the applicable regulations, including the Listing Agreement to be entered into with Stock Exchanges and the SEBI Regulations, in respect of corporate governance, including constitution of the Board and Committees thereof. Our corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management and constitution of Board Committees.

We have a Six-member Board with an Executive Chairman constituted in compliance with the Companies Act and listing agreement with Stock Exchanges and in accordance with best practices in corporate governance i.e. having half of the Board's strengths as Independent. The Board of Directors functions either as a full Board or through various committees constituted to oversee specific operational areas. Our management provides the Board of Directors detailed reports on its performance on a quarterly basis.

COMMITTEES OF THE BOARD

Audit Committee

The terms of the Audit Committee comply with the requirements of Clause 49 of the listing agreement to be entered into with the Stock Exchanges. The Committee currently comprises following three directors. Mr. Govind Das Pasari is the Chairman of the Audit Committee. The Company Secretary is the Secretary of our Audit Committee.

- | | | |
|--------------------------|------------|-----------------------------|
| 1. Mr. Govind Das Pasari | - Chairman | - Non Executive/Independent |
| 2. Mr. Avichal Kasliwal | - Member | - Non Executive/Independent |
| 3. Mr. Ajay Bankda | - Member | - Managing Director |

The terms of reference of the Audit Committee are as follows:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- Oversight of the Company's reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submissions to the board, focusing primarily on:
 - Any changes in accounting policies and practices.
 - Major accountings entries based on exercise based on judgment by management.
 - Qualification in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchanges and legal requirements concerning financial statements.
 - Any related party transaction i.e transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives, etc, that may have potential conflict with the interest of the Company at large.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with external auditors before the audit commences nature and scope of audit as well as to have post- audit discussion to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors.
- It shall have discussion with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the quarterly, half yearly and annual financial statements before submissions to the Board.
- It shall ensure compliance of internal control systems.
- The Chairman of the Audit Committee shall attend the Annual General Meetings of the Company to provide any clarification on matters relating to audit sought by the members of the Company.

Remuneration Committee

The Remuneration Committee of our Board comprises three non-executive independent directors. Mr. Govind Das Pasari is the Chairman of the Remuneration Committee.

- | | | |
|--------------------------|---|------------------------------------|
| 1. Mr. Govind Das Pasari | - | Non-executive Independent Director |
| 2. Mr. Bharat Doshi | - | Non-executive Independent Director |
| 3. Mr. Avichal Kasliwal | - | Non-Executive Independent Director |

The Company Secretary of the Company acts as the Secretary to the Committee.

The terms of reference of the Remuneration Committee are as follows:

- a. The Committee shall examine the terms of agreement(s) entered into with Managing and other Executive Directors.
- b. The Committee shall determine the remuneration packages i.e. salary and perquisites payable to the Managing and other Executive Directors.
- c. The Committee shall determine the amount of bonus, stock option, pension rights and compensation payments to the Managing and other Executive Directors.
- d. The Chairman of the Committee shall be present in the Annual General Meeting of the Company.
- e. The Secretary of the Company shall act as the Secretary to the Committee and in the absence of the Secretary; the Chief Financial Officer of the Company shall act as Secretary to the Committee.

Share Holders/Investor Grievances Committee

The Company has constituted a “Share Holders/Investor Grievances Committee” to redress the complaints of the share holders in respect of matters pertaining to transfer of shares, non-receipt of annual report, dematerialization of shares, non-receipt of dividend etc. The Committee currently comprises following three directors. Mr. Bharat Doshi is the Chairman of the Share Holders/Investor Grievances Committee

- | | | |
|-------------------------|---|------------------------------------|
| 1) Mr. Bharat Doshi | - | Non-executive Independent Director |
| 2) Mr. Avichal Kasliwal | - | Non-executive Independent Director |
| 3) Mr. Ajay Bankda | - | Managing Director |

The Company Secretary of the Company acts as the Secretary to the Committee.

The provisions of the listing agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares on the Stock Exchanges. We intend to comply with such provisions. We undertake to adopt the Corporate Governance Code in accordance with Clause 49 of the listing agreement to be entered into with the Stock Exchanges prior to obtaining the listing approval of the Stock Exchanges. We have complied with SEBI Regulations in respect of corporate governance, especially with respect to independency of the Board and constituting the Committees as required.

Shareholding of the Directors

The shareholding of the directors on the date of the issue of the Red Herring Prospectus is as follows:

Sr. No.	Name of Director	No. of Equity Share
1	Mr. Ajay Bankda	6217206
2	Mrs. Jyoti Bankda	3459101
3	Mr. Jagdish Prasad Bagaria	100
4	Mr. Bharat Kumar Doshi	Nil
5	Mr. Govind Das Pasari	Nil
6	Mr. Avichal Kasliwal	Nil

As per Article 174 of the Articles of Association of the company, no qualification Shares are required to be held by the Directors.

Interests of Directors

All the non executive directors of the company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or Committee thereof as well as to the extent of other remuneration and/ or reimbursement of expenses payable to them as per the applicable laws.

The Directors may be regarded as interested in the shares & dividend payable thereon, if any, held by or that may be subscribed by and allotted/transferred to them or the companies, firms and trust, in which they are interested as Directors, Members, partners and or trustees. All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by Syncom Healthcare Limited with any Company in which they hold Directorships or any partnership or proprietorship firm in which they are partners or proprietors as declared in their respective declarations.

The Managing Director and Whole Time Director of Syncom Healthcare Limited are interested to the extent of remuneration paid to them for services rendered to the Company.

Except as stated under Related Party Transactions on page 101 of the Red Herring Prospectus, the

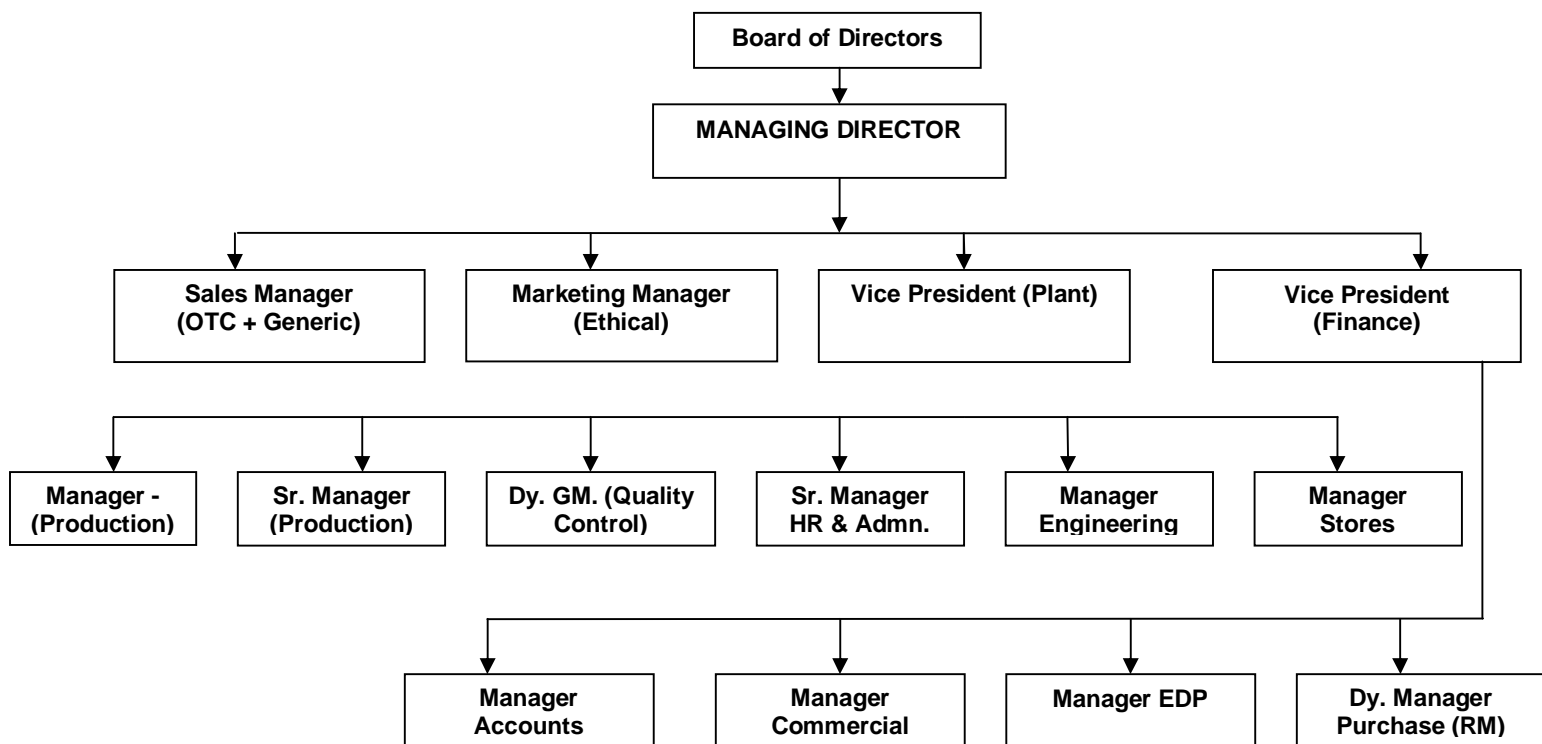
Company has not entered into any Contract, Agreements or Arrangements during the preceding two years from the date of the Red Herring Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be entered with them.

Changes in Directors during Last Three Years

Change in the composition of the Board of Director during the last 3 years from the date of filing of the Red Herring Prospectus is as follows:

Name	Date of appointment	Date of resignation	Reason
Mr. Akhilesh Rathi	-	21.3.2008	Resigned due to Personal reasons
Mr. Bharat Doshi	28.05.2008	-	Appointed as Independent Director
Mr. Govind Das Pasari	28.05.2008	-	Appointed as Independent Director
Mr. Avichal Kasliwal	02.06.2008	-	Appointed as Independent Director

Organization Chart



Key-Managerial Personnel

The Company is managed by its Board of Directors, assisted by qualified professionals, with vast experience in the field of production/finance/ distribution/marketing and corporate laws. The following key personnel assist the Management:

Name	Quali- fication	Designation	Date of appointmen t	Salary Paid in 2008-09	Experie nce *in yrs	Last employ- ment	Shareho lding in the compan y
Mr. Sandeep Verma	B. Pharma, M.Pharma	Vice President Plant-Doon	04.09.2009	N.A.	20 Years	Park Pharmaceiuti cal India Ltd.	Nil
Mr. D.P. Mahajan	M.Sc.	Chief Operating Officer	18.08.2008	Rs.536669/-	32 Years	PharmaLink (India) Pharmaceiuti cals Pvt. Ltd.	Nil
Mr. Jagdish Chandra Paliwal	B. Com, FCA. FCS	Vice President – Finance	01.01.2007	Rs.540000/-	27 years	Soni Ispat Ltd.	Nil
Mr. Hemant K. Chouhan	B.Sc., MBA	Vice President (OTC)	30.09.2008	Rs.259091/-	32 years	Cratus Life Care Limited	Nil
Mr. Ranjan Keshkar	MBA	Marketing Manager	16.07.2009	N.A.	25 Years	Self Employed	Nil
Mr.Kuppsubrahmanayam	B. Sc.	Manager, Business Developmen	23.09.2009	N.A.	15 Years	Kilitch Drugs India Limited	Nil

Mr. Sandeep Sarwate	M.Com	Manager-Accounts	10.08.2005	Rs.297500/-	20 years	Anand Hospital Group	Nil
Ms. Seema Kaushik	M.A.	Manager-Purchase	16.10.2008	Rs. 92753/-	13years	Endo Labs Limited	Nil
Mr. Kamal Sharma	B.Com	Dy.Manager -Purchase	04.09.2006	Rs.137000/-	15 years	Self Sane Trading	Nil
Mr. Chandra Kant Desai	M.B.A.	Manager- IT	21.11.2008	Rs.106663/-	22 years	Compro	Nil
Mr. Prakash Singh	B.Pharma	Sr. Manager-Production	26.03.2007	Rs.575000/-	14 Years	Coral Laboratories Ltd.	Nil
Mr. Nirupam Jha	M.Sc(Che-mistry)	Manager-Production	1.02.2007	Rs.490000/-	13 Years	Panther Healthcare (P) Ltd.	Nil
Mr. Ajeet Kumar	B.Pharma	Manager – Production	16.10.2006	Rs.364560/-	28 Years	Bihar State Pharmaceutical & Chemical Dev. Corp. Ltd.	Nil
Mr. S.K Malviya	B.Sc.	Manager-Business Development.	15.01.2009	Rs.54526/-	29 Years	Trojen Group of Companies.	Nil
Mr. Yogesh Kumar Tripathi	B.Com, MBA	Dy Manager-HR & Admin	14.02.2008	Rs.149258/-	7 Years	Bhatia International Limited	Nil
Mr. Ashok Jha	B.Tech(Mech.)	Manager-Engineering	22.08.2007	Rs.386400/-	17 Years	Kusum Healthcare (P) Ltd.	Nil
Mr. K.K. Sharma	B.A. PGDMM	Manager – Stores	05.07.2006	Rs.339000/-	20 Years	Akum Drugs & Pharmaceuticals Ltd.	Nil

All the above Employees, Key Managerial Personnel are the permanent employees of the Company. None of the KMPs is related to each other.

Bonus or Profit Sharing Plan for the Key Managerial Personnel

There is no Profit Sharing Plan for the Key Managerial Personnel.

Changes in the Key Managerial Personnel in the last 3 years:

Sr. No.	Name	Designation	Joining /Resignation date
1.	Mr. V.G. Ahuja	Sr. Vice President- Marketing	Appointed on 10.02.2006
2.	Mr. Dinesh Mishra	Manager - Logistic	Appointed on 31.07.2006
3.	Mr. J.C. Paliwal	Vice President- Finance	Appointed on 01.01.2007
4.	Mr. Umesh Datta Mishra	Vice President- Plant	Appointed on 01.02.2007
5.	Mr. Nirupam Jha	Manager - Production	Appointed on 01.02.2007
6.	Mr. Manoj Badjatya	General Manager	Appointed on 01.02.2007
7.	Mr. Navin Chaddha	General Manager- Ethical	Appointed on 01.06.2007
8.	Mr. Jairaj Singh Chouhan	Dy G. M.- QA & QC	Appointed on 10.08.2007
9.	Mr. Ashok Jha	Manager - Engineering	Appointed on 22.08.2007
10.	Mr. Yogesh Hardikar	Manager-Commercial	Appointed on 22.10.2007
11.	Mr. Madhawanand	Sr. Manager- HR & Admin	Appointed on 29.10.2007
12.	Mr. Mahendra Pal Singh Saggi	General Manager – Ethical	Appointed on 10.12.2007

13.	Mr. Satish Shukre	Manager-E.D.P.	Appointed on 11.04.2008
14.	Mr. Ashutosh Sharma	Marketing Manager-Ethical	Appointed on 07.05.2008
15.	Mr. D.P. Mahajan	Chief Operating Office	Appointed on 18.08.2008
16.	Mr. Hemant K Chouhan	Vice President (OTC)	Appointed on 30.09.2008
17.	Mr. Chandra Kant Desai	Manager- IT	Appointed on 21.11.2008
18.	Mr. Hemant Thakur	Head International Operations	Appointed on 03.01.2009
19.	Mr. S.K Malviya	Manager-Business Development	Appointed on 15.01.2009
20.	Mr. R.D. Kinikar	Vice President- Plant	Appointed on 02.02.2009
21.	Mr. Ranjan Keshkar	Marketing Manager	Appointed on 16.07.2009
22.	Mr. Sandeep Verma	Vice President- Plant	Appointed on 04.09.2009
23.	Mr. Kuppsubrahmanayam	Manager, Business Development	Appointed on 23.09.2009
24.	Mr. N.V. Aiyer	Manager – Purchase	Resigned on 30.01.2008
25.	Mr. Navin Chadha	General Manager-Ethical	Resigned on 04.02.2008
26.	Mr. Manoj Badjatya	General Manager	Resigned on 31.03.2008
27.	Mr. Hemant Goyal	General Manager-Commercial-Doon	Resigned on 22.04.2008
28.	Mr. Dinesh Mishra	Manager- Logistic	Resigned on 31.05.2008
29.	Mr. Mahendra Pal Singh Saggi	General Manager – Ethical	Resigned on 08.06.2008
30.	Mr. V.G. Ahuja	Sr. Vice President- Marketing	Resigned on 26.06.2008
31.	Mr. Yogesh Hardikar	Manager- Commercial	Resigned on 01.09.2008
32.	Mr. Nagesh Guntulla	Dy. Manager -Purchase	Resigned on 31.10.2008
33.	Mr. Satish Sukre	Manager- EDP	Resigned on 11.11.2008
34.	Mr. Umesh Dtt Mishra	Vice President- Plant	Resigned on 14.02.2009
35.	Mr. Madhawanand	Sr. Manager- HR & Admin	Resigned on 22.04.2009
36.	Mr. Hemant Thakur	Head International Operations	Resigned on 09.05.2009
37.	Mr R.D.Kinikar	Vice President- Plant	Resigned on 04.09.2009
38.	Mr. Jairaj Singh Chouhan	Dy G. M.- QA & QC	Resigned on 08.09.2009

Other than above, there are no material changes in the key managerial personnel during last 3 years.

HUMAN RESOURCES

Training and Development

We place a lot of emphasis on training and development of our employees. Employees in all the departments undergo regular training programs to upgrade their skills to the changing requirements of the industry.

Disclosures Regarding Employees Stock Option Scheme / Employees Stock Purchase Scheme

Till date, the Company has not introduced any Employees Stock Option Scheme / Employees Stock Purchase Scheme.

Payment or Benefit to Officers of the Company



Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his/her employment. The KMP's are liable to terminate the services on one month notice from either side or the salary in lieu thereof. They are also entitled to the Gratuity as per the provisions of the Payment of Gratuity Act on completing 5 years service which is equivalent to his half months' salary for each completed year of service. No other terminal benefit is allowed.

OUR PROMOTERS AND PROMOTER GROUP

PROMOTERS AND THEIR BACKGROUND

Mr. Ajay Bankda, aged 49 years has completed his Master of Commerce in the year 1981 from the Vikram University, Ujjain. He started his career in 1979 as Distributor of Pharma products of various reputed Pharmaceutical Formulation Companies in Indore. Thereafter in 1984 the distribution and marketing of the Pharma products were carried on in the name of Syncom Pharmaceuticals, a Partnership Firm with family members. The Firm then set up its own Pharmaceutical Formulation Plant at Palghar in Maharashtra. Subsequently he along with his two elder brothers incorporated in the year 1988 Company in the name and style of Syncom Formulation Private Limited and became its Promoter Director and thereafter in 1994 it was converted in to a Public Limited Company named Syncom Formulation (India) Limited (SFL) & the Company SFIL entered the capital market by issuing equity in Public and shifted their Pharmaceutical Formulation activity with expanded capacity at Pithampur near Indore. The Company at that time was holding more than 200 Registered Brand. He remained actively involved with this company till 2002 and in this year incorporated existing Company Syncom Healthcare Limited (SHL) and he became Managing Director of this newly incorporated Company. SHL took over the various domestic Brands of SFL as well as the domestic marketing network of SFL. The various brands which were transferred to SHL were registered in the name of SFL under the Trade Marks Act. Since 2002 he is working as Managing Director of Syncom Healthcare Limited. SHL is producing and marketing the products under the trade marks transferred from SFL and its own further acquired trade marks.

Mrs. Jyoti Bankda, aged 43 years has completed her SSC examination in the year 1982 from Maharashtra State Board of Secondary & Higher Secondary Education, Pune. She actively participated in incorporation and formation of Syncom Healthcare Limited in the year 2002 as promoter Director and since than working as Whole Time Director in this Company. She is looking after administration and designing work of product packaging & promotional materials. She is also assisting the Managing Director for effective and efficient implementation of the decisions taken by the Board of Directors in day to day operations.

Name of the Promoter	Mr. Ajay Bankda	Mrs. Jyoti Bankda
Photograph of the promoter		
Driving License No.	MP09R-2008-0306575	MP09R-2008-0113596
Passport No.	F 4519882	A 8211133
Permanent Account No.	ADHPB2851J	ADHPB2855N
Voter's Identity No.	MP/37/274/327320	MP/37/274/327321
Name of Bank & Branch	Bank of India, Khajrana Branch, Saket Nagar, Indore	Bank of India, Khajrana Branch, Saket Nagar, Indore
Bank Account No.	880210110000203	880210110000199

Declaration

The Company confirms that the Permanent Account Number, Bank Account Number and Passport No have been submitted to the NSE and BSE at the time of filing of the Draft Red Herring Prospectus with them.

Common Pursuits

There are no common pursuits among the company and its Group/ Associate companies except one of the promoter group company i.e. Sinorita Biotech Pvt. Ltd which has similar object clause in memorandum of association. However, this company has not yet commenced any business activities since incorporation.

Interest of Promoters & Directors

The Promoters of the Company are interested to the extent of their shareholding in the Company. Further, Promoters who are also the Directors of our Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them. Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them and their relatives in the Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of this Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Further, the Promoters are also directors on the boards of certain Promoter Group entities and they may be deemed to be interested to the extent of the payments made by our Company, if any, to these Promoter Group entities. For further details, see “Our Promoters and Promoter Group” beginning on page 88. For the payments that are made by our Company to certain Promoter Group entities, please refer to the section titled “Financial Information of the Company”, beginning on page 104.

Except as stated otherwise in this Red Herring Prospectus, the Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Red Herring Prospectus in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by the Company other than in the normal course of business.

Payment or Benefit to Promoters of the Company

Except as stated in “Financial Information of the Company - Related Party Transactions” on page 104, no amount or benefit has been paid or given to any Promoter within the two preceding years from the date of filing of this Red Herring Prospectus or is intended to be paid.

PROMOTER GROUP

The natural persons who are part of the Promoter Group (Being immediate relative of our Promoters) are as follows:

Sr. No.	Name	Relation with Promoter
1.	Mr. Ajay S. Bankda	Self
2.	Mrs. Jyoti Bankda	Wife
3.	Mr. Jagdish Prasad Bagaria	Father-in-law
4.	Mrs. Uma Devi Bagaria	Mother-in-law
5.	Mr. Pratik Bankda	Son
6.	Master Pranav Bankda	Son
7.	Mrs. Asha Ghuwalewala	Sister
8.	Mrs. Usha Gupta	Sister
9.	Mr. Deepak Bagaria	Brother in Law
10.	Ms. Jaya Patodia	Sister In Law

Promoter Group Companies and Entities

The companies that are part of the Promoter Group have been provided below. The Companies that form part of the Promoter Group includes:

1. a company in which 10% or more of the share capital is held by our Promoters or their immediate relatives; and
2. a company in which a company specified below holds 10% or more, of the share capital; and
3. a company promoted by our Promoters.

Sr. No.	Name of the Promoter Group Companies and entities
1	Sinorita Biotech Pvt. Ltd.
2	Ultratech Energy Private Limited
3	Styler Textiles Private Limited
4	Bankda Developers Pvt. Ltd
5	Ajay Jyoti Estate Pvt. Ltd.
6	Vimla Housing Pvt. Ltd.
7	Kedar Vijay Housing Pvt. Ltd.
8	Bankda Estate Pvt. Ltd.
9	Bankda Housing Pvt. Ltd.
10	Bankda Realty Pvt. Ltd.
11	Ajay Laxmi Housing Pvt. Ltd
12	Ajay Shankarlal Bankda (HUF)

FINANCIAL INFORMATION OF GROUP COMPANIES/ENTITIES

The information for the last 3 years based on the audited/unaudited statements in respect of all the Companies, firms, ventures, etc. promoted by the promoters irrespective of whether these are covered under section 370 (1)(B) of the Companies Act, 1956 or not.

1. SINORITA BIOTECH PRIVATE LIMITED

The Company was incorporated on April 12, 2004 vide Registration No. 16541 (CIN: U24232MP2004PTC016541) with its registered office at 293/2, Niranjapur, Dewas Naka, AB Road, Indore 452 010 with the main object of to carry on the business of manufacture, marketing dealers, job works, processors, sellers, retailers, importers and exporters of pharmaceutical, medicinal and other industrial preparation, drugs, compounds, mediciners, allophethec, Ayurvedic, homeopathic, unani and patents mediciners, pharmaceuticals products, fine chemicals, surgical goods, lotions, cosmetics, formulation, pills and ointment.

The Company is yet to start the business activities.

Shareholding Pattern as on September 30, 2009

Particulars	No. of share	% shareholding
Mr. Ajay Bankda	5000	50.00
Mrs. Jyoti Bankda	5000	50.00
Total	10000	100.00

Board of Directors

The following are the Board of Directors as on September 30, 2009:

Name	Designation
Mr. Ajay Bankda	Director
Mrs. Jyoti Bankda	Director

The financial highlights for the last 3 years are given below:

	(Rs. in lacs)		
Year Ended March 31	2009	2008	2007
Total Income	0.00	0.00	0.00
Profit after tax (PAT)	0.00	0.00	0.00
Share Capital	1.00	1.00	1.00
Reserves (excluding revaluation reserve)	0.00	0.00	0.00
Net Worth	0.70	0.74	0.77
Earnings per share (EPS) (Rs.)	N.A.	N.A.	N.A.
Net Asset Value (NAV) per share (Rs.)	7.00	7.37	7.75

Source: Audited Financial Statements

Notes:

- i) Face value of each equity share is Rs.10/-.
- ii) For the calculation of Earnings Per Share and Net Asset Value Per Share, number of equity shares outstanding at the end of the year has been considered.

2. ULTRATECH ENERGY PRIVATE LIMITED

The Company was incorporated on January 2, 2007 vide CIN U24110MP2007PTC019177 as a private limited Company with its Registered Office at 293/2, Niranjanpur, Dewas Naka, AB Road, Indore 452 010 with the main object to act as importer, exporter, manufacturer or to act otherwise to mine excavate, extract, store, hold, sell, purchase, refine, treat, reduce, distill, purify, pump, transport, use, experiment with, market, distribute, exchange, supply deal in physical, dematerialized and electronic trading and generally deal in all kind of hydrocarbons, organic chemicals, inorganic chemicals, fine chemicals, oil edible oil, non edible oil, essential oil, crude oil, mineral oil, petrochemicals, industrial oil, lubricating oil, furnace oil, light diesel oil, white oil, turpentine oil, kerosene, hexane, greases, paraffin, all kind of petroleum products and its intermediates, petroleum by products and derivatives, petroleum gases, natural gases, petroleum substitutes, bio fuels, petroleum jellies, various solvents, sulphur, all types of hard and soft coak, coal tar, carbon black and all other coal products and various feed stock and all kind of fuels in general, dyestuff and its intermediates, pigments stones, minerals and diamonds.

The Company is yet to start the business activities.

Shareholding Pattern as on September 30, 2009

Particulars	No. of share	% shareholding
Mr. Ajay Bankda	9000	90.00
Mr. Rohit Dubey	1000	10.00
Total	10000	100.00

Board of Directors

The following are the Board of Directors as on September 30, 2009:

Name	Designation
Mr. Ajay Bankda	Director
Mr. Rohit Dubey	Director
Mr. Bhagatraj Seth	Director

The financials for the last 3 years are given below:

(Rs in lacs)			
Year Ended March 31	2009	2008	2007
Total Income	0.00	0.00	0.00
Profit after tax (PAT)	0.00	0.00	0.00
Share Capital	1.00	1.00	1.00
Reserves (excluding revaluation reserve)	0.00	0.00	0.00
Net Worth	0.45	0.51	0.79
Earnings per share (EPS) (Rs.)	N.A.	N.A.	N.A.
Net Asset Value (NAV) per share (Rs.)	4.51	5.09	7.94

Source: Audited Financial Statements

Notes:

- i) Face value of each equity share is Rs.10/-.
- ii) For the calculation of Earnings Per Share and Net Asset Value Per Share, number of equity shares outstanding at the end of the year has been considered.

3. STYLER TEXTILES PRIVATE LIMITED

The Company was incorporated on April 20, 2005 vide Registration No. 017531 (CIN: U00171MP2005PTC017531) as a private limited Company with its Registered Office at 293/2, Niranjanpur,

Dewas Naka, AB Road, Indore 452 010 with the main object to carry on the business of manufacturing, reducing, combining, bleaching, finishing, dyeing, printing, knitting, laminating, coating, spinning, weaving, processing and ginning, bailing and pressing of all kinds fibres/yarn.

The Company is yet to start the business activities.

Shareholding pattern as on September 30, 2009

Particulars	No. of share	% shareholding
Mr. Ajay Bankda	5000	50.00
Mrs. Jyoti Bankda	5000	50.00
Total	10000	100.00

Board of Directors

The following are the Board of Directors as on September 30, 2009:

Name	Designation
Mr. Ajay Bankda	Director
Mrs. Jyoti Bankda	Director

The financials for the last 3 years are given below:

	(Rs in lacs)		
Year Ended March 31	2009	2008	2007
Total Income	0.00	0.00	0.00
Profit after tax (PAT)	0.00	0.00	0.00
Share Capital	1.00	1.00	1.00
Reserves (excluding revaluation reserve)	0.00	0.00	0.00
Net Worth	0.64	0.71	0.74
Earnings per share (EPS) (Rs.)	N.A.	N.A.	N.A.
Net Asset Value (NAV) per share (Rs.)	6.37	7.08	7.41

Source: Audited Financial Statements

Notes:

1. Face Value of each equity share is Rs.10/-
2. For the Calculation of Earning per Share and Net Asset Value per Share, Number of equity shares outstanding at the end of the year has been considered.

4. BANKDA DEVELOPERS PRIVATE LIMITED

The Company was incorporated on March 19, 1997 vide Registration No. 011762 (CIN: U70101MP1997PTC011762) as a private limited company with its Registered Office at 351, Saket Nagar, Indore 452 001 with the main object of to purchase, acquire, take on lease or in exchange or in any other lawful manner any area, Land, building, structures and to turn the same into account develop the same and dispose of or maintain the same and to build townships, markets or other buildings, residential and commercial or conveniences.

The Company is yet to start the business activities.

Shareholding Pattern as on September 30, 2009

Particulars	No. of share	% shareholding
Ms. Ruchi Gupta	25500	42.50
Mr. Arpit Gupta	14500	24.17
M/s Krishna Mingranite Limited	9200	15.33
Mr. Govind Das Gupta	5700	9.50
Mrs. Usha Gupta	5000	8.33
Mr. Ajay Bankda	100	0.17

Total	60000	100.00
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Board of Directors

The following are the Board of Directors as on September 30, 2009:

Name	Designation
Mr. Ajay Bankda	Director
Mrs. Jyoti Bankda	Director
Mrs. Asha Ghuwalewala	Director
Mr. Arpit Gupta	Director

The financials for the last 3 years are given below:

	(Rs in lacs)		
Year Ended March 31	2009	2008	2007
Total Income	1.45	0.00	0.00
Profit after tax (PAT)	0.38	0.00	0.00
Share Capital	5.00	5.00	1.00
Reserves (excluding revaluation reserve)	27.36	26.98	0.00
Net Worth	32.32	31.42	0.62
Earnings per share (EPS) (Rs.)	0.76	N.A.	N.A.
Net Asset Value (NAV) per share (Rs.)	64.64	62.83	6.24

Source: Audited Financial Statements

Notes:

- Face value of each equity share is Rs.10/-.
- For the calculation of Earnings per Share and Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered.

5. AJAY JYOTI ESTATE PRIVATE LIMITED

The Company was incorporated on March 19, 1997 vide Registration No. 011758 (CIN: U70101MP1997PTC011758) under the Companies Act, 1956 as a private limited company with its Registered Office at 351, Saket Nagar, Indore 452 001 with the main object to purchase, acquire, take on lease or in exchange or in any other lawful manner any area, Land, building, structures and to turn the same into account develop the same and dispose of or maintain the same and to build townships, markets or other buildings, residential and commercial or conveniences.

The Company is yet to start the business activities.

Shareholding pattern as on September 30, 2009

Particulars	No. of share	% shareholding
Mrs. Ruchi Gupta	15326	25.54
Mr. Govinddas Gupta	13000	21.64
Ms. Usha Devi Gupta	12500	20.83
Mr. Arpit Gupta	5000	8.33
Arpit Gupta (HUF)	5000	8.33
M/s Creative Worlds Telefilms Ltd	4674	7.79
M/s Adheshwar Cotton Limited	3340	5.57
M/s Krishna Mingranite Ltd.	1060	1.77
Mr. Ajay Bankda	100	0.17
Total	60000	100.00

Board of Directors

The following are the Board of Directors as on September 30, 2009:

Name	Designation
Mr. Ajay Bankda	Director
Mrs. Jyoti Bankda	Director
Ms. Vimla Bankda	Director
Ms. Ritu Ghuwalewala	Director
Mr. Arpit Gupta	Director

The financials for the last 3 years are given below:

	(Rs in lacs)		
Year Ended March 31	2009	2008	2007
Total Income	1.45	0.00	0.00
Profit after tax (PAT)	0.38	0.00	0.00
Share Capital	5.00	5.00	1.00
Reserves (excluding revaluation reserve)	27.37	26.99	0.00
Net Worth	32.34	31.40	0.59
Earnings per share (EPS) (Rs.)	0.76	N.A.	N.A.
Net Asset Value (NAV) per share (Rs.)	64.67	62.80	5.95

Source: Audited Financial Statements

Notes:

- Face value of each equity share is Rs.10/-.
- For the calculation of Earnings per Share and Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered.

6. VIMLA HOUSING PRIVATE LIMITED

The Company was incorporated on March 19, 1997 vide Registration No. 011760 (CIN: U70101MP1997PTC011760) under the Companies Act, 1956 as a private limited company with its Registered Office at 351, Saket Nagar, Indore 452 001 with the main object to purchase, acquire, take on lease or in exchange or in any other lawful manner any area, Land, building, structures and to turn the same into account develop the same and dispose of or maintain the same and to build townships, markets or other buildings, residential and commercial or conveniences.

The Company is yet to start the business activities.

Shareholding pattern as on September 30, 2009

Particulars	No. of share	% shareholding
M/s Bankda Housing Pvt. Ltd	19726	32.88
M/s Bankda Developers Pvt. Ltd	10000	16.67
M/s Bankda Reality Pvt. Ltd	10000	16.67
M/s Ajay Jyoti Estate Pvt. Ltd	10000	16.67
M/s Creative Worlds Telefilms Ltd	9174	15.29
Mr. Govind Das Gupta	250	0.42
Mrs. Usha Devi Gupta	250	0.42
Mr. Arpit Gupta	250	0.42
Mrs. Ruchi Gupta	250	0.42
Mr. Ajay Bankda	100	0.17
Total	60000	100.00

Board of Directors

The following are the Board of Directors as on September 30, 2009:

Name	Designation
Mr. Ajay Bankda	Director
Mrs. Jyoti Bankda	Director

Mr. Arpit Gupta	Director
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The financials for the last 3 years are given below:

(Rs in lacs)			
Year Ended March 31	2009	2008	2007
Total Income	1.34	0.00	0.00
Profit after tax (PAT)	0.20	0.00	0.00
Share Capital	5.00	5.00	1.00
Reserves (excluding revaluation reserve)	24.83	24.62	0.00
Net Worth	29.79	28.90	0.47
Earnings per share (EPS) (Rs.)	0.40	N.A.	N.A.
Net Asset Value (NAV) per share (Rs.)	59.58	57.81	4.67

Source: Audited Financial Statements

Notes:

- Face value of each equity share is Rs.10/-.
- For the calculation of Earnings per Share and Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered.

7. KEDAR VIJAY HOUSING PRIVATE LIMITED

The Company was incorporated on March 19, 1997 vide Registration No. 011761 (CIN: U45200MP1997PTC011761) under the Companies Act, 1956 as a private limited company with its Registered Office at 351, Saket Nagar, Indore 452 001 with the main object to purchase, acquire, take on lease or in exchange or in any other lawful manner any area, Land, building, structures and to turn the same into account develop the same and dispose of or maintain the same and to build townships, markets or other buildings, residential and commercial or conveniences.

The Company is yet to start the business activities.

Shareholding pattern as on September 30, 2009

Particulars	No. of share	% shareholding
M/s Bankda Reality Pvt. Ltd.	19726	32.88
M/s Bankda Developers Pvt. Ltd.	10000	16.67
M/s Ajay Jyoti Estate Pvt. Ltd.	10000	16.67
M/s Bankda Housing Pvt. Ltd.	10000	16.67
M/s Krishna Mingranite Ltd.	9174	15.29
Mr. Govind Das Gupta	250	0.42
Mrs. Usha Devi Gupta	250	0.42
Mr. Arpit Gupta	250	0.42
Mrs. Ruchi Gupta	250	0.42
Mr. Ajay Bankda	100	0.17
Total	60000	100.00

Board of Directors

The following are the Board of Directors as on September 30, 2009:

Name	Designation
Mr. Ajay Bankda	Director
Mrs. Jyoti Bankda	Director
Mr. Akhilesh Rath	Director
Mr. Arpit Gupta	Director

The financials for the last 3 years are given below:

(Rs in lacs)

Year Ended March 31	2009	2008	2007
Total Income	1.27	0.00	0.00
Profit after tax (PAT)	0.25	0.00	0.00
Share Capital	5.00	5.00	1.00
Reserves (excluding revaluation reserve)	23.71	23.45	0.00
Net Worth	28.67	27.87	0.60
Earnings per share (EPS) (Rs.)	0.50	N.A.	N.A.
Net Asset Value (NAV) per share (Rs.)	57.34	55.74	6.04

Source: Audited Financial Statements

Notes:

- Face value of each equity share is Rs.10/-.
- For the calculation of Earnings per Share and Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered.

8. BANKDA ESTATE PRIVATE LIMITED

The Company was incorporated on March 19, 1997 vide Registration No. 011763 (CIN: U70101MP1997PTC011763) under the Companies Act, 1956 as a private limited company with its Registered Office at 351, Saket Nagar, Indore 452 001 with the main object to purchase, acquire, take on lease or in exchange or in any other lawful manner any area, Land, building, structures and to turn the same into account develop the same and dispose of or maintain the same and to build townships, markets or other buildings, residential and commercial or conveniences.

The Company is yet to start the business activities.

Shareholding pattern as on September 30, 2009

Particulars	No. of share	% shareholding
M/s Ajay Jyoti Estate Pvt. Ltd.	19700	32.83
M/s Bankda Developers Pvt. Ltd.	10000	16.67
M/s Bankda Reality Private Ltd.	10000	16.67
M/s Bankda Housing Pvt. Ltd.	10000	16.67
M/s Krishna Mingranite Ltd.	4400	7.33
M/s Adheshwar Cotton Industries Ltd.	3640	6.07
M/s Creative Worlds Telefilms Ltd.	1160	1.93
Mr. Govind Das Gupta	250	0.42
Mrs. Usha Devi Gupta	250	0.42
Mr. Arpit Gupta	250	0.42
Mrs. Ruchi Gupta	250	0.42
Mr. Ajay Bankda	100	0.17
Total	60000	100.00

Board of Directors

The following are the Board of Directors as on September 30, 2009:

Name	Designation
Mr. Ajay Bankda	Director
Mrs. Jyoti Bankda	Director
Mr. Arpit Gupta	Director

The financials for the last 3 years are given below:

Year Ended March 31	2009	2008	2007
Total Income	1.34	0.00	0.00
Profit after tax (PAT)	0.29	0.00	0.00
Share Capital	5.00	5.00	1.00

(Rs in lacs)

Reserves (excluding revaluation reserve)	24.92	24.63	0.00
Net Worth	29.89	29.04	0.60
Earnings per share (EPS) (Rs.)	0.59	N.A.	N.A.
Net Asset Value (NAV) per share (Rs.)	59.77	58.08	6.00

Source: Audited Financial Statements

Notes:

- Face value of each equity share is Rs.10/-.
- For the calculation of Earnings per Share and Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered.

9. BANKDA HOUSING PRIVATE LIMITED

The Company was incorporated on March 19, 1997 vide Registration No. 011764 (CIN: U70101MP1997PTC011764) under the Companies Act, 1956 as a private limited company with its Registered Office at 351, Saket Nagar, Indore 452 001 with the main object to purchase, acquire, take on lease or in exchange or in any other lawful manner any area, Land, building, structures and to turn the same into account develop the same and dispose of or maintain the same and to build townships, markets or other buildings, residential and commercial or conveniences.

The Company is yet to start the business activities.

Shareholding pattern as on September 30, 2009

Particulars	No. of share	% shareholding
Arpit Gupta (HUF)	25500	42.50
Mrs. Ruchi Gupta	15200	25.33
M/s Krishna Mingranite Ltd	9200	15.33
Mr. Govid Das Gupta	5000	8.33
Mrs. Usha Devi Gupta	5000	8.33
Mr. Ajay Bankda	100	0.17
Total	60000	100.00

Board of Directors

The following are the Board of Directors as on September 30, 2009:

Name	Designation
Mr. Ajay Bankda	Director
Mrs. Jyoti Bankda	Director
Mrs. Uma Devi Bagaria	Director
Mr. Arpit Gupta	Director

The financials for the last 3 years are given below:

Year Ended March 31	(Rs in lacs)		
	2009	2008	2007
Total Income	1.33	0.00	0.00
Profit after tax (PAT)	0.30	0.00	0.00
Share Capital	5.00	5.00	1.00
Reserves (excluding revaluation reserve)	24.92	24.62	0.00
Net Worth	29.89	29.04	0.60
Earnings per share (EPS) (Rs.)	0.59	N.A.	N.A.
Net Asset Value (NAV) per share (Rs.)	59.77	58.08	6.03

Source: Audited Financial Statements

Notes:

- Face value of each equity share is Rs.10/-.

- ii) For the calculation of Earnings per Share and Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered.

10. BANKDA REALITY PRIVATE LIMITED

The Company was incorporated on March 19, 1997 vide Registration No. 011759 (CIN: U70101MP1997PTC011759) under the Companies Act, 1956 as a private limited company with its Registered Office at 351, Saket Nagar, Indore 452 001 with the main object to purchase, acquire, take on lease or in exchange or in any other lawful manner any area, Land, building, structures and to turn the same into account develop the same and dispose of or maintain the same and to build townships, markets or other buildings, residential and commercial or conveniences.

The Company is yet to start the business activities.

Shareholding pattern as on September 30, 2009

Particulars	No. of share	% shareholding
Mr. Arpit Gupta	25500	42.50
Mrs. Ruchi Gupta	15300	25.50
M/s Krishna Mingranite Ltd.	9100	15.17
Mr. Govid Das Gupta	5000	8.33
Mrs. Usha Devi Gupta	5000	8.33
Mr. Ajay Bankda	100	0.17
Total	60000	100.00

Board of Directors

The following are the Board of Directors as on September 30, 2009:

Name	Designation
Mr. Ajay Bankda	Director
Mrs. Jyoti Bankda	Director
Mr. Jagdish Prasad Bagaria	Director
Mr. Arpit Gupta	Director

The financials for the last 3 years are given below:

(Rs in lacs)			
Year Ended March 31	2009	2008	2007
Total Income	1.45	0.00	0.00
Profit after tax (PAT)	0.38	0.00	0.00
Share Capital	5.00	5.00	1.00
Reserves (excluding revaluation reserve)	27.38	27.00	0.00
Net Worth	32.34	31.41	0.61
Earnings per share (EPS) (Rs.)	0.76	N.A.	N.A.
Net Asset Value (NAV) per share (Rs.)	64.68	62.83	6.05

Source: Audited Financial Statements

Notes:

- i) Face value of each equity share is Rs.10/-.
- ii) For the calculation of Earnings per Share and Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered.

11. AJAY LAXMI HOUSING PRIVATE LIMITED

The Company was incorporated on March 19, 1997 vide Registration No. 011765 (CIN: U70101MP1997PTC011765) under the Companies Act, 1956 as a private limited company with its Registered Office at 351, Saket Nagar, Indore 452 001 with the main object to purchase, acquire, take on lease or in exchange or in any other lawful manner any area, Land, building, structures and to turn the same

into account develop the same and dispose of or maintain the same and to build townships, markets or other buildings, residential and commercial or conveniences.

The Company is yet to start the business activities.

Shareholding pattern as on September 30, 2009

Particulars	No. of share	% shareholding
M/s Bankda Developers Pvt. Ltd	19700	32.83
M/s Bankda Reality Pvt. Ltd	10000	16.67
M/s Ajay Jyoti Estate Pvt. Ltd	10000	16.67
M/s Bankda Housing Pvt. Ltd	10000	16.67
M/s Creative Worlds Telefilms Ltd.	9200	15.33
Mr. Govind Das Gupta	250	0.42
Mrs. Usha Devi Gupta	250	0.42
Mr. Arpit Gupta	250	0.42
Mrs. Ruchi Gupta	250	0.42
Mr. Ajay Bankda	100	0.17
Total	60000	100.00

Board of Directors

The following are the Board of Directors as on September 30, 2009:

Name	Designation
Mr. Ajay Bankda	Director
Mrs. Jyoti Bankda	Director
Ms. Mamta Rathi	Director
Mr. Arpit Gupta	Director

The financials for the last 3 years are given below:

Year Ended March 31	2009	2008	2007
Total Income	1.44	0.00	0.00
Profit after tax (PAT)	0.07	0.00	0.00
Share Capital	5.00	5.00	1.00
Reserves (excluding revaluation reserve)	26.79	26.72	0.00
Net Worth	31.77	30.72	0.20
Earnings per share (EPS) (Rs.)	0.15	N.A.	N.A.
Net Asset Value (NAV) per share (Rs.)	63.54	61.44	2.02

(Rs in lacs)

Source: Audited Financial Statements

Notes:

- Face value of each equity share is Rs.10/-.
- For the calculation of Earnings per Share and Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered.

12. AJAY SHANKARLAL BANKDA (HUF)

Address	7, Niraj Industrial Estate, Mahakali Caves Road, Andheri (East), Mumbai – 400 093
Name of the Karta & Members.	Mr. Ajay Bankda – Karta Mrs. Jyoti Bankda – Member Mr. Pratik Bankda – Member Mr. Pranav Bankda - Member
Capital Details (as on March 31, 2009)	Rs. 38.30 Lacs
Year of establishment	1991

None of our Promoter Group companies is a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 or are under winding up or have any BIFR proceedings initiated against it.

None of our Promoter Group companies has been struck off as a defunct company by any Registrar of Companies in India nor made any application to Registrar of Companies for striking of the name of the company.

There are no sales or purchases between our Company and any company in the Promoter Group exceeding 10% of the sales or purchases of our Company.

There is no company/firm with which the promoters of the issuer company have disassociated themselves during preceding three years.

For details on litigations and disputes pending against our group companies/concerns and defaults made, please refer to section titled "Outstanding Litigations and Material Developments" on page no. 128 of this Red Herring Prospectus. For the details of business interest of the issuer Company with Group companies, please refer the section titled '*Related Party Transactions*' on page 101 of this Red Herring Prospectus.

RELATED PARTY TRANSACTIONS

For details on our related party transactions, please refer to the section titled “Financial Information of the Company” on page 104 of this Red Herring Prospectus.

CURRENCY OF PRESENTATION

In this Red Herring Prospectus, all references to “Rupees” and “Rs.” and “Indian Rupees” are to the legal currency of the Republic of India.

DIVIDEND POLICY

The declaration and payment of dividends on our equity shares will be recommended by our board of directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. However the Company has not paid any dividend till date.

SECTION V – FINANCIAL INFORMATION

Financial Information of the Company

To
The Board of Directors
Syncom Healthcare Limited
221, Vypar Bhawan, P. D'Mello Road
MUMBAI - 400009

Dear Sir,

We have examined the financial information of Syncom Healthcare Ltd. annexed to this report, for the purposes of inclusion in the Offer Document, which has been prepared in accordance with the requirements of:

- a. paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
- b. the Securities and Exchange Board of India ("SEBI") – Issue of Capital and Disclosure Requirements (ICDR), Regulations, 2009 in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992; and
- c. the terms of reference received from the Company, requesting us to carry out work, proposed to be included in the Offer Document of the Company in connection with its proposed Public Issue
- d. The Public Issue will be for a fresh issue by the Company of 75,00,000 equity shares of Rs. 10 each, at such premium, by way of book building process, as may be decided by the Board of Directors (referred to as 'the Issue'). The Offer is being made through the 100 percent book-building scheme
- e. Financial information as per the audited financial statements
 - We have examined the attached restated summary statement of assets and liabilities of the Company as at, July 31st 2009, March 31st, 2009, 2008, 2007, 2006, and 2005 the attached restated summary statement of profits and losses restated summary statement of cash flows for the Four Months ended July 31st 2009 and financial years ended on March 31st, 2009, 2008, 2007, 2006 and 2005 ('summary statements') (see Annexure 1, 2 and 3) as prepared by the Company and approved by the Board of Directors. These profits have been arrived at after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the notes appearing in Annexure 4 to this report.
 - The summary statements for the four months ended July 31st 2009 and year ended, March 31st, 2009, 2008, 2007, 2006, and 2005, are based on the financial statements for those period/years, which have been solely audited and reported upon by us as their statutory auditors.
 - There are no extraordinary items, which need to be disclosed separately in the summary statements and
 - Since the company has made necessary provisions in the restated accounts for the gratuity and leave encashment expenses for the period of four months ended July 31st 2009 and 5 years ending on 31/3/2005, 31/3/2006, 31/3/2007, 31/3/2008 and 31/03/2009, there is no further remark or qualification required to be disclosed in the notes to the attached restated accounts.

2. The summary of significant accounting policies adopted by the Company pertaining to the audited financial statements as at July 31st 2009, March 31st, 2009, 2008, 2007, 2006, and 2005 are enclosed as Annexure 5 to this report.

Other financial information

3. We have examined the following financial information of the Company proposed to be included in the offer document as approved by the Board of Directors and annexed to this report:
- Details of rates of dividend as enclosed in Annexure 6;
 - Accounting ratios based on the restated profits relating to earnings per share (basic and diluted), net asset value and return on net worth as enclosed in Annexure 7;
 - Details of other income, as appearing in Annexure 8;
 - Details of unsecured loans, as appearing in Annexure 9;
 - Details of sundry debtors, as appearing in Annexure 10;
 - Details of secured loans, as appearing in Annexure 11;
 - Details of loans and advances, as appearing in Annexure 12;
 - Details of Investments in Annexure 13;
 - Capitalisation statement as at July 31, 2009 as enclosed in Annexure 14;
 - Statement of tax shelters as enclosed in Annexure 15;
 - Details of related party transactions, as appearing in Annexure 16; and
 - Details of contingent liabilities in Annexure 17
4. In our view, the 'Financial information as per the audited financial statements' and 'other financial information' mentioned above has been prepared in accordance with Part II of Schedule II of the Act and the Regulations.
5. This report should not be in any way construed as a reassurance of any of the previous audit reports issued by us nor should this report be construed as a new opinion on any of the financial statements referred to herein.
6. This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For M/s Sanjay Mehta & Associates
Chartered Accountants

Manish Mittal
(Partner)

M. N. 079452

Place: Indore
Date: 31/10/2009

SUMMARY STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

(Rs in Lacs)

	March 31,2005	March 31,2006	March 31,2007	March 31,2008	March 31,2009	July 31,2009
A Fixed Assets						
Gross Block	101.37	116.64	1542.25	1921.80	1987.21	2018.50
Less: Depreciation	26.62	45.16	130.51	326.06	524.31	584.65
Net Block	74.75	71.48	1411.74	1595.74	1462.89	1433.85
Add: Capital Work in Progress	0.00	553.41	325.33	37.49	0.00	0.71
Less: Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
Net Block after adjustment for Revaluation Reserve and intangible assets (A)	74.75	624.89	1737.07	1633.23	1462.89	1434.57
B Investment(B)	0.37	0.37	0.37	0.37	0.37	0.05
C Current assets, loans and advances						
Inventories	125.31	157.99	469.10	855.01	962.84	978.71
Sundry debtors	294.29	471.68	1575.51	2448.67	2848.91	3272.88
Cash and bank balances	3.31	11.28	4.31	15.79	14.50	19.32
Other current assets	0.51	0.87	10.10	0.00	0.00	0.00
Loans and advances	22.98	96.25	80.47	48.74	541.79	508.88
Total(C)	446.40	738.07	2139.48	3368.21	4368.04	4779.78
D Liabilities and Provisions						
Secured loans	75.67	496.45	1512.27	2086.38	1995.88	2163.34
Unsecured loans	14.18	24.96	506.12	952.75	1104.75	1317.75
Deferred tax liability	23.17	19.14	27.12	0.00	0.00	0.00
Current liabilities & Provisions	115.42	262.35	886.73	384.35	601.27	442.52
Total(D)	228.44	802.90	2932.24	3423.48	3701.90	3923.62
E Net Worth (A+B+C-D)	293.07	560.43	944.68	1578.33	2129.41	2290.78
F Represented by:						
1 Share capital	79.50	494.17	586.55	810.00	1000.00	1000.00
Equity share capital						
2 Share application money	202.67	17.57	0.00	0.00	0.00	0.00
3 Reserves and Surplus	66.87	98.45	391.36	787.31	1173.88	1334.07
4 Less: Miscellaneous expenditure	55.97	49.76	33.23	18.97	44.47	43.29
Net Worth (1+2+3-4)	293.07	560.43	944.68	1578.33	2129.41	2290.78

Note: The above statement should be read with the significant accounting policies appearing in annexure 4 and notes to the summary statements of Assets and Liabilities, Profit and Losses and Cash Flows, appearing in Annexure 5.

SUMMARY STATEMENT OF PROFIT & LOSS, AS RESTATED

(Rs in Lacs)

	March 31,2005	March 31,2006	March 31,2007	March 31,2008	March 31,2009	July 31,2009
Income						
Sales						
Of the Items manufactured by the Company	0.00	0.00	1224.50	2573.72	2990.60	1112.95
Of the items traded by the Company	1614.04	1900.56	1793.96	2600.34	3065.86	985.82
Total Sales	1614.04	1900.56	3018.46	5174.06	6056.47	2098.77
Less :Excise Duty	0.00	0.00	0.00	0.00	0.00	0.00
Net Sales	1614.04	1900.56	3018.46	5174.06	6056.47	2098.77
Other Income	0.00	0.10	1.89	3.78	1.03	2.48
Increase (Decrease) in inventories	(58.37)	32.69	52.23	317.44	(1.01)	(33.44)
Total	1555.66	1933.35	3072.59	5495.28	6056.49	2067.80
Expenditure						
Material Consumed	0.00	0.00	762.89	1108.07	1166.63	452.02
Finished Goods Purchased	821.73	1412.86	1074.85	2590.45	2991.80	983.54
Manufacturing & Other Expenses	668.91	443.16	702.43	893.78	904.71	297.87
Interest And Finance Charges	9.66	10.14	95.27	288.02	337.73	91.70
Total	1500.30	1866.16	2635.43	4880.32	5400.87	1825.13
Profit/(Loss) before depreciation/Amortisations and tax	55.37	67.19	437.16	614.96	655.61	242.67
Depreciation	16.26	18.54	89.76	195.55	203.76	60.34
Preliminary Exp. W/Off	0.36	1.03	1.03	1.60	2.09	1.68
Deferred Revenue Expenditure W/Off	13.76	15.50	15.50	15.50	15.50	0.00
Net Profit before tax and extra-ordinary items	24.99	32.12	330.87	402.32	434.26	180.66
Provisions for taxes on income						
Current Tax	1.96	3.90	39.54	51.44	51.00	20.47
Deferred tax Liabilities/ (Assets)	17.24	(4.03)	7.98	(27.12)	0.00	0.00
Fringe Benefit Tax	0.00	7.88	8.86	11.47	5.22	0.00
Net Profit before extra-ordinary items	5.79	24.37	274.48	366.52	378.04	160.19
Extra ordinary Items (net of tax)						
IT paid in next years	(0.00)	1.79	0.00	0.00	0.00	0.00
Prior year Adjustments other than Income tax	0.00	0.00	0.00	0.00	(3.28)	0.00
Profit/(Loss) for the year as restated	5.79	22.58	274.48	366.52	381.31	160.19

Note: The above statement should be read with the significant accounting policies appearing in annexure 4 and notes to the summary statements of Assets and Liabilities, Profit and Losses and Cash Flows, appearing in Annexure 5.

SUMMARY STATEMENT OF CASH FLOW OF THE COMPANY AS RESTATED

(Rs in Lacs)

Particulars	March 31,2005	March 31,2006	March 31,2007	March 31,2008	March 31,2009	July 31,2009
Cash Flow Provided (Required) by operating Activities						
Net Income (Loss)	5.79	22.58	274.48	366.52	381.31	160.19
Adjustment for:						
Depreciation	16.26	18.54	89.76	195.55	203.76	60.34
Profit on Sale of Fixed Assets	0.00	0.00	0.88	0.00	0.53	2.48
Amortization expenditure	14.12	16.53	16.53	17.10	17.60	1.68
Intrest & Financial Charge	9.66	10.14	95.27	288.02	337.73	91.70
Operating Profit before working capital changes	45.82	67.80	475.16	867.19	939.86	311.42
Adjustment for:						
Increase/(Decrease) in deffered tax liability	17.24	(4.03)	7.98	(27.12)	0.00	0.00
(Increase)/Decrease in Trade Recievables	31.25	(177.39)	(1103.83)	(873.16)	(400.25)	(423.97)
(Increase)/Decrease in other Current Assets	0.03	0.09	(7.72)	0.00	0.00	0.00
(Increase)/Decrease in Inventories	50.08	(32.69)	(311.11)	(385.91)	(107.83)	(15.86)
(Increase)/decrease in Loans & Advances	2.07	(75.39)	14.27	41.82	(493.04)	32.91
Increase/(decrease) in Current Liabilities except provison for Dividend & Dividend Tax	(164.68)	148.60	626.19	(502.44)	221.66	(158.75)
Subsidy received	0.00	0.00	0.00	29.48	0.52	0.00
Net Cash (Required) provided by Operations	(18.19)	(73.01)	(299.05)	(850.14)	160.92	(254.24)
Cash Flow Provided (Required) by Investing Activities						
Addition to Fixed Assets	40.77	568.68	1204.16	91.71	35.49	32.01
(Increase)/Decrease in Investments	(0.29)	0.00	0.00	0.00	0.00	(2.80)
Miscellaneous Expenses	68.90	10.33	0.00	2.84	43.09	0.49
Proceeds from Sale of Assets	0.00	0.00	3.10	0.00	2.60	0.00
Net Cash Provided (Required) by Investing activities	(109.39)	(579.01)	(1201.06)	(94.55)	(75.99)	(29.71)
Cash Flow Provided (Required) by Financing Activities						
SOURCES OF FUND						
Proceeds from Share Capital (Net of Bonus shares Issued)	207.17	229.57	74.81	223.45	190.00	0.00
Unsecured Loan obtained	25.48	169.00	873.75	1935.42	1566.98	477.16
Term Loans Obtained	14.00	385.20	713.19	500.00	0.00	18.48
Increase in Working Capital Facilities	0.00	39.00	398.63	249.05	307.19	302.35
Proceeds from Share Premium	40.50	9.00	16.62	0.00	0.00	0.00
TOTAL	287.15	831.77	2076.99	2907.92	2064.17	797.99

Particulars	March 31,2005	March 31,2006	March 31,2007	March 31,2008	March 31,2009	July 31,2009
APPLICATION OF FUNDS						
Repayment of Unsecured Loans	125.30	158.22	392.59	1488.78	1485.10	264.16
Repayment of Term Loans	8.80	3.42	96.00	174.94	397.68	153.37
Decrease in Working Capital Facilities	14.36	0.00	0.00	0.00	0.00	0.00
Interest Paid	9.66	10.14	95.27	288.02	267.61	91.70
TOTAL	158.12	171.78	583.86	1951.75	2150.40	509.23
Net Cash Surplus /(Required) by Financing activities	129.03	659.99	1493.14	956.17	(86.22)	288.77
Net Increase (Decrease) in Cash and Cash Equivalents	1.45	7.97	(6.97)	11.48	(1.29)	4.82
Cash and Cash Equivalents at beginning of Period	1.85	3.31	11.28	4.31	15.79	14.50
Cash and Cash Equivalents at end of Period	3.31	11.28	4.31	15.79	14.50	19.32

Annexure – 4

(A) ACCOUNTING POLICIES:

(i) System of accounting.

1. The company is following the accrual system of accounting as per the provisions of sec. 209 (3)(b) of the companies Act, 1956 and its accounts are in compliance with the mandatory accounting standards notified under the Companies (Accounting Standards) Rules, 2006 as amended vide Companies (Accounting Standards) Amendment Rules, 2008, except for the fact that Gratuity and leave encashment up to 31/03/2008 had been accounted for on cash basis and to that extent audited accounts are in variance with AS 15. However the accounts are restated after making provisions for the gratuity and leave encashment expenses for each year and the amount of liability against the same. The restated accounts are now in compliance with AS-15 except to the extent that the gratuity provision has been made only for the employees eligible for gratuity as on 31.03.2009 and not on actuarial valuation basis as laid down under AS 15 notified under the said rules..
2. The company is maintaining separate books of accounts for a) Dehradun Industrial unit which is treated as a separate division with in the company and b) trading activities.

(ii) Fixed Assets

Fixed assets are stated at cost of acquisition/construction.

Cost of acquisition is inclusive of freight, duties, taxes but net of VAT and inclusive of other incidental expenses and interest on loans taken for acquisition of assets upto the date of commissioning of assets.

The company had set up manufacturing unit for manufacturing pharmaceutical drug formulations set up in Selaqui Industrial Area near Dehradun in the state of Uttaranchal in the year 2006-07, however a portion of the factory building was under construction and certain utility equipments ordered were awaited from machinery suppliers as on 31/3/2008. The expenditure incurred including advances paid for the same had been disclosed under capital work in progress in the balance sheet up to 31/03/2008 and the factory Building at Selaqui Industrial Area near Dehradun has been completed in the financial year 2008-09. Work in Progress as on 31/07/2009 represents expenditure on extension of plant which was incomplete as on 31/07/2009.

- (iii) Depreciation on fixed and movable assets** has been charged on WDV basis on pro-rata basis on the rates prescribed in Schedule XIV of the Companies Act 1956. Assets costing upto Rs.5000/- are fully depreciated in the year of purchase.

(iv) Investments:

Outstanding Investments (Rs. 5200/- as on 31/07/09) are long term and stated at cost, net of provision for diminution other than temporary diminution, as made in the audited accounts for the year ended

31/03/2005. In the opinion of management subsequent to this year there has been no diminution, other than temporary in the value of investments.

(v) Deferred Revenue Expenditure:

Deferred Revenue Expenditure represents amount spent during the year 2004-05 and 2005-06, on Repair and Renovation (both interior and exterior) & interior designing and fitting of office and godown Premises, both being in a single building structure, taken on rent during the year 2004-05. The lease arrangement is, for a tenure of five years, with the first option to the company for purchase, of the building premises at the end of the lease period. Consequently the said expenditure which is going to benefit the company for at least 5 years (being the tenure of the lease arrangement) from and onwards 2004-05 has been classified as Deferred Revenue Expenditure.

Consequently expenditure incurred during the year 2004-05 was amortised equally over the period of 5 years and the expenditure incurred during the year 2005-06 has been amortised over the period of four years being the unexpired period of tenure of the rental arrangement as on 1/4/2005. The amount written off against the above is as under.

(Rs. In Lacs)

	March 31,2005	March 31,2006	March 31,2007	March 31,2008	March 31,2009
Deferred Revenue Expenditure W/Off	13.76	15.50	15.50	15.50	15.50

(vi) Expensing out of Intangible Assets

In accordance with Accounting Standard 26 –“Intangible assets “ the useful life of company’s patents , trademarks and designs have been amortised for 10 years and 1/10th written off in the current year. Cost of computer software is amortised/expensed out equally over a period of five years.

(vii) Inventory Valuation

Closing stocks of finished goods is valued at cost or net realizable value which ever is lower. Closing Stock of Raw Materials, Packing Materials is valued at the weighted average cost or net realizable value which ever is lower.

Closing stock of Gifts item to be used as part of sale promotion expenses is valued at cost.

Closing Stock of Work in process is valued at the cost of materials used there in plus conversion cost depending on the stage of completion or net realizable value which ever is lower.

(viii) Borrowing cost :

Borrowing Costs directly attributable to the acquisition or construction of fixed assets are capitalised as a part of the cost of the assets, up to the date the assets are put to use. Other borrowing costs are charged to the Profit and Loss Account in the year in which they are incurred.

(ix) Preliminary expenses

Preliminary expenses are shown as miscellaneous expenditure in the balance sheet. Expenditure incurred for increase in authorised capital has also been included in this head as and when the same are incurred. The same are being amortised over a period of five years.

(x) Other Preoperative Expenses

Other Preoperative Expenses Rs. 3609240/- represent the expenses incurred by the company in respect of proposed public offer for equity shares of the company up to 31/07/2009. The same shall be written off in five years after completion of the proposed Public Issue activity.

(xi) Impairment of Assets:

No asset whose carrying cost exceeds its recoverable value is held by the company as on 31/07/2009.

(xii) The cash subsidy received during the year 2007-08 and 2008-09 from the government for set up of the Dehradun Industrial unit of the company has been disclosed as Capital reserve in the balance sheet.

(B) NOTES OF ACCOUNTS:**(i) CLAIM, DEMANDS AND CONTINGENCIES:**

Disputed and / or contingent liabilities are either provided for or disclosed depending on the management's judgment of the outcome.

There were no significant events and contingencies which have occurred after 31/07/2009 up to the date of signing of these final accounts which result in the impairment of any asset of the company outstanding and owned by the company as on 31/07/2009 and which results in any contingent loss for which provision has to be made in the profit and loss account.

- (ii) The Unsecured Loans from Promoters have been brought in to meet the capital/fund requirements of the Company's business and Project at Selaqui, near Dehradun in pursuance to and in accordance with terms and conditions of sanction of Term Loan and other facilities from Bank of India. Hence these loans are exempt from the company deposit rules notified under section 58A of the companies Act 1956 vide sub clause I of rule 2 of the company deposit rules notified therein.

(iii) Deferred Tax Liability

The company has been providing for deferred taxes for the timing difference as per accounting standard 22 issued by Institute of Chartered Accountants of India till the year 2006-07. However in the year 2006-07 the company established a manufacturing Unit at Dehradun Industrial unit of the company, the taxable income derived from which is subject to a tax holiday/deduction U/s 80IC for a continuous period of 5 years starting from year 2006-07. Consequently the timing differences existing as on the balance sheet dates as on 31/03/08 are expected to reverse during the stated period of tax holiday to a substantial extent without affecting the tax liability, hence no provision of deferred tax liability has been made or carried forward from year 2007-08 onwards, in accordance with accounting standard.

(iv) Segment information

The Company operates exclusively in the Pharmaceuticals business segment and as such there is no reportable segment information as per Accounting Standard 17.

(v) Auditor's Remuneration

(Amount in Rs.)

PARTICULARS	2004-05	2005-06	2006-07	2007-08	2008-09
a. For Statutory Audit fees	21446	21446	30000	35000	42500
b. For Tax Audit	5000	5000	5000	7500	12500
c. For company law matters	3500	3500	5000	7500	Nil
d. For Certification matters	Nil	Nil	Nil	Nil	5500
Total:	29946	29946	40000	50000	60500
Add :- Service tax	3054	3665	4944	6180	6345
Total	33000	33611	44944	56180	66845

(vi) Director's Remuneration

Sn. No.	Particular	31/03/05	31/03/06	31/03/07	31/03/08	31/03/09
	Ajay Bankda					
1	Salaries	182400	240000	240000	240000	510000
2.	Other perquisites/Benefits	80750	172019	340531	398598	Nil
	Jyoti Bankda					
1	Salaries	189600	240000	240000	240000	420000
2.	Other perquisites/Benefits	Nil	153600	Nil	Nil	396848

(vii) Payments to Micro/Small Enterprises

There are no dues outstanding to any Micro/Small enterprises for a period over 15 days as on 31/07/2009 nor was outstanding at any time during the period/ year ended on 31/07/2009 hence there is no liability for interest which would be payable under the Micro, Small and Medium Enterprises Act 2006. Moreover, the company has also not received any claims in respect of interest from any undertaking.

(viii) Computation of net profit in accordance with section 349 of the Companies Act is not disclosed as commission by way of percentage of profit is not payable for the year to any of the directors of the company.

(ix) The previous year figures have been regrouped and reclassified and rearranged wherever necessary.

(x) Balances of Debtors, Creditors and Loans and advances are subject to confirmation.

(xi) In the opinion of the management, current assets, Loans and Advances are realizable at the values at which they are stated in the balance sheet, if realized in the ordinary course of business. The provision for Depreciation and for all known liabilities is adequate and not in excess of the amount reasonably necessary.

(xii) Reasons for restatement

1. The prior period expenses which only consisted of the amount incurred on payment of income Tax dues for previous years have been adjusted to the relevant accounting years to which the income tax relates to, in the restated accounts.
2. Advance Taxes and TDS stated under other current assets upto the year 2007 and under Loans and Advances in the year 2008 have been reclassified under Loans and advances to bring the uniformity.
3. Earning per share had been calculated on the basis of closing Share capital upto the year 2005 which has been recalculated on weighted average basis.
4. No provision for Leave and Gratuity had been made in the audited financial statements up to 31/03/2008 in accordance with AS-15 and hence the same has been provided in the books to comply with the AS-15.
5. Contingent Liability towards Export Obligation has been provided for in the restated accounts under notes of accounts.
6. Accounting policies for Valuation of Long term Investments are restated with no impact on the actual value of the value of investments on balance sheet date, as the provision for permanent diminution of investments was done in the financial year 2004-05 and the accounting policy as disclosed in the notes to accounts of that year also reflected the said position. In the subsequent years there has been no permanent diminution in the value of investments which needed to be accounted for.
7. Accounting policy for valuation of Inventory is restated to reflect, that the valuation of raw material and work in progress have been consistently valued at cost or realisable value which ever is lower with no actual impact, due to this restatement, on the value of the stated items of inventory as on the balance sheet dates since, as certified by the management of the Company, none of the stated items of inventory had the realisable value as on the Balance Sheet date, less than the cost of the corresponding item of inventory, in any of the past five years.

(XIII) DETAILS OF MATERIAL DEVELOPMENT AFTER THE DATE OF LAST BALANCE SHEET.

No circumstances have arisen since the date of last financial statement until the date of filing of this offer document with SEBI, which materially and adversely affect or is likely to affect the operation or profitability of the Company, or value of its assets, or its ability to pay its liability within next twelve months.

STATEMENT OF DETAILS OF DIVIDEND

(in Rs.)

During the year ended March 31					
	2005	2006	2007	2008	2009
On Equity Share Capital					
Paid up share capital	7950000	49416570	58654900	81000000	100000000
Face Value (In Rupees)	10	10	10	10	10
Rate of dividend %	-	-	-	-	-
Amount of dividend	-	-	-	-	-
Tax on dividend	-	-	-	-	-

ACCOUNTING RATIOS ON RESTATED FINANCIAL STATEMENTS

Particulars	As at					
	31-3-2005	31-3-2006	31-3-2007	31-3-2008	31-3-2009	31-7-2009
Net Profit/ (loss) before extraordinary items but after tax (A)	5.79	22.58	274.48	366.52	381.31	160.19
Tangible Net Worth (B)	293.07	560.43	944.68	1578.33	2129.41	2290.78
Less: Share Application money	202.67	17.57	0.00	0.00	0.00	0.00
Net Worth excluding share application and revaluation reserve at the end of the year (C)	90.41	542.85	944.68	1578.33	2129.41	2290.78
Weighted average number of equity shares outstanding during the year (In Nos.) (D)	795000	2142750	5708565	6838879	9916712	10000000
Add : Effect of share application money on equity shares (In Nos.)	757803	1872086	35422	220128	31370	0
Weighted average number of equity shares outstanding during the year (In Nos.)- Diluted (E)	1552803	4014836	5743987	7059007	9948082	10000000
Weighted average number of equity shares outstanding during the period for Adjusted EPS (F)	NA	NA	NA	NA	NA	NA
Earning Per Share						
Basic (In Rupees) (A/D)	0.73	1.05	4.81	5.36	3.85	1.60
Diluted (A/E)	0.37	0.56	4.78	5.19	3.83	1.60
Return on Tangible Net Worth (%) (A/C) (annualised)	6.41%	4.16%	29.06%	23.22%	17.91%	27.97%
Net Asset Value/ Book Value per share (In Rupees) (B/D)	36.86	26.15	16.55	23.08	21.47	22.91

Note:

1. Earning per share represents earning per share calculated on the basis of Adjusted profit divided by the weighted number of equity shares (Basic /Diluted) as at the end of year
2. Return on Net worth as a percentage represents Adjusted profit after tax divided by Net worth at the end of each financial year.
3. Net Asset value has been computed on the basis of Net Equity Method (Net worth at the end of each financial Year divided by the weighted average number of equity shares at the end of each financial year). Profit and loss as restated has been considered for calculation of the Networth.

OTHER INCOME

(Rs in Lacs)

	31-Mar-05	31-Mar-06	31-Mar-07	31-Mar-08	31-Mar-09	31-Jul-09
Other Income	0.00	0.10	1.89	3.78	1.03	2.48
Net Profit/ (Loss) before tax, as restated	24.99	32.12	330.87	402.32	434.26	180.66
Percentage	0.00%	0.31%	0.57%	0.94%	0.24%	1.37%

Source of Other Income	NA – The other income has not exceeded 20% of the income in any of the past five years
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Note: The Classification of other income as recurring/non recurring and related/non related to business activity based on the current operations and business activity of the company, as determined by the management.

UNSECURED LOANS

(Rs in Lacs)

	March 31,2005	March 31,2006	March 31,2007	March 31,2008	March 31,2009	July 31,2009
From Banks	0.00	0.00	0.00	0.00	0.00	285.00
From Directors & Share Holders	13.68	24.96	456.12	661.75	818.75	746.75
Interoperate Deposits	0.00	0.00	50.00	291.00	286.00	286.00
Trade Deposits	0.50	0.00	0.00	0.00	0.00	0.00
Total	14.18	24.96	506.12	952.75	1104.75	1317.75

Name of the Lender	Interest / Commission	Repayment
Shri Ajay Bankda	15% p.a.	Repayable on Demand
Smt Jyoti Bankda	15% p.a.	Repayable on Demand
Shri Prateek Bankda	15% p.a.	Repayable on Demand
Dholagiri Industries Private Limited	Nil	Repayable on Demand
Rashitech Vending Systems Pvt. Ltd	Nil	Repayable on Demand
ICICI Home Company Finance Limited	IHPLR minus 1.75% presently 13% p.a.	Repayable in 180 equatted monthly instalments

Note: The Unsecured loans from shareholders, Directors and interoperate deposits are interest bearing funds and are repayable on Demand. The terms of repayment and rate of interest are not prejudicial to the interest of the company.

SUNDRY DEBTORS

(Rs. in Lacs)

	31-Mar-05	31-Mar-06	31-Mar-07	31-Mar-08	31-Mar-09	31-Jul-08
(Unsecured Considered good)						
Exceeding six months	39.33	66.61	131.70	1060.80	1214.29	1523.19
Others	254.96	405.06	1443.80	1387.86	1634.62	1749.69
Due from related parties						
Total	294.29	471.68	1575.51	2448.67	2848.91	3272.88

There is no amount due from the related parties in the above

SECURED LOANS

(Rs in Lacs)

PARTICULARS	As at year ended March 31					31-Jul
	2005	2006	2007	2008	2009	2009
From Banks						
Bank Overdraft	0.00	0.00	0.00	0.00	0.00	0.00
Vehicle Loan	7.92	4.50	1.50	0.00	0.00	18.07
Cash Credit Limit	67.74	106.75	505.38	754.43	1061.62	1363.97
Working capital Demand Loan	0.00	0.00	0.00	500.00	333.32	277.76
Term Loan	0.00	385.20	1005.39	831.95	600.95	503.54
Total	75.67	496.45	1512.27	2086.38	1995.88	2163.34

Name of the bank	Type of the Loan facility	Amount Sanctioned (In Lacs)	Interest / Commission	Repayment	Security
Bank of India	Term Loan -1	930.00	1.00% below the BPLR within a minimum 11.75% p.a. with monthly rest presently 11.75% p.a.	60 Monthly Instalments of Rs. 15.50 Lacs each commencing from October 2006.	(a) First charge in the form of Hypothecation of plant and machinery installed/ situated at the factory premises plot no. D-42 Selaqui Industrial Estate Dehradun (U.A.) (b) First charge in the form of Equitable mortgage by deposit of the title deed s of the company's immovable properties comprising land and building situated at plot no. D-42 Selaqui Industrial Estate Dehradun (U.A.)
Bank of India	Term Loan -2	170.00	1.00% below the BPLR within a minimum 11.75% p.a. with monthly rest presently 11.75% p.a.	57 ballooning monthly instalments commencing from February 2007 as under. First 15 instalments of Rs. 0.85 Lacs each, next 41 instalments of Rs. 3.74 Lacs each and last instalment of Rs. 3.91 Lacs.	(a) First charge in the form of Hypothecation of plant and machinery installed/ situated at the factory premises plot no. D-42 Selaqui Industrial Estate Dehradun (U.A.) (b) First charge in the form of Equitable mortgage by deposit of the title deed s of the company's immovable properties comprising land and building situated at plot no. D-42 Selaqui Industrial Estate Dehradun (U.A.)

Name of the bank	Type of the Loan facility	Amount Sanctioned (In Lacs)	Interest / Commission	Repayment	Security
Bank of India	Working Capital Cash credit Limit	1225.00	1.00% below the BPLR within a minimum 11.75% p.a. with monthly rest presently 11.75% p.a.	Payable on demand	a) First charge in the form of Hypothecation of Stock of raw materials, stock in process and finished goods and Book Debts of the company b) First Charge in the form of Hypothecation of plant and machinery installed at the factory premises at plot no. D-42 Selaqui Industrial Estate Dehradun (U.A.) c) First charge in the form of equitable mortgage of Fixed Assets of the company comprising of land and building situated at plot no. D-42 Selaqui Industrial Estate Dehradun (U.A.)
Bank of India	Working Capital Demand Loan	500.00	1.00% below the BPLR within a minimum 11.75% p.a. with monthly rest presently 11.75% p.a.	Payable in 35 monthly instalments of Rs. 13.89 Lacs each and last instalment of Rs. 13.85 Lacs.	a) First charge in the form of Hypothecation of the current assets of the company. b) First Charge in the form of Hypothecation of plant and machinery installed at the factory premises at plot no. D-42 Selaqui Industrial Estate Dehradun (U.A.) c) First charge in the form of equitable mortgage of Fixed Assets of the company comprising of land and building situated at plot no. D-42 Selaqui Industrial Estate Dehradun (U.A.) .
Bank of India	Inland Guarantee Limit *	5.00	Rs.175 plus 0.86% per quarter with a minimum 1.72%.	NA	Equitable mortgage by deposit of the title deeds of the company's immovable properties comprising land and building and other structure, machineries and plant and other fixtures and fittings erected and thereon (both present and future) at plot no. D-42 Selaqui Industrial Estate Dehradun (U.A.)

Note: *There are no bank guarantees availed by the company

LOANS AND ADVANCES AS RESTATED

(Rs in Lacs)

	As at					
	31-Mar-05	31-Mar-06	31-Mar-07	31-Mar-08	31-Mar-09	31-Jul-09
Advances recoverable in cash or in kind or for value to received						
Advances to Supplier	9.60	70.26	53.65	30.12	91.52	43.98
Advances to Staff	1.67	0.00	0.09	6.82	7.34	8.76
Advance for Capital expenditure	0.00	1.25	0.00	0.00	32.14	35.07
Advance for Expenses	0.00	0.00	12.10	3.77	2.21	0.99
Other Advances	0.00	13.20	0.00	0.00	0.05	10.98
Security Deposits	1.63	1.90	6.51	6.20	406.64	407.16
Tds/Advane tax/Vat	10.08	9.63	8.12	1.83	1.89	1.94
Export Incentives receivables and interest	Nil	Nil	Nil	Nil	Nil	Nil
Total	22.98	96.25	80.47	48.74	541.79	508.88
The above includes following Loans and advances due from Related Party						
	Nil	Nil	Nil	Nil	400.00	400.00
Total	22.98	96.25	80.47	48.74	541.79	508.88

INVESTMENTS

(Rs in Lacs)

	March 31,2005	March 31,2006	March 31,2007	March 31,2008	March 31,2009	July 31,2009
Non-trade Quoted Investments (Valued at cost)	0.37	0.37	0.37	0.37	0.37	0.05
Total	0.37	0.37	0.37	0.37	0.37	0.05

CAPITALIZATION STATEMENT AS AT JULY 31, 2009

(Rs in Lacs)

Particulars	Pre issue as at	Post issue	
Borrowings:			
Short term debt	1642	*	
Long term debt	1839	*	
Total Debts	3481	*	
Shareholders Funds			
Equity share capital	1000	*	
Reserves and Surplus	1334	*	
Less: Miscellaneous Expenditure	43	*	
Total Shareholders Funds	2291	*	
Total Capitalisation	5772	*	
Total Debt/Shareholders' Funds	1.52	*	

* Post issue figures can be calculated only on the conclusion of the book building process.

STATEMENT OF TAX SHELTERS

(Rs in Lacs)

		Year ended March 31, 2005	Year ended March 31, 2006	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2009
A	Net Profit/ (Loss) before current and deferred taxes	24.99	32.12	330.87	402.32	434.26
	Income Tax rates applicable	36.58%	33.66%	33.66%	33.99%	33.99%
	Tax at applicable rate (A)	9.14	10.81	111.37	136.75	147.60
	Adjustments					
B	Permanent Differences					
	Deduction under section 80IC	0.00	0.00	320.19	386.68	444.53
	Exempt Incomes		0.06	0.09	0.09	0.10
	Additions due to inadmissible expenses	(54.59)	8.63	16.16	20.65	15.50
	Total (B)	54.59	(8.57)	304.11	366.12	429.12
C	Timing Differences					
	Differences between Tax Depreciation and Book Depreciation (including loss on sale of depreciable asset)	3.67	(3.46)	17.13	13.21	1.89
	Short term loss on sale of Investment	0.00	0.00	0.00	0.00	0.00
	Expenses disallowed Under Income Tax provisions	(1.64)	1.64	(22.99)	22.99	(16.94)
	Carry Forward of Losses	(11.70)	11.70	0.00	0.00	0.00
	Setoff of unabsorbed Depreciation	(19.93)	19.93	0.00	0.00	0.00
	Total (C)	(29.60)	29.81	(5.86)	36.21	(15.06)
D	Net Adjustments (B+C)	24.99	21.23	298.25	402.32	414.07
E	Tax Savings thereon (E)	9.14	7.15	100.39	136.75	140.74
F	Total Taxation Charge / (Saving)- Current (A-E) restricted to Nil	0.00	3.66	10.98	0.00	6.86
G	Incremental taxes due to MAT / (Set off of MAT credit)	1.95	0.00	24.30	44.58	41.73
	Interest on Taxes	0.01	0.22	4.25	4.86	4.23
H	Total current taxes	1.96	3.88	39.53	49.44	52.83
I	Deferred tax expenses/ (credit)	17.24	(4.03)	7.98	(27.12)	0.00
J	Fringe Benefit Taxes	0.00	7.88	8.86	12.21	5.54
K	Total taxation (H + I + J)	19.20	7.73	56.38	34.53	58.37

Annexure – 16

Details of Related parties as per AS-18

Description	Name
Subsidiaries	Company has no subsidiaries

Enterprises under common Control

- Sinorita Biotech Private Limited
- Ajay Jyoti Estate Private Limited.
- Bankda Estate Private Limited.
- Bankda Reality Private Limited.
- Vimala Housing Private Limited.

- vi. Bankda Developers Private Limited.
- vii. Bankda Housing Private Limited.
- viii. Kedar Vijay Housing Private Limited.
- ix. Ajay Laxmi Housing Private Limited.
- x. Ultratech Energy Systems Private Limited.
- xi. Styler Textiles Private Limited

Individuals owning voting power giving control or significant influence

- i. Shri Ajay Bankda
- ii. Smt Jyoti Bankda

Key Managerial Persons

- i. Shri Ajay Bankda
- ii. Smt Jyoti Bankda
- iii. Shri J. P. Bagaria

Relatives of Key Persons

- i. Shri Prateek Bankda – Son of Shri Ajay Bankda and **Managerial** Jyoti Bankda
- ii. Shri Pranav Bankda - Son of Shri Ajay Bankda and Jyoti Bankda
- iii. Smt. Umadevi Bagaria – Mother of Smt. Jyoti Bankda

(Rs. in Lacs)

Particulars	Key Managerial Persons					Relatives of Key Managerial Persons				
	2005-06	2006-07	2007-08	2008-09	2009-10	2005-06	2006-07	2007-08	2008-09	2009-10
Debits					Upto					Upto
					Jul-31					Jul-31
Repayment of Unsecured Loans	150.72	392.59	1488.78	1298.73	248.25	0.00	0.00	0.00	81.37	18.81
Security Deposit given	0.00	0.00	0.00	240.00	0.00	0.00	0.00	0.00	160.00	0.00
Credits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Directors Remuneration/Salary	3.72	4.80	4.80	9.30	3.60	0.68	0.00	0.00	0.00	0.00
Travelling Expenses	4.98	5.54	1.58	3.22	0.00	0.00	0.00	0.00	0.00	0.00
Interest Paid	0.00	22.85	76.07	72.11	16.02	0.00	0.00	0.00	0.00	0.00
Office Rent	5.58	5.91	6.81	8.01	2.70	3.60	4.20	4.20	4.92	1.64
Car Rent	1.20	2.30	3.60	2.40	0.60	0.80	1.60	1.80	1.80	0.80
Rent Free House	3.04	3.05	3.60	3.60	1.26	0.00	0.00	0.00	0.00	0.00
Other Benefits	0.00	0.36	0.39	0.37	0.37	0.00	0.00	0.00	0.00	0.00
Unsecured Loan received	152.00	757.87	1673.94	1189.75	184.92	17.00	0.00	21.00	277.24	7.24
Balances at Year End	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Balance Payable	17.89	369.45	666.10	387.24	329.62	10.10	0.00	31.07	42.97	37.97
Balance Receivable	0.00	0.00	0.00	0.00	13.94	0.00	0.00	0.00	0.00	6.71

Note:

- The accounting standard 18 "Related Party Transactions was not applicable to the company for the period prior to financial year 2005-06.

Annexure – 17
(Rs. in Lacs)

CONTINGENT LIABILITIES

	March 31,2005	March 31,2006	March 31,2007	March 31,2008	March 31,2009	July 31,2009
a)Unexpired Bank Guarantees & Letters of Credit	Nil	Nil	Nil	Nil	Nil	Nil
b)Demands of Statutory authorities disputed by the company in appeals with higher authorities in respect of	Nil	Nil	Nil	Nil	Nil	Nil
c)Export Obligation Liability	Nil	Nil	7.50	7.50	7.50	7.50
d) Legal suits filed by past employees towards salary & other benefit claims	Nil	Nil	Nil	1.07	5.89	5.89

CHANGES IN THE ACCOUNTING POLICIES IN THE LAST THREE YEARS

Leave encashment and Gratuity were accounted on cash basis till the year 2007-08, and in the year 2008-09 the policy has been changed to account Leave encashment and gratuity on accrual basis, to bring financial statements in compliance of AS-15. Apart from above there have been no significant changes in Accounting Policies in the past three years.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(a) Pharmaceutical Industry in India

Industry Overview

The **Indian Pharmaceutical Industry** today is in the front rank of India's science-based industries with wide ranging capabilities in the complex field of drug manufacture and technology. A highly organized sector, the Indian Pharma Industry is estimated to be worth \$ 4.5 billion, growing at about 8 to 9 percent annually. It ranks very high in the third world, in terms of technology, quality and range of medicines manufactured. From simple headache pills to sophisticated antibiotics and complex cardiac compounds, almost every type of medicine is now made indigenously.

Playing a key role in promoting and sustaining development in the vital field of medicines, **Indian Pharma Industry** boasts of quality producers and many units approved by regulatory authorities in USA and UK. International companies associated with this sector have stimulated, assisted and spearheaded this dynamic development in the past 53 years and helped to put India on the pharmaceutical map of the world.

The Indian Pharmaceutical sector is highly fragmented with more than 20,000 registered units. It has expanded drastically in the last two decades. The leading 250 pharmaceutical companies control 70% of the market with market leader holding nearly 7% of the market share. It is an extremely fragmented market with severe price competition and government price control.

The pharmaceutical industry in India meets around 70% of the country's demand for bulk drugs, drug intermediates, pharmaceutical formulations, chemicals, tablets, capsules, orals and injectibles. There are about 250 large units and about 8000 Small Scale Units, which form the core of the pharmaceutical industry in India. These units produce the complete range of pharmaceutical formulations, i.e., medicines ready for consumption by patients and about 350 bulk drugs, i.e., chemicals having therapeutic value and used for production of pharmaceutical formulations.

Following the de-licensing of the pharmaceutical industry, industrial licensing for most of the drugs and pharmaceutical products has been done away with. Manufacturers are free to produce any drug duly approved by the Drug Control Authority. Technologically strong and totally self-reliant, the pharmaceutical industry in India has low costs of production, low R&D costs, innovative scientific manpower, strength of national laboratories and an increasing balance of trade. The Pharmaceutical Industry, with its rich scientific talents and research capabilities, supported by Intellectual Property Protection regime is well set to take on the international market.

(Source: www.pharmaceutical-drug-manufacturers.com)

(b) Overview of our Company

Syncom Healthcare Limited (SHL) was incorporated on July 29, 2002 by Mr. Ajay Bankda & Mrs. Jyoti Bankda for manufacturing, marketing & trading of pharmaceuticals formulations under its own brands in Ethical, OTC, Generic and Herbal market segment. The registered office of the company is situated at 221, Vyapar Bhawan, P.D'Mello Road, Mumbai-400009.

In its first year of the operation itself i.e. year ended March 31, 2003, the Company achieved a turnover of Rs.1160.71 lacs with a net profit of Rs.10.92 lacs. From there, the company has reached to a turnover of Rs.6056.59 lacs and a net profit of Rs.381.31 lacs during the year ended March 31, 2009 with a growth rate of 55.66%, (13.90)%, 24.28%, 58.93%, 78.85% and 10.21% year on year in turnover and a growth rate of (1.01)%, (46.44)%, 289.98%, 1115.59%, 33.53% and 4.04% year on year in net profit respectively.

Initially it started its journey with the marketing of the pharmaceuticals products manufactured by others under its own brand and in year 2006, the company set up a State of Art manufacturing unit at Dehradun in Uttarakhand. The unit was commissioned in November, 2006. During the year ended March 31, 2007, the net profit before tax & extra-ordinary items, of the Company increased to Rs.330.87 lacs from Rs.32.12 lacs during the year ended March 31, 2006 due to commencement of manufacturing of the various products in its own manufacturing unit and marketing through a strong distribution network.

(c) Significant developments subsequent to the last financial year

There are no such significant developments that have taken place from the date of the last financial statements which materially and adversely affect or is likely to affect the trading or profitability of the issuer company, or the value of its assets, or its ability to pay its liabilities within the next twelve months.

(d) Factors affecting results of our operations

Our financial condition and results of operations are affected by the following factors:

- ***Foreign currency risk***

The Company has proposed to set up its new pharmaceutical formulation unit at Indore Special Economic Zone at Pithampur, Dist Dhar (MP). All revenues of this unit will be denominated in USD, GBP and most of our expenses will be incurred and paid in Indian rupees. The exchange rates between the Indian rupee and the U.S. Dollar have changed substantially in the recent years. Such fluctuations in the exchange rate may affect the profitability of the company arising from proposed export of products of the company.

- ***Cost of people***

The component of cost of salaries & wages of our employees is vital. The number of people engaged in the field sales force is comparatively high. In view of increasing employees compensation in India due to competitive pressures, if wages in India increases, we may be required to pay more wages which may result in increase in our human resource cost.

- ***Competition***

We compete from Indian and non – Indian pharmaceutical producers, especially such competition affect the growth and pricing of our product and services.

- ***Cost of Materials***

The principal component of our cost is the Raw Material and Packing materials used in the process of manufacturing. The recent change in API prices shows that most of the material cost is fluctuating. This may adversely affect our operational results.

- ***Interest Rates***

With the high inflation rate in India, the Government is taking all necessary steps to curb the inflation. As a monetary control the Reserve Bank of India has increased their repo rate and CRR on time to time in the recent past that is resulting in increase in the rate of interest. This is causing increase in the cost of borrowings from the banks.

- ***Demand***

Our revenues are dependent on the growing demand of our pharmaceutical products and also demand for production and research outsourcing in the pharmaceutical industry.

These factors and a number of future developments may affect our results of operations, financial condition and cash flow in future periods. We believe that the following future developments may affect our future results of operations, financial condition and cash flow:-

- Effects of the new patent regime in India;
- Consolidation in the pharmaceutical industry;
- Additional capital expenditures and related financings, if any, including for capacity expansion;
- Adoption of or changes in price controls in the Indian and other major drug markets;
- Changes in the government legislations on tax incentives;
- Competition from other custom manufacturing companies;
- Changes in the strategic plans of our current and potential customers and clients towards outsourcing of custom manufacturing;
- Change in the norms for certification under WHO GMP, and
- Increase in expenditure on research and development.

(e) Our Results of Operations

As a result of the various factors discussed above that affect our income and expenditure our results of operations may vary from period to period. The following table sets forth certain information with respect to our results of operations for the periods indicated read together with notes, accounting policies and report thereon which appear in Red Herring Prospectus:

(Rs in Lacs)

Particulars	Year Ended 31.03.06	Year Ended 31.03.07	Increase / Decrease (%)	Year Ended 31.03.08	Increase / Decrease (%)	Year Ended 31.03.09	Increase/ Decrease (%)
Income							
Of the items manufactured by the Company	0.00	1224.50	--	2573.72	110.19	2990.60	16.20
Of the items traded by the Company	1900.56	1793.96	(5.61)	2600.34	44.95	3065.86	17.90
Total Sales	1900.56	3018.46	58.82	5174.06	71.41	6056.47	17.05
Other Income (Incl Interest Income)	0.10	1.89	1790.00	3.78	100.00	1.03	(72.75)
Accretion/ (Depletion) of Stocks	32.69	52.23	59.77	317.44	507.77	(1.01)	(100.30)
Total	1933.35	3072.59	58.92	5495.28	78.84	6056.49	10.21
Expenditure							
Material Cost	1412.86	1837.74	30.07	3698.52	101.25	4158.43	12.43
Employee Compensation and Related Expenses	253.26	354.06	39.80	467.88	32.14	489.37	4.59
Manufacturing and other expenses	189.90	348.37	83.45	425.90	22.26	415.34	(2.48)
Deferred Revenue Expenditure W/Off	15.50	15.50	0	15.50	0	15.50	0
Interest & Financial Charges	10.14	95.27	839.54	288.02	202.31	337.73	17.26
Depreciation	18.54	89.76	384.14	195.55	117.85	203.76	4.19
Amortisation of Preliminary and Miscellaneous Expenses	1.03	1.03	-	1.60	55.33	2.09	30.62
Total	1901.23	2741.72	44.20	5092.96	85.75	5622.22	10.39
Profit Before Tax	32.12	330.87	930.10	402.32	21.59	434.26	7.94
Provision for Tax	7.75	56.39	627.61	35.80	(36.51)	56.22	57.04
Profit after Tax	24.37	274.48	1026.30	366.52	33.53	378.04	3.14

• Analysis of Revenue

Our revenues, referred to in our financial statements as total income comprises of income from operations, job work done for others, trading and other income. The income from operations comprises of the formulation of pharmaceuticals, marketing of pharmaceuticals manufactured by others and marketed by Syncom Healthcare Limited of its own brand, trading of Pharma related products and manufacturing of pharmaceuticals for other Pharma companies of their brand.

Our income from other sources comprises of interest, insurance claims, dividends, etc.

- **Expenditure**

Our expenditure mainly comprises of Material Cost, Employee Cost, Operation & Other Expenses and Depreciation. Material cost consists of Raw Material, Packing Materials and purchase of other pharmaceuticals for marketing by Syncom Healthcare Limited. Employee Cost consists payments made to the employees at all levels of the hierarchy. Manufacturing and other cost comprises of expenditure incurred on power & fuel, repairs & maintenance, insurance, vehicle hiring charges, maintaining computer systems including development/maintenance expenses for software and hardware systems utilised, Communication Cost, Electricity Expenses, Advertisement, sales promotion, expenses incurred for day to day routine Office Expenses like Printing & Stationery, Professional Fees, Rent, Rates & Taxes and Sundry Expenses. Interest consist of interest payable to bank and interest payable on unsecured loans.

Nature of Miscellaneous income and expenditure

The Nature of Miscellaneous Income includes Dividend received, Insurance claim, profit on sale of vehicle & Misc. expenses written off. The nature of Miscellaneous Expenditures includes Initial expense incurred for Incorporation of the Company and further expenses incurred for ROC on increase in share capital.

- **Comparison of the financials for the year ended 31st March, 2006 & 31st March, 2007.**

Income

Income from operations increased from Rs.1900.56 lacs for the year ended March 31st, 2006 to Rs.3018.46 lacs for the year ended March 31st, 2007 this increase of 58.82% was possible as the company has started its own pharmaceutical formulation unit at Selaqui in Dehradun from 01.11.2006.

Material Cost

The material consumption increased from Rs.1412.86 lacs in 2005-06 to Rs. 1837.74 lacs in 2006-07 registering a 30.07% increase over the previous year which is in line with increase in sales volume, The Company also started its own manufacturing activities during the year where the material cost is comparatively low.

Employee compensation & other related expenses

Employee compensation & other related expenses increased from Rs.253.26 lacs for the year ended March 31st 2006 to Rs.354.06 lacs for the year ended March 31st 2007 this increase of 39.80% in employee cost was due to payment of salary & wages to the employees at the new plant at Selaqui in Dehradun.

Manufacturing & other expenses

Operation & other expenses increased from Rs. 189.90 lacs for the year ended March 31st, 2006 to Rs. 348.37 lacs for the year ended March 31st, 2007 this increase of 83.45% was mainly due to expenses incurred in the new unit at Selaqui in Dehradun.

Depreciation

Depreciation was increased from 18.54 lacs for the year ended March 31st, 2006 to Rs. 89.76 lacs for the year ended March 31st, 2007 this increase of 384.14% was for applying the proportionate depreciation on all the fixed assets of the new plant at Selaqui in Dehradun.

Profit after tax

The bottom line significantly rose from Rs.24.37 lacs in the previous year to Rs.274.48 lacs in the year ending on 31st March, 2007 i.e. increased by 1026.30% was possible due to start of our own manufacturing facilities at our plant at Selaqui in Dehradun.

- **Comparison of the financials for the year ended 31st March, 2007 & 31st March, 2008.**

Income

Income from operations increased from Rs.3018.46 lacs for the year ended March 31st, 2007 to Rs.5174.06 lacs, for the year ended March 31st, 2008 this increase of 71.41% was due to manufacturing activities for the full year at our Selaqui plant and also maintaining the trading business.

Material Cost

The material cost increased from Rs.1837.74 lacs in 2006-07 to Rs. 3698.52 lacs in 2007-08 registering a 101.25% increase over the previous year which is in line with increase in sales volume. The Company carried out the formulation of pharmaceuticals for other Pharma industries of their brand where the material cost is high and margin is low, More over there has also been an increase in prices of inputs during this period, resulting in higher material cost.

Employee compensation & other related expenses

Employees compensation & related expenses increased from Rs.354.06 lacs for the year ended March 31st, 2007 to Rs.467.88 lacs for the year ended March 31st, 2008 this significant increase of 32.14% was due to due to payment of salary & wages for the full year to the employees at the new plant at Selaqui in Dehradun.

Manufacturing & other expenses

Manufacturing & other expenses increased from Rs.348.37 lacs for the year ended March 31st, 2007 to Rs.425.90 lacs for the year ended March 31st, 2008 this increase of 22.26% was mainly due to expenses incurred in the new unit at Selaqui in Dehradun for the full year.

Depreciation

Depreciation was increased from Rs.89.76 lacs for the year ended March 31st, 2007 to Rs.195.55 lacs for the year ended March 31st, 2008. This substantial increase of 117.85% in depreciation charge was due to applying the depreciation on all the fixed assets of the new plant at Selaqui in Dehradun for full year.

Profit after tax

The bottom line rose from Rs.274.48 lacs in the previous year to Rs. 366.52 lacs in the year ending on March 31, 2008 i.e. by 33.53% was possible due to our own manufacturing facilities by manufacturing the pharmaceutical formulation for our own and also for other Pharma company.

Profits of our Pharma manufacturing unit at Selaqui in Dehradun is exempt from Income Tax u/s. 80-IC of the Income Tax Act, 1961, being profits derived from industrial undertakings situated in certain special Category State, the State of Uttarakhand is also one of them. 100% tax exemption is available for first five years commencing with the initial assessment year and thereafter 30% of the profit for the next five years. However, due to applicability of Minimum Alternate Taxes (MAT) u/s. 115J of Income Tax Act, 1961 on us, we have to provide tax as computed under Minimum Alternate Taxes (MAT). in fiscal 2008, provision for FBT also increased to Rs.11.47 lacs from Rs. 8.86 lacs in the previous year ended 31.03.2007.

The net profit of the company is derived from the operations of the Dehradun Industrial unit is subject to a tax holiday/deduction u/s 80-IC for a continuous period of 5 years starting from year 2006-07. Consequently the timing differences existing as on the balance sheet date are expected to reverse during the stated period of tax holiday to a substantial extent, hence no provision of deferred tax liability has been done.

• **Comparison of the financials for the year ended 31st March, 2008 & 31st March, 2009.**

Income

Income from operations increased from Rs.5174.06 lacs for the year ended March 31st, 2008 to Rs.6056.47 lacs, for the year ended March 31st, 2009 this increase of 17.05% was due to manufacturing activities with better product mix at our Selaqui plant and also maintaining the trading business.

Material Cost

The material cost increased from Rs.3698.52 lacs in 2007-08 to Rs.4158.43 lacs in 2008-09 registering a 12.43% increase over the previous year which is in line with increase in sales volume.

Employee compensation & other related expenses

Employees compensation & related expenses increased from Rs.467.88 lacs for the year ended March 31st, 2008 to Rs.489.37 lacs for the year ended March 31st, 2009 this insignificant increase of 4.59% was due to annual increase given to the employees.

Manufacturing & other expenses

Manufacturing & other expenses increased from Rs.425.90 lacs for the year ended March 31st, 2008 to Rs.415.34 lacs for the year ended March 31st, 2009 this decrease of 2.48% was mainly due to proper cost control of various expense heads.

Depreciation

Depreciation was increased from Rs.195.55 lacs for the year ended March 31st, 2008 to Rs.203.76 lacs for the year ended March 31st, 2009. This increase of 4.19% in depreciation charge was due to applying the depreciation on the additions in plant & machineries as well other fixed assets at Selaqui in Dehradun.

Profit after tax

The bottom line rose from Rs.366.52 lacs in the previous year to Rs. 378.04 lacs in the year ending on March 31, 2009 i.e. by 3.14% was due to better sales realization of our own products.

Profits of our Pharma manufacturing unit at Selaqui in Dehradun is exempt from Income Tax u/s. 80-IC of the Income Tax Act, 1961, being profits derived from industrial undertakings situated in certain special Category State, the State of Uttarakhand is also one of them. 100% tax exemption is available for first five years commencing with the initial assessment year and thereafter 30% of the profit for the next five years. However, due to applicability of Minimum Alternate Taxes (MAT) u/s. 115J of Income Tax Act, 1961 on us, we have to provide tax as computed under Minimum Alternate Taxes (MAT). in fiscal 2009, provision for FBT decreased to Rs.5.22 lacs from Rs. 11.47 lacs in the previous year ended 31.03.2008. The decrease was mainly due reduction in the rates on gift which is being used by the Company as promotional item.

The net profit of the company is derived from the operations of the Dehradun Industrial unit is subject to a tax holiday/deduction u/s 80-IC for a continuous period of 5 years starting from year 2006-07. Therefore, no provision of deferred tax liability has been made.

(f) Information required as per Item (2)(IX)(E)(5) of Part A of Schedule VIII to the SEBI Regulations:

- ***Unusual or infrequent events or transactions***

There are no unusual or infrequent events or transactions that have significantly affected operations of the Company.

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

There are no significant economic changes that materially affected Company's operations or are likely to affect income from continuing operations.

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

No known trends or uncertainties are envisaged or are expected to have a material adverse impact on sales, revenue or income from continuing operations except as described in the sections titled "Risk Factors" and in this section, to Company's knowledge.

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

Other than as described in the section titled "Risk Factors" and in this section, to our knowledge there are no future relationship between cost and income that would be expected to have a material adverse impact on our operations and revenues.

- ***The extent to which material increases in net sales / revenue is due to increase in sales volume, introduction of new products or services or increased sales prices***

Our Company witnessed continuous growth in revenues over a period of past five years, the revenues increase from Rs. 1614.04 lacs in fiscal 2005 to Rs. 6056.47 lacs in the fiscal 2009. This increase in revenues is by and large linked to increases in volume of manufacturing and other activities carried out by the Company.

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

The Company operates in only one Industry Segment that is Pharmaceutical industry.

- ***Status of any publicly announced New Products or Business Segment***

The Company has not announced any new products or business segment.

- ***The extent to which the company's business is seasonal.***

The Company's business is not seasonal in nature.

- ***Any significant dependence on a single or few suppliers or customers***

During the FY 2008-09, 2007-08 & 2006-07, top 5 suppliers constituted 57.95%, 68.38% & 32.14% respectively of the total purchases. Even the top one supplier constituted 22.65%, 42.82%, & 12.57% of the total purchases respectively. However, company does not foresee any difficulty in getting raw materials at reasonable price.

The company sells its product to various customers and dependence on single or few customers is non-existent though top one & top ten customers constitute 38.13% & 68.95% respectively of the total revenues during the financial year 2007-08. The Company has large number of customers, but is not able to fulfill the demand of others due to huge orders of its top customers.

- ***Competitive conditions***

The company will face competition from existing as well as new players in pharmaceutical formulation industry in India.

SECTION VI - LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

The Issuer Company certifies that except as stated herein, there is no:

- a. Pending litigations in which the Promoters are involved, defaults to financial institutions/banks, non-payment of statutory dues and dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares by the Promoters and the companies/firms/ventures promoted by the Promoters.
- b. Pending litigations, defaults, etc. in respect of companies/firms/ventures with which the Promoters was associated in the past but is no longer associated, where his name continues to be associated with particular litigation(s).
- c. i) Litigations against our Company or against any other company whose outcome could have a materially adverse effect of the position of our Company.
ii) Litigations against the Promoters or directors involving violation of statutory regulations or criminal offence.
- d. i) Pending proceedings initiated for economic offences against the directors, the Promoters, companies /firms/ventures promoted by the Promoters.
ii) Past cases in which penalties were imposed by the concerned authorities against the directors, the Promoters, companies /firms/ventures promoted by the Promoters.
- e. Outstanding litigations, defaults, etc., pertaining to matters likely to affect operations and finances of our Company including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII to the Companies Act, 1956
- f. Pending litigations, defaults, non payment of statutory dues, proceedings initiated for economic offences/Civil offences (including the past cases, if found guilty), any disciplinary action taken by the Board/ stock exchanges against our Company/Promoters and his other business ventures (irrespective of the fact whether they fall under the purview of Sec 370 (1B) of the Companies Act, 1956) / Directors.

1. Under Criminal Laws

a) Cases filed by the Company

Sr. No.	Case No.(s)	Parties	Authority	Subject matter and relief sought/Brief History	Amount involved (Rs. in Lacs)	Present status
1	Cr. Case No. 23226/07	Syncom Healthcare Limited vs A.V. Distributors	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	1.55	Bailable warrant issued
2	Cr. Case No. 23447/07	Syncom Healthcare Limited vs A.K. Pharmaceuticals	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	5.66	Bailable warrant issued
3	Cr. Case No. 21822/07	Syncom Healthcare	Judicial Magistrate,	The present complaint filed by our Company against Distributor/	5.66	Bailable warrant

		Limited vs Roshan Pharma	Indore	Stockist /C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them		issued
4	Cr.Case No.23227/07	Syncom Healthcare Limited vs Garg Medical & Ayurvedic, Mansa	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/ Stockist /C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	2.48	Bailable warrant issued
5	Cr.Case No. 0/07	Syncom Healthcare Limited vs Hindustan Surgicals	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/ Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/ returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	3.59	Pending for admission
6	Cr.Case No. 0/08	Syncom Healthcare Limited vs Jain Pharma	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/ Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	1.92	Pending for registration
7	Cr.Case No. 0/08	Syncom Healthcare Limited vs J.M.D. Enterprises	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/ Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	3.21	Hearing at admission
8	Cr.Case No. 20871/2008	Syncom Healthcare Limited vs Leaders Pharmaceuticals	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/ Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical	1.38	Summon issued

				products to them		
9	Cr.Case No. 0/07	Syncom Healthcare Limited vs Malli Agencies	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/ Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	0.64	Pending for admission
10	Cr.Case No.2444/06	Syncom Healthcare Limited vs Mahakali Sales Corporation	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/ Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	3.36	Correct address of the accused to be given by us
11	Cr.Case No. 0/07	Syncom Healthcare Limited vs Meenakshi	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/ Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	0.91	Steps for withdrawal
12	Cr.Case No. 0/07	Syncom Healthcare Limited vs Manchanda Distributors, Moga	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/ Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	1.74	Interim Application to be filed for changing cause title
13	Cr.case No. 0/08 20870/2008	Syncom Healthcare Limited vs Kaushalya Pharma	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/ Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	3.03	Withdrawn
14	Cr.Case No. 37026/07	Syncom Healthcare Limited vs Prem Pharma	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/ Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was	9.06	Summon issued

				dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them		
15	Cr.Case No. 0/2007	Syncom Healthcare Limited vs Rishi Enterprises	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/ Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	0.85	Interim Application to be filed for changing cause title
16	Cr.Case No. 0/2007	Syncom Healthcare Limited vs Rakesh(DD Pharma, Ludhiana)	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/ Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	0.27	Steps for withdrawal
17	Cr.Case No. 15282/09	Syncom Healthcare Limited vs Sharma Medical, Kanpur	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/ Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	3.58	Application changing Authorised Person to be filed
18	Cr.Case No. 0/07	Syncom Healthcare Limited vs Shyamali Enterprises	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/ Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	0.6	Withdrawn
19	CR Case No. 3000/04	Syncom Healthcare Limited vs Shanti Traders	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/ Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	1.49	Arrest warrant to be served on the Accused
20	Cr.Case No. 24120/2007	Syncom Healthcare Limited vs	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/ Stockist/C & A for offence under	3.59	Again Summon issued

		Sunil Medical Stores		section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them		
21	Cr.Case No. 0/2007	Syncom Healthcare Limited vs Vishnu Pharma	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	2.23	Authorized Person to be brought on the Record
22	Cr.Case No 0/2008	Syncom Healthcare Limited vs Yatish Jain of Medico, Gwalior	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	1.29	Case is under compromise
23	Cr. Case No. 23226/2007	Syncom Healthcare Limited vs A.S. Distributors, Dehradun	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	1.55	Bailable Warrant to be served on the Accused
24	Cr. Case No. 16636/09	Syncom Healthcare Limited vs M/s Dhanwantri Pharma	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	14.00	Registered summons issued
25	Cr. Case No. 18261/2009	Syncom Healthcare Limited vs Mr. G.V.K. Rao, Maxcool Technologies, Thane	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	20.00	Registered summons issued

26	Cr. Case No. 16190/2009	Syncom Healthcare Limited vs Charjeet Singh of Dharmesh Transport, Ranchi	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	0.47	Registered summons issued
27	Cr. Case No. 16191/2009	Syncom Healthcare Limited vs Amarjeet Bhargav of M/s. Doaba Distributors, Zirakhpur	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	5.11	Registered summons issued
28	Cr. Case No. 16189/2009	Syncom Healthcare Limited vs Mr. Rajeev Gupta of M/s. Sensa Pharma, Delhi	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	0.28	Registered summons issued
29	Cr. Case No. 16637/2009	Syncom Healthcare Limited vs Sarvesh Kumar of M/s. Singhal Medical Agency, Moradabad	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	1.11	Registered summons issued
30	Cr. Case No. 00/2009	Syncom Healthcare Limited vs Amarjeet Bhargav of M/s. Doaba Distributors, Zirakhpur	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	5.11	To be registered
31	Cr. Case No. 24/20/2007	Syncom Healthcare Limited vs Rudra Pratap Singh of M/s. Parihar Distributors,	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The	2.66	Registered

		Allahabad		said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them		
32	Cr. Case No. 00/2009	Syncom Healthcare Limited vs Divya Jeeban Panda of M/s. Auro Pharma, Bhajanagar,	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	6.32	To be registered
33	Cr. Case No. 20388/2009	Syncom Healthcare Limited vs Mr. Sunil Kumar Shah of Jyoti Pharma, Begusarai	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	3.23	Summon issued
34	Cr. Case No. 00/2009	Syncom Healthcare Limited vs Mr. V. Balaji of M/s. Balaji Pharma, Madurai	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	2.12	To be registered
35	Cr. Case No. 00/2009	Syncom Healthcare Limited vs Aman Bhatia of M/s. Parvati Medical, Kullu	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	1.51	To be registered
36	Cr. Case No. 00/2009	Syncom Healthcare Limited vs T. Jayajith of M/s. Ajay Pharma, Kollam	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	0.65	To be registered
37	Cr. Case No. 00/2009	Syncom Healthcare Limited vs S.	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence	1.00	To be registered

		Dandaris of M/s. Santoshi Enterprises, Bhubaneswar		under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them		
38	Cr. Case No. 00/2009	Syncom Healthcare Limited vs Mr. Viran Harde, M/s. Jilaveer International, Mumbai	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	1.00	To be registered
39	Cr. Case No. 17015/09	Syncom Healthcare Limited vs Mr. Hemant of M/s. Pragati Medical, Ambikapur	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	0.56	Summon issued
40	Cr. Case No. 16980/09	Syncom Healthcare Limited vs Mr. P. Chandramohan Reddy, M/s. Vaishany Pharma, Guntur	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	0.60	Summon issued
41	Cr. Case No. 16981/09	Syncom Healthcare Limited vs M/s. Ravindra Kumar Agrawal, M/s. Agrawal Surgical, Bhatinda	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	1.20	Summon issued
42	Cr. Case No. 19559/09	Syncom Healthcare Limited vs Mr. Prem Kumar Skuja, M/s. Ginni Sales, Ranchi	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical	36.36	Summon issued

				products to them		
43	Cr. Case No. 16982/09	Syncom Healthcare Limited vs Mr. Pritam Shah of M/s. Shah Medical, Pune	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	31.49	Summon issued
44	Cr. Case No. 16093/09	Syncom Healthcare Limited vs Ms. Kavita Choudhary, M/s . Precision Marketing, Lucknow	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	45.83	Bailable warrant ordered
45	Cr. Case No. 00/2009	Syncom Healthcare Limited vs Chirag Mittal of M/s. Shiva Enterprises, Dehradun	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	1.07	To be registered
46	Cr. Case No. 17282/09	Syncom Healthcare Limited vs Pritam Shah of M/s. Shah Medical, Pune	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	24.00	Summon issued
47	Cr. Case No. 16983/09	Syncom Healthcare Limited vs Ms. Heera Tarani of M/s. Gurujee Marketing, Jabalpur	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	0.21	Summon issued
48	Cr. Case No. 13702/09	Syncom Healthcare Limited vs Magan Bhai of M/s. Zeal Pharma, Surat	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was	4.52	Summon issued

				dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them		
49	Cr. Case No. 16377/09	Syncom Healthcare Limited vs G.S. Haldwani	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	3.01	Summon issued
50	Cr. Case No. 22459/09	Syncom Healthcare Limited vs Nirmala Enterprises, Bhubaneswar	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	2.12	Summon issued
51	Cr. Case No. 13703/09	Syncom Healthcare Limited vs Ashok Medical, Akola	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	0.45	Withdrawn
52	Cr. Case No. 17884/09	Syncom Healthcare Limited vs Deluxe Fiscal, Howra	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	7.76	Summon issued
53	Cr. Case No. 16377/09	Syncom Healthcare Limited Sai Pharma, Ernakulam	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	0.75	Withdrawn
54	Cr. Case No. 4287/09	Syncom Healthcare	Judicial Magistrate,	The present complaint filed by our Company against	8.00	Bailable Warrant

		Limited vs Patheria Pharma, Indore	Indore	Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them		issued
55	Cr. 18597/09	Syncom Healthcare Limited vs Patheria Pharma, Indore	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	7.02	Summon Issued
56	Cr. Case No. 14065/09	Syncom Healthcare Limited vs Supreme Medical, Thrissur	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	0.41	Summon issued
57	Cr. Case No.	Syncom Healthcare Limited vs Parvati Medical, Kullu	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	0.56	To be Registered
58	Cr. Case No.	Syncom Healthcare Limited vs Lalchand Sharma Nari Medical, Hamirpur	Judicial Magistrate, Indore	The present complaint filed by our Company against Distributor/Stockist/C & A for offence under section 138 of the Negotiable Instrument Act as the Cheque issued by the said party was dishonoured/returned unpaid. The said Cheque issued by the said party towards the legal liability for supplying the Pharmaceutical products to them	0.37	Warrant to be issued

- b) Cases filed against the Company- Nil
- c) Cases filed by the Promoters- Nil
- d) Cases filed against the Promoters- Nil
- e) Cases filed by the Directors- Nil
- f) Cases filed against the Directors- Nil
- g) Cases filed by the Group Companies/associate concerns- Nil
- h) Cases filed against the Group companies/associate concerns – Nil

2. Under securities Laws

- a) Cases filed by the Company - Nil
- b) Cases filed against the Company- Nil
- c) Cases filed by the Promoters- Nil
- d) Cases filed against the Promoters- Nil
- e) Cases filed by the Directors- Nil
- f) Cases filed against the Directors- Nil
- g) Cases filed by the Group Companies/associate concerns- Nil
- h) Cases filed against the Group companies/associate concerns – Nil

3. Under Tax Laws

- a) Cases filed by the Company - Nil
- b) Cases filed against the Company- Nil
- c) Cases filed by the Promoters- Nil
- d) Cases filed against the Promoters- Nil
- e) Cases filed by the Directors- Nil
- f) Cases filed against the Directors- Nil
- g) Cases filed by the Group Companies/associate concerns- Nil
- h) Cases filed against the Group companies/associate concerns – Nil

4. Under civil laws

- a) Cases filed by the Company

Sr. No.	Case No.(s)	Parties	Authority	Subject matter and relief sought/Brief History	Amount involved (Rs. in Lacs)	Present status
1	CS No.39/2005.	Syncom Healthcare Limited v/s Niken Drugs Pvt Limited	XX Additional District Judge, Indore	The said suit filed by our company against the Niken Drugs for infringement of our Trade Mark CTZ by using the Trade Mark CETZ by the Niken Drugs. In the said suit, we have got temporary Injunction in our favour and suit is pending before the Hon'ble XXTH Additional District Judge, Indore.	Nil	For reply & argument on Interim Application
2	C/S No. 35A/2007	Syncom Healthcare Limited v/s Elmac Remedies Pvt. Limited.	XIIIth Additional District Judge, Indore	This suit has filed by our company against the Elmac Remedies for infringement of our Trade Mark CTZ by using the Trade Mark ETZ by the said company. The said suit is filed before the XIII Additional District Judge, Indore.	Nil	Decided & further action is being taken
3	CS No.33A/2004.	Syncom Healthcare Limited vs Sas Pharmaceuticals –	Delhi High Court	This suit has been filed by our company against the Sas Pharmaceuticals for infringement and passing off our Trade Mark "REGULIFE" by the Sas Pharmaceuticals by using the deceptive similar Trade Mark "REGULIN". The said suit initially filed by us before the District Court, Dhar (M.P.) and presently transferred to Delhi High Court and pending their along with counter suit filed by the Sas Pharmaceuticals.	Nil	Framing of issues
4	CS No.61/2006	Syncom Healthcare Ltd vs P.I. Pharmaceutical	Xth ADJ, Indore	The above mentioned suit has been filed by our company against the P.I.Pharmaceuticals for infringement of our Registered Trade Mark CTZ	Nil	Written Statement filed

		s		by using the similar identical Trade Mark CTZ-10 by the said company before the learned Xth Additional District Judge, Indore along with the said suit, the P.I. Pharmaceuticals has also filed a Counter suit which is still not registered by the Xth Additional District Judge, Indore.		
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a) Cases filed against the Company

Sr. No.	Case No.(s)	Parties	Authority	Subject matter and relief sought/Brief History	Amount involved (Rs. in Lacs)	Present status
1	CS No. 0/2009	P.I. Pharmaceuticals v/s Syncom Healthcare Limited.	Delhi High Court	This suit is pending before the XTH Additional District Judge, Indore which is filed by the P.I. Pharmaceuticals encounter of the suit filed by our Company against them before the same Court for infringement of our Trade Mark CTZ. The suit filed by the P.I. Pharmaceuticals is still not registered before the Court.	Not ascertainable	Suit to be Registered
2	CS (OS No.968/2004).	SAS Pharmaceutical v/s Emerson Labs Limited and Syncom Healthcare Limited	High Court, Delhi	This suit has also been filed by the SAS Pharmaceuticals encounter of prior suit filed by our company .against them for infringement of our Trade Mark "REGULIFE". Court has passed ex-parte decree for damages to the tune of Rs.5,00,000 and cost of suit of Rs.7475.60 against Company and Emerson Labs Ltd, jointly & severally.	Rs.5,00,000 (for damages) and Rs.7475.60 (for cost of suit).	Execution petition no.168/2009 for enforcement of decree has been filed by plaintiff and Court has issued Notice against the defendants.
3	Suit No. 86/2005	Saka Drugs Pvt Ltd v/s Syncom Healthcare Limited.	District Court, Delhi	This suit has filed by the Saka Drugs against our company for alleged infringement of their Trade Mark by using us a Trade Mark FLUSA KIT. The said suit is pending before the District Court, Delhi.	Not ascertainable	Written Statement filed by us
4	ORA/ 136/2006/PM/ MUM/ 5246.	P.I. Pharmaceuticals vs Syncom Healthcare Limited	Appellate Board, Chennai	This application has filed by the P.I. Pharmaceuticals before the Intellectual Property Appellate Board, Chennai for cancellation of our registered Trade Mark CTZ on certain alleged false ground, encounter of the prior suit filed by us C.S. No.61/2006 against the said Company for infringement of our Trade Mark.	Nil	Reply filed to be heard
5	M.A.No.2641/2006	Niken Drugs Pvt Limited vs Syncom Healthcare Limited.	High Court, Indore	This appeal is pending before the Hon'ble High Court of M.P. Bench at Indore and arising out of a suit filed by our Company – Syncom Healthcare Ltd for passing of and infringement of our Trade Mark CTZ against the Niken Drugs Pvt Ltd. In the said suit our application for temporary injunction restraining the Niken Drugs from using the deceptive similar Trade Mark CETZ has been allowed. Being aggrieved by the said order, the Niken Drugs has filed the above	Nil	Listed for final hearing

				mentioned Misc Appeal before the Hon'ble High Court of M.P. Indore Bench - which is pending.		
6	FA No 343/2007.	Niken Drugs Pvt Ltd v/s Syncom Healthcare Limited.	High Court, Indore	This first Appeal is pending before the Hon'ble High Court of M.P. Bench at Indore. The said Appeal arising out of suit filed by the Niken Drugs u/s 142 of the Trade Mark Act 1999 against our Company. The said suit was registered as CS No.40-A/2005 and the learned XTH Additional District Judge, Indore by his Judgment dated 17.04.2007 finally dismissed the suit filed by the Niken Drugs. Being aggrieved by the said Judgment and decree, the Niken Drugs has filed the above mentioned first Appeal before the Hon'ble High Court of M.P .which is pending consideration	Nil	Appeal to be admitted

- c) Cases filed by the Promoters- Nil
- d) Cases filed against the Promoters- Nil
- e) Cases filed by the Directors- Nil
- f) Cases filed against the Directors- Nil
- g) Cases filed by the Group Companies/associate concerns- Nil
- h) Cases filed against the Group companies/associate concerns – Nil

5. Under Labour laws

- a) Cases filed by the Company - Nil
- b) Cases filed against the Company

Sr. No.	Case No.(s)	Parties	Authority	Subject matter and relief sought/Brief History	Amount involved (Rs. in Lacs)	Present status
1	No.234B/06	Pawan Sahay v/s Syncom Healthcare Limited	Competent Authority, Bareilly	This case has been filed by our ex-employee before the learned Competent Authority under the payment of Wages Act for alleged wages of Rs.16,500/-. The said case is defending by our company before the Authority by filing reply etc.	0.17	Under Compromise Discussions
2	Misc.Case No.09/2006	Pawan Sahay v/s Syncom Healthcare Limited .	Labour Court, Bareilly	This case has been filed by our Ex-employee for alleged recovery of expenditure before the Presiding Officer, Labour Court, Bareilly u/s 33© (2) of the Industrial Dispute Act. The said case is also pending and contesting by our company	0.28	Under Compromise Discussions
3.	Misc. Case No.29/07	Sunil Kumar Gour v/s Syncom Healthcare Limited .	Labour Court, Meerut	This case filed by an ex-employee of our Company for alleged recovery of salary and expenses against us in which some ex-parte order has been passed. We are going to move an application for setting aside	0.62	Application to be proceeded

				the ex-parte order.		
4.	Case No. 110/2008	Kamlesh V/s Syncom Healthcare Limited.	Civil Judge, Kangra	This case was filed by an ex-employee of our Company for alleged recovery of salary and expenses against us and we are defending the same before the Court of Law.	0.23	Reply filed
5.	Case No. RAC8/2007	Rajeev Sharma V/s Syncom Healthcare Limited.	Competent Authority, Jaipur	This case was filed by an ex-employee of our Company for alleged recovery of salary and expenses against us in which an ex- parte order has been passed. We have already filed an application for setting aside the ex parte order.	4.60	Application under consideration of the Court

- c) Cases filed by the Promoters- Nil
- d) Cases filed against the Promoters- Nil
- e) Cases filed by the Directors- Nil
- f) Cases filed against the Directors- Nil
- g) Cases filed by the Group Companies/associate concerns- Nil
- h) Cases filed against the Group companies/associate concerns – Nil

6. Under various statutory laws

- a) Cases filed by the Company - Nil
- b) Cases filed against the Company- Nil
- c) Cases filed by the Promoters- Nil
- d) Cases filed against the Promoters- Nil
- e) Cases filed by the Directors- Nil
- f) Cases filed against the Directors- Nil
- g) Cases filed by the Group Companies/associate concerns- Nil
- h) Cases filed against the Group companies/associate concerns – Nil

7. Under various other laws including various notices received, defaults made, penalties levied etc

Sr. No.	Case No.(s)	Authority	Subject matter and relief sought/Brief History	Amount involved (Rs. in Lacs)	Present status
1	Notice No. Special cell/MP/IND/Circle:11/MP/12 902/139 dated 19.11.2007	Commissioner of Employees Provident Fund Department of M.P, Indore	This show-cause Notice issued by the Commissioner of Employees Provident Fund Department of M.P, Indore for alleged non-compliance of the certain provisions of the Employees Provident Fund Act. The said show-cause notice replied and our company is participating in the Enquiry conducted by the said Authority.	Not ascertainable	After appearance no date given
2	Notice not traceable	M.P.Pollution Control Board	A show-cause notice issued by the M.P.Pollution Control Board for alleged non-compliance of certain provisions of the Drugs & Cosmetic Act and other related provisions which was replied within time in 2006. After filing the said reply with the Pollution Control Board, the Board has not taken any action against us.	Nil	No Communication received after filing the reply.

Amount Outstanding to SSI Undertaking or other creditors

There are no SSI Undertakings or other creditors to whom the Company owes an amount exceeding Rs.1 Lac which is outstanding for more than 30 days from the due date.

Material Developments

There are no material developments after the date of the last audited balance sheet as on March 31, 2009, which may materially affect the performance, or prospects of the Company.

GOVERNMENT APPROVALS /LICENSING ARRANGEMENTS

Investment Approvals (FIPB/RBI, etc.)

As per Notification No. FEMA 20/2000 -RB dated 3rd May 2000, as amended from time to time, under automatic route of Reserve Bank, the Company is not required to make an application for issue of equity shares to NRIs/FIIs with repatriation benefits. However, the allotment/transfer of the Equity Shares to NRIs/FIIs shall be subject to prevailing RBI Guidelines.

All Government and Other Approvals

The Company has received all the necessary licenses, permissions and approvals from the Central and State Government and other government agencies/certification bodies required for the business and no further approvals are required by the Company for carrying on the present as well as proposed business activities of the Company except as mentioned below. It must, however, be distinctly understood that in granting the above approvals, the Central Government, State Government, RBI and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, the Company can undertake the current as well as proposed business activities and no further major approvals from any statutory authority are required to continue those activities other than as mentioned below.

The following statement sets out the details of licenses, permissions and approvals obtained by the Company under various Central and State Laws for carrying out its business.

(a) Registration under the Companies Act, 1956:

Sr. No.	Authority granting approval	Approval/Registration Number	Applicable Law	Nature of approval	Validity
01.	Registrar of Companies, Maharashtra	136652	Companies Act, 1956	Certificate of Incorporation	Valid till cancelled
02.	Registrar of Companies, Maharashtra	136652	Companies Act, 1956	Certificate of Commencement of business	Valid till cancelled

(b) Registration under various Acts/Rules relating to Income Tax, Sales Tax, Value Added Tax and Central Excise:

Sr. No.	Authority granting approval	Approval/Registration Number	Applicable Law	Nature of approval	Validity
01.	Chief Commissioner of Income Tax, Mumbai	AAKCS3247G	Income Tax Act 1961	Permanent Account No.	Valid till cancelled
02.	Superintendent, Service Tax, Dehradun	AAKCS3247GST001	Finance Act, 1994	Registration for Services of Goods Transport Agency.	Valid till cancelled
03.	Assistant Commercial Tax Officer, Dehradun	VN-0033872 U/S 8 (B)	Uttarakhand General Sales Tax Act 1957	Registration	Valid till cancelled
04.	Assistant Commercial Tax Officer, Dehradun	VN-5003408 U/S 7(1) & 7(2)	Central Sales Tax Act-1956	Registration	Valid till cancelled
05.	Assistant Commissioner of Central Excise, Dehradun	AATFS5263JXM001	Central Excise Rules, 2002	Excise Registration	Valid till cancelled
06.	Office of the Assistant Commissioner, Custom & Central Excise, Division Indore	AAKCS3247GST001	Finance Act 1994	Registration for Services of Goods Transport Agency.	Valid till cancelled

07.	Commercial Tax Officer, Indore Circle - II	23771103790	Madhya Pradesh value added tax Act 2005	Value Added Tax Registration	Valid till cancelled .
08.	Commercial Tax & Professional Tax Officer, Indore	0109-XLI-292PTE	Madhya Pradesh Professional Tax Act 1995	Professional Tax Registration for Employer	Valid till cancelled
09.	Commercial Tax & Professional Tax Officer, Indore	0109/XLI/1298PT P	Madhya Pradesh Professional Tax Act 1995	Professional Tax Registration for Employees	Valid till cancelled

(c) Registration under various Industrial and Labour Laws:

Sr. No.	Authority granting approval	Approval/Registration Number	Applicable Law	Nature of approval	Validity
01.	Assistant Commissioner of Provident fund, Dehradun	UA-33834	Employees (Provident Fund & Miscellaneous provisions) Act- 1952.	Provident Fund Registration.	Valid till cancelled
02.	Regional Director Employees' State Insurance Corporation, Dehradun	61-SQ-4094- 34/06	Employees state Insurance Act, 1948	Registration	Valid till cancelled
03.	Assistant Commissioner of Provident fund, Indore	437520001	Employees (Provident Fund & Miscellaneous provisions) Act- 1952.	Applicability of the Provisions of PF Act and Rules thereof on the Establishment & allotment of Business No.	Valid till cancelled .
04.	Regional Director Employees' State Insurance Corporation, Indore	18-13709-101	Employees state Insurance Act 1948	Registration under the ESI Act, 1948	Valid till cancelled

(d) Registration and approvals from various Governmental and Regulatory Authorities:

Sr. No.	Authority granting approval	Approval/Registration Number	Applicable Law	Nature of approval	Validity
01.	Secretariat for Industrial Assistance, Delhi	3257/SIA/IMO/200 5 Dated 25-08-06.	Industrial Development Regulation Act 1951.	Acknowledgeme nt for Industrial Entrepreneur Memorandum	Valid till cancelled
02.	General Manager, District Industrial Centre, Dehradun	6927/DIC/PR/SSI/ 2006-07	Industrial Development Regulation Act 1951.	Registration	Valid till cancelled
03.	Director of Factories, Dehradun	D.D.N.-598	Factories Act 1948	License to work a Factory	Valid till 31 st -Dec- 09
04.	Drug Licensing & Controlling Authority, Uttarakhand	76/UA/SC/P-2006	Drug & Cosmetics Act 1940	Drug License- Items Approved Under Form No. 28	Valid till 04-09- 2011
05.	Drug Controller Licensee Officer	77/UA/2006	Drug & Cosmetics Act 1940	Drug License	Valid till 04.09.20 11.
06.	Drug Controller Licensee Officer	UK/105/2007	Drug & Cosmetics Act 1940	License to manufacture of	Valid till 14.01.20

				Ayurvedic or Unani Drug	10
07	Weigh & Measurement Inspector	001533	Weigh & Measurement Act,	Stamping of Electronic Weighing Machines	Valid till 16.02.2010
08.	Foreign Trade Development Officer, Mumbai.	0304008079	EXIM Policy	Importer Exporter Code	Valid till cancelled
09	Drug Licensing & Controlling Authority, Uttarakhand, Dehradun	17P/1/118/2006/4237 dated 03.02.2009	Drug & Cosmetics Act, 1940	G.M.P. Certificate	Valid till 02.02.2010
10	Licensing Authority & Director, Ayurvedic & Unani Services, Uttarakhand, Dehradun	11281/D-231/2008-09 dated 12.11.2008	Drug & Cosmetics Rules, 1945	G.M.P. Certificate	Valid till 11.11.2011

(e) Quality Certifications and Registration/Membership of Trade Association/Export Council:

Sr. No.	Authority granting approval	Approval/ Registration Number	Nature of approval	Validity
01.	Pharmaceutical Export Promotion Council (Pharmexcil), set up by Ministry of Commerce & Industry, Government of India	PXL/SSM/I/RO/SHL/5416/2009-10	Registration Cum Membership Certificate	Up to 31 st March, 2014
02	CRISIL Limited	CRISIL assigned 'SE 1B' rating to the Company indicating 'Highest Performance Capability and Moderate Financial Strength'	NSIC- CRISIL Performance & Credit Rating	11.11.2009 (Applied for renewal for One Year)

Other Industrial Approvals

None

LIST OF APPROVALS APPLIED FOR BUT NOT YET RECEIVED FOR THE EXISTING AS WELL AS PROPOSED NEW PROJECT

Sr. No.	Authority granting approval	Approval/Registration Number	Applicable Law	Nature of approval	Validity
01.	Regional Environmental Officer (In Charge), Dehradun	UEPPCB/R.O.D./ CONSENT/D.D.N. -650/08/1122-3106	Water (prevention & control of pollution) Act 1974, Air (prevention & control of pollution) act 1981.	Consent to operate the Industrial Plant.	Up to 31 st March, 2009 (Applied for renewal of Next Year)

LIST OF APPROVALS OBTAINED FOR THE PROPOSED NEW PROJECT

Sr. No.	Authority granting approval	Approval/ Registration Number	Applicable Law	Nature of approval	Validity
01.	Development	C-15/ISEZ/Proj./	Special	Letter of	Up to

	Commissioner, Ministry of Commerce & Industry, Government of India	2008-09/598 dated 11.08.2009	Economic Zone Act, 2005	Approval	28.07.2010
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LIST OF APPROVALS NOT YET APPLIED FOR THE PROPOSED NEW PROJECT

Our Company has to apply for the following major/ material licenses, which will be applied in once the construction of the proposed project commences (for SEZ Project):

Sr. No.	Name of License/ Approval/ Certificate	Issuing Authority	Reasons for not applying
1	License to work a factory under the Madhya Pradesh Factory Rules, 1962 and Factories Act, 1948	Chief Inspector of Factories, Madhya Pradesh.	Company will apply for the licenses/approvals once the construction of the proposed project commences.
2	Weights and Measurement certificate under weights and Measurement office, Madhya Pradesh.	Inspector, Weights and Measurement, Indore.	
3	Drug manufacturing License under the Drugs and Cosmetics Rule 1945	Licensing Authority, Food & Drugs Administration, Madhya Pradesh.	
4	World Health Organization GMP Certificate.	Licensing Authority, Food & Drugs Administration, Madhya Pradesh on the recommendation of Drug Controller General of India	
5	US FDA Approval	Food & Drug Administration, USA	
6	Excise Registration	Commissioner, Central Excise & Customs, Indore	
7	Consent to Operate- Water Pollution Clearance/ Approval	Madhya Pradesh Pollution Control Board., Bhopal	
8	Consent to Operate- Air Pollution Clearance/ Approval	Madhya Pradesh Pollution Control Board., Bhopal	
9	Permission for Installation of DG Set	Sub Engineer & Deputy Power Inspector, Madhya Pradesh, Indore	

SECTION VII - OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board has, pursuant to a resolution passed at its meeting held on May 26, 2008 authorized the Public 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 Extra-Ordinary General Meeting of the Company held on June 25, 2008.

Prohibition by SEBI and RBI

The Company, its directors, its Promoters, Promoter Group, Persons in control of the Issuer Company, Group Companies/Concerns and affiliates and companies with which the directors are associated with, as directors or promoters have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI. None of the promoters, directors or persons in control of the issuer was or also is a promoter, director or person in control of any other company which is prohibited from accessing the capital market under any order or directions made by the Board.

Neither the Company, its directors, its Promoters, the relatives (as per Companies Act, 1956) of promoters nor the companies promoted by the promoters have been declared as willful 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.

None of the directors of the issuer are associated with the securities market in any manner.

Eligibility for the Issue

The Company is eligible for the Issue in accordance with Clause 2.2.1 of the SEBI DIP Guidelines as explained under, with the eligibility criteria calculated in accordance with Restated Financial Statements:

- The company has net tangible assets of at least Rs 3 Crores in each of the preceding 3 full years (of 12 months each), of which not more than 50% is held in monetary assets;
- The Company has a track record of distributable profits in terms of section 205 of the Companies Act, 1956, for at least (3) out of immediately preceding five (5) years;
- The Company has a net worth of at least Rs.1 Crores in each of the preceding three (3) full years (of 12 months each);
- The Company has not changed its name within the last one year;
- The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. offer through offer document+ firm allotment+ promoter's contribution through the offer document) does not exceed five (5) times its pre-issue net worth as per the last available audited accounts.

As per Clause 2.2.2A, the Issuer shall not make an allotment pursuant to a public issue or offer for sale of equity shares or any security convertible into equity shares unless in addition to satisfying the conditions mentioned in Clause 2.2.1, the prospective allottees are not less than one thousand (1000) in number.

The pre-issue net worth, distributable profits and net tangible assets in terms of section 205 of the Companies Act, 1956 of the Company for the last 5 completed years are as under:

(Rs. in Lacs)					
For the Financial year ending	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008
Net Tangible Assets	272.60	325.46	1036.07	2940.10	4584.48
Monetary Assets	1.85	3.31	11.28	4.31	15.79
% of Monetary Assets to Net Tangible Assets	0.68%	1.02%	1.09%	0.15%	0.34%
Distributable Profits for the year	10.81	5.79	22.58	274.48	366.52
Tangible Net worth	69.02	268.40	545.28	927.82	1564.33

Source: Restated Annual Accounts of the Company for the respective financial years.

The proposed issue size and all previous issues made in the same financial year would not exceed five times the pre-issue net worth as on 31st March 2009 which is Rs. 2129.41 Lacs. Based on the above data we hereby certified that the Company is fulfilling the criteria of eligibility norms for Public Issue by unlisted company as specified in the Guideline 2.2.1 of SEBI (DIP) Guidelines, 2000 and amendments thereof.

Notes:

- (1) Net tangible assets is defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves), current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities).
- (2) Monetary assets include cash on hand and bank.
- (3) The distributable profits of the company as per section 205 of the Companies Act has been calculated from the restated Financial Statements.
- (4) Net Worth includes equity share capital and reserves (net off miscellaneous expenditure not written off, if any)

Further, in accordance with Clause 2.2.2A of the SEBI DIP Guidelines, we undertake that the number of allottees, i.e., persons receiving allotment in the Issue shall be at least 1,000; otherwise, the entire application money will be refunded forthwith. In case of delay, if any, in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

For a complete explanation of the above figures please refer to the section entitled "Financial Information of the Company" beginning on page 104 of this Red Herring Prospectus.

Disclaimer Clause of SEBI

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED 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 CHARTERED CAPITAL AND INVESTMENT LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 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 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 CHARTERED CAPITAL AND INVESTMENT LIMITED, HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 11, 2008 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

- "1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY,**

WE CONFIRM THAT:

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

(B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; 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 SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AND OTHER APPLICABLE LEGAL REQUIREMENTS;

3. WE CONFIRM THAT BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID;

4. WE HAVE SATISFIED OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. – NOTED FOR COMPLIANCE

5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN WILL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF THE LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

6. WE CERTIFY THAT CLAUSE 4.6 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.

7. WE UNDERTAKE THAT CLAUSES 4.9.1, 4.9.2, 4.9.3 AND 4.9.4 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION AND SUBSCRIPTION FROM ALL FIRM ALLOTTEES WOULD 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 COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE

8. WHERE THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION IS NOT APPLICABLE TO THE ISSUER, WE CERTIFY THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION UNDER CLAUSE 4.10 {SUB-CLAUSE (A), (B) OR (C), AS MAY BE APPLICABLE} ARE NOT APPLICABLE TO THE ISSUER. – NOT APPLICABLE

9. 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.

10. 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 SECTION 73(3) 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

11. WE CERTIFY THAT NO PAYMENT IN THE NATURE OF DISCOUNT, COMMISSION, ALLOWANCE OR OTHERWISE SHALL BE MADE BY THE ISSUER OR THE PROMOTERS, DIRECTLY OR INDIRECTLY, TO ANY PERSON WHO RECEIVES SECURITIES BY WAY OF FIRM ALLOTMENT IN THE ISSUE. – NOT APPLICABLE

12. WE CERTIFY THAT A DISCLOSURE 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

13. 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 SHARES OF THE COMPANY; 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.”

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 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/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 ARE BEING COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE REGISTRAR OF COMPANIES, MAHARASHTRA, MUMBAI IN TERMS OF 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 SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT.

Disclaimer from the Company and the BRLM

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 Issue, sell, pledge, or transfer the Equity Shares of the Company to any person who is not eligible under any 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.

Caution

Our Company, our Directors and the BRLM accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on an other source of information, including our website, www.syncomhealthcare.com, would be doing so at his or her own risk.

The BRLM accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the BRLM and us and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by us 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, at bidding centers or elsewhere.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised 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), or trusts under applicable trust law and who are authorized under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to FIIs and Eligible NRIs. This Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai, India only.

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

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Disclaimer clause of the BSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to BSE. BSE has given vide its letter dated February 6, 2009, permission to the Company to use BSE's name in the Red Herring Prospectus as one of the stock exchanges on which the Company's securities are proposed to be listed. BSE has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. BSE does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; or
- Warrant that the Company's securities will be listed or will continue to be listed on BSE; or
- Take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of the Company;

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

Disclaimer clause of the NSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter ref.: NSE/LIST/116206-7 dated August 19, 2009 permission to the Company to use the Exchange's name in the Red Herring Prospectus as one of the stock exchanges on which the Company's securities are proposed to be listed. The Exchange has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of

granting the aforesaid permission to this Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus, nor does it warrant that the Company's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of this Company.

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

Disclaimer clause of grading agency

CARE's IPO Grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.

Filing

A copy of this Red Herring Prospectus has been filed with the Corporate Finance Department of SEBI, SEBI Bhavan, Plot No. C-4A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under section 60B of the Companies Act, will be delivered for registration to the RoC and a copy of the Prospectus required to be filed under section 60 of the Companies Act will be delivered for registration with RoC situated at Mumbai, Maharashtra at 100, Everest, Marine Drive, Mumbai- 400002.

Listing

Applications have been made to the BSE and the NSE for permission for listing of the Equity Shares being issued through this Red Herring Prospectus. The BSE shall be the Designated Stock Exchange with which the basis of allocation will be finalized for the issue.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within eight days after the Company will become liable to repay it (i.e. from the date of refusal or within 15 days from the date of Bid/Issue Closing Date, whichever is earlier), then the Company along with every Director of the Company who is 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 seven working days from finalisation of the basis of allotment for the Issue.

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: (a) the Directors, the Company Secretary and Compliance Officer, the auditor, the Bankers to the Issue, the Bankers to the Company; and (b) the BRLM, the Syndicate Member, the Escrow Collection Banks and the Registrar to the Issue, to act in their respective capacities, have been obtained and would be filed along with a copy of the Red Herring Prospectus with the RoC as required under sections 60 and 60B of the Companies Act and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act, 1956 and the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations 2009, M/s Sanjay Mehta & Associates, Chartered Accountants, the Company's Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in the Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

Expert Opinion

Except as stated elsewhere in this Red Herring Prospectus, the Company has not obtained any expert opinions.

Expenses of the Issue

The total expenses of the Issue are estimated to be approximately Rs. [●] Lacs. The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, statutory advertisement expenses and listing fees. All expenses with respect to the Issue would be paid by our Company.

The estimated Issue expenses are as under:

(Rs. in Lacs)

Activity	Expenses *	Percentage of the Issue Expenses	Percentage of the Issue Size
Lead management fees, underwriting and selling commission	[●]	[●]	[●]
Advertising and Marketing expenses	[●]	[●]	[●]
Printing and stationery, including transportation costs	[●]	[●]	[●]
Others (Registrar's fee, listing fees, etc.)	[●]	[●]	[●]
Fees payable to Rating Agency	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

* To be completed after finalization of issue price

Fees Payable to the BRLM and the Syndicate Member

The total fees payable to the Book Running Lead Manager and the Syndicate Member will be as per the MoU between our Company and the BRLM, a copy of which shall be available for inspection at our registered office.

Fees Payable to the Registrar to the Issue

The fees payable by our 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 the per the MoU between our Company and the Registrar to the Issue.

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 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 Right and Public Issues

We have not made any public or Right issues in India or abroad in the five years preceding the date of this Red Herring Prospectus.

Issues otherwise than for Cash

The Company has not issued any Equity Shares for consideration otherwise than for cash.

Commission and Brokerage paid on Previous Issues of the Company's Equity Shares

Since this is the initial public offer of the Equity Shares, 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 Company's Equity Shares since inception.

Issues Made By The Companies Under The Same Management Under Section 370(1B) Of The Companies Act, 1956.

Neither our Company nor any other company under the same management within the meaning of Section 370(1B) of the Companies Act, 1956, has made any capital issue during the last three years.

Promise vis-à-vis Performance

Since our Company has not made any public issue in past, Promise vis-à-vis Performance is not applicable to us.

Outstanding debentures, bonds, redeemable preference shares and other instruments issued by Our Company

Our Company has no outstanding debentures, bonds or redeemable preference shares.

Stock Market Data of the Company's Equity Shares

This being an initial public offer, the Equity Shares are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

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

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

Disposal of Investor Grievances

The Company estimates that the average time required by the Company or the Registrar to the Issue for the redressal of routine investor grievances shall be 15 working days from the date of receipt of the complaint. In

case of non-routine complaints and complaints where external agencies are involved, the Company will seek to redress these complaints as expeditiously as possible.

The Company has appointed a Share Holders/Investors Grievances Committee comprising Mr. Bharat Doshi, Mr. Avichal Kasliwal and Mr. Ajay Bankda.

The Company has appointed Mr. Jagdish Chandra Paliwal, VP (Finance) & Company Secretary, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

Mr. Jagdish Chandra Paliwal,
VP (Finance) & Company Secretary,
“Syncom House”, 293/2, Niranjapur, Dewas Naka, A.B. Road, Indore (M.P.) - 452010
Tel: +91- 731-2577471-73, Fax: +91-731-2577470
Email: ipo@syncomhealthcare.com, Website: www.syncomhealthcare.com

Mechanism for Redressal of Investor Grievances by Companies under the same management

None of the company under the same management is listed on any stock exchange as on the date of filing the RHP with SEBI.

Changes in the Auditors during last three years

There is no change in the Statutory Auditors of the Company during last 3 years.

Capitalisation of reserves of profits since incorporation

We have not capitalized our reserves or profits since inception.

Revaluation of assets since incorporation

There has been no revaluation of assets of the Company since its incorporation.

Interest of Promoters and Directors

For details, see “Our Promoters and Promoter Group” and “Our Management” beginning on pages 88 and 79 of this Red Herring Prospectus.

Payment or benefit to Officers of the Company

Except as stated otherwise in this RHP no amount or benefit has been paid or given or is intended to be paid or given to any of the Company’s officers except the normal remuneration for services rendered as directors, officers or employees since the inception of the company. None of the beneficiaries of loans and advances and sundry debtors are related to the directors of the Company.

Purchase of the property

Except as stated in “Objects of the Issue” in this Red Herring Prospectus and save in respect of the property purchased or acquired or to be purchased or acquired in connection with the business or activities contemplated by the objects of the Issue, there is no property which we have purchased or acquired or propose to purchase or acquire, which is to be paid for wholly or partly out of the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Red Herring Prospectus, other than property in respect of which:

- The contracts for the purchase or acquisition were entered into in the ordinary course of the business, and the contracts were not entered into in contemplation of the Issue nor is the Issue contemplated in consequence of the contracts; or
- The amount of the purchase money is not material.

Except as stated in the section titled “Related Party Transactions” of page no.101 of the Red Herring Prospectus, the Company has not purchased/acquired any property in which any of its promoters and/or Directors, have any direct or indirect interest in any payment made thereof.

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 of Association, the terms of this 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 RBI, RoC and/ or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of our Memorandum and Articles of Association 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. See “Main Provisions of the Articles of Association of the Company” beginning on page 190 for a description of the Articles of Association of the Company.

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 Rs. 10 each and the Floor Price is Rs. 65 and the Cap Price is Rs. 75 per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares subject to the applicable laws.

Compliance with SEBI Regulations

We shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, regulations, rules and guidelines and the Memorandum and Articles of Association, the equity shareholders shall have the following rights:

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

For a detailed description of the main provisions of our Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see “Main Provisions of Articles of Association of the Company” on page 190.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialised form. In terms of existing SEBI Regulations, the trading in the Equity Shares of the Company shall only be in dematerialised form for all investors. **Since trading of our Equity Shares will be in dematerialized mode, the tradable lot is one equity share.**

Allocation and allotment of Equity Shares through this Issue will be done only in electronic form in multiples of 90 Equity Share to the successful Bidders subject to a minimum Allotment of 90 Equity Shares. For details of allocation and allotment, see “Issue Procedure” on page 163.

Nomination Facility to the 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 at the Registrar and Transfer Agent of the Company.

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

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

Further, 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 dematerialised mode, 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 to change the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, including devolvement on Underwriters, if any, within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

Further, in accordance with the Regulation 26 (4) of the SEBI Regulations, the Company shall ensure that the number of allottees under the Issue shall not be less than 1,000.

Arrangement for disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on transfer of shares

There are no restrictions on transfers and transmission of shares or debentures and on their consolidation or splitting except as provided in our Articles. See the section “Main Provisions of the Articles of Association” beginning on page 190 of this Red Herring Prospectus.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Mumbai, India.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in

Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Application in Issue

Equity Shares being issued through this Red Herring Prospectus can be applied for in the dematerialised form only.

Withdrawal of the Issue

The Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at anytime after the Bid/Issue Opening Date but before Allotment. If our Company withdraws from the Issue, it shall issue a public notice within two days of the closure of the Issue informing the reason. The notice shall be issued in the same newspapers where the pre-Issue advertisements have appeared and our Company shall also promptly inform the Stock Exchanges. If our 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.

ISSUE STRUCTURE

Public issue of 75,00,000 Equity Shares of Rs.10 each for cash at a price of Rs.[●] per Equity Share (including a share premium of Rs.[●] per Equity Share) aggregating Rs.[●] lacs by Syncom Healthcare Limited. The Issue will constitute 42.86% of the fully diluted post issue paid up capital of the company. The Issue is being made through the 100% Book Building process.

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Up to 37,50,000 Equity Shares or Issue less allocation to Non Institutional Bidders and Retail Individual Bidders.	At least 11,25,000 Equity Shares or Issue less allocation to QIBs and Retail Individual Bidders.	At least 26,25,000 Equity Shares or Issue less allocation to QIBs and Non-Institutional Bidders.
Percentage of Issue Size available for allocation	Up to 50% of Issue or Issue less allocation to Non Institutional Bidders and Retail Individual Bidders. However, 5% of the QIB Portion shall be available for allocation to mutual Funds only. Mutual funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs.	At least 15% of the Issue or Issue less allocation to QIBs and Retail Individual Bidders.	At least 35% of Issue or Issue less allocation to QIBs and Non Institutional Bidders.
Basis of Allocation if Respective category is oversubscribed	Proportionate (a) 1,87,500 Equity shares shall be allocated on a proportionate basis to Mutual Funds ; and (b) 35,62,500 Equity shares shall be allocated on a proportionate basis to all QIBs including Mutual funds receiving allocation as per (a) above	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares in multiples of 90 Equity Shares so that the Bid Amount exceeds Rs.100,000.	Such number of Equity Shares in multiples of 90 Equity Shares so that the Bid Amount exceeds Rs.100,000.	90 Equity Shares
Maximum Bid	Such number of Equity Shares in multiples of 90 Equity Shares so that the bid does not exceed the Issue size, subject to applicable limits.	Such number of Equity Shares in multiples of 90 Equity Shares so that the bid does not exceed the Issue size, subject to applicable limits.	Such number of Equity Shares in multiples of 90 Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.
Mode of Allotment	Compulsorily in dematerialised form	Compulsorily in dematerialised form	Compulsorily in dematerialised form
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can apply **	a) a public financial institution as defined in section 4A of the Companies Act, 1956; b) a scheduled commercial bank; c) a mutual fund registered with the Board; d) a foreign institutional investor and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual; e) a multilateral and bilateral development financial	Resident Indian individuals, Eligible NRIs, HUF (in the name of Karta), companies, Corporate bodies, scientific institutions societies and trusts.	Resident Indian individuals, Eligible NRIs, HUF (in the name of Karta) applying for Equity Shares such that the Bid Amount does not exceed Rs.100,000 in value.

	institution; f) a venture capital fund registered with SEBI; g) a foreign venture capital investor registered with SEBI; h) a state industrial development corporation; i) an insurance company registered with the Insurance Regulatory and Development Authority (IRDA); j) a provident fund with minimum corpus of Rs. 25 crores; k) a pension fund with minimum corpus of Rs. 25 crores; l) 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; m) insurance funds set up and managed by army, navy or air force of the Union of India.		
Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate.	Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate. ***	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate.***
Margin Amount	10% of Bid Amount on Bidding	100% of Bid amount on Bidding	100% of Bid amount on Bidding

** Subject to valid Bids being received at or above the Issue Price. Under subscription, if any, in any category would be met with spill over from any of the other categories or combination of categories at the discretion of our Company in consultation with the BRLM. However, if the aggregate demand by Mutual Fund is less than Mutual Fund Portion i.e. 1,87,500 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to QIB portion and be allocated proportionately to QIB bidders.*

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

**** ASBA Investor is also eligible to apply through ASBA process, for details please refer Section "ASBA Process" on page 186 of Red Herring Prospectus.*

Bidding Period / Issue Period

Bid / Issue Opens on	January 27, 2010
Bid/ Issue Closes on	January 29, 2010

1. Closure time of the Stock Exchange bidding platform for entry of bids is 5.00 P.M..
2. On the day of closing, extension of time will be granted by Stock Exchange only for uploading the bids received from Retail Investors after taking into account the total number of applications received upto the closure of timings for acceptance of application forms as stated in Offer Document and reported by BRLM to the Exchange within half an hour of such closure.
3. Bids not uploaded in the book, would be rejected.
4. In case of discrepancy in the data entered in the electronic book vis a 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.
5. Standardization of cut-off time for uploading of bids on the bid / issue closing date.
 - a) A standard cut-off time of 3.00 P.M. for acceptance of bids
 - b) A standard cut-off time of 4.00 P.M. for uploading of bids received from non retail applicants i.e. QIBs and HNIs.

- c) A standard cut-off time of 5.00 P.M. for uploading of bids received from retail applicants, which may be extended up to such time as deemed fit by Stock Exchanges.

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 **except that on the Bid/Issue Closing Date, when Bids shall be accepted only between 10.00 a.m and 3.00 p.m (Indian Standard Time).**

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 p.m (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).

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

In case of revision in the Price Band, the Issue Period will be extended for three additional working days after revision of the Price Band, subject to the Bidding Period/Issue Period not exceeding 10 working 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 website of the BRLM and at the terminals of the syndicate.

ISSUE PROCEDURE

Book Building Procedure

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

Bidders are required to submit their Bids through the Syndicate. Further, QIB Bids can be submitted only through the BRLM and/ or their affiliates. Our Company, in consultation with the BRLM may reject any Bid procured from QIBs, by any or all members of the Syndicate, for reasons to be recorded in writing provided that such rejection shall be made at the time of acceptance of the Bid and the reasons thereof shall be disclosed to the Bidders. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

Investors should note that the Equity Shares would be allotted to all successful Bidders only in the dematerialised form. Bidders will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form, bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the filing of the Prospectus with the RoC, allocation of Equity Shares, and dispatch of the CAN, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians, Eligible NRIs applying on a non-repatriation basis	White
Non-residents, Eligible NRIs, or FIIs or Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue

Note:

There will be a separate ASBA Form for ASBA Investor applying through ASBA process. For details, please refer section "ASBA Process" in Red Herring Process.

Who can Bid?

1. Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
2. Indian nationals resident in India who are majors, in single or joint names (not more than three);
3. 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;
4. Eligible NRIs on a repatriation basis or a non-repatriation basis, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
5. FIIs registered with SEBI on a repatriation basis or a non-repatriation basis, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
6. State Industrial Development Corporations;

7. Insurance companies registered with the Insurance Regulatory and Development Authority, India;
8. Provident funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to invest in Equity Shares;
9. Pension funds with a minimum corpus of Rs. 250 million and who are authorised under their constitution to invest in Equity Shares;
10. Companies and corporate bodies registered under the applicable laws in India and authorised to invest in Equity Shares;
11. Venture Capital Funds registered with SEBI;
12. Foreign Venture Capital Investors registered with SEBI, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
13. Indian Mutual Funds registered with SEBI;
14. Indian financial institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to the RBI regulations and the SEBI guidelines and regulations, as applicable);
15. Multilateral and bilateral development financial institutions;
16. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts and who are authorised under their constitution to hold and invest in Equity Shares;
17. Scientific and/or industrial research organisations in India authorised under their constitution to invest in equity shares; and
18. Any other QIBs permitted to invest in the Issue under applicable law or regulation.

As per existing regulations, OCBs cannot Bid in the Issue.

Note: The BRLM and Syndicate Member shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM and Syndicate Member may subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis.

Bidders are advised to ensure that any single Bid from them does not exceed the investments limits or maximum number of Equity Shares that can be held by them under applicable laws, rules, regulations, guidelines and approvals.

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 1,87,500 Equity Shares, Allocation shall be made to Mutual Funds on proportionate basis to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

In accordance with 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 by 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.

5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share of the QIB Portion will also be eligible for allocation in the remaining QIB Portion.

Bids by Eligible NRIs

1. Bid cum Application Forms have been made available for Eligible NRIs at the Corporate office of the Company and Members of the Syndicate.
2. Eligible NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the NRI category. The Eligible NRIs who

intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (white in colour).

Bids by FIIs

In accordance with 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 issued capital i.e. 10% of 1,75,00,000 Equity Shares. 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. Under the current foreign investment policy applicable to us foreign equity participation up to 100% is permissible under the automatic route. As of now, the aggregate FII holding in us cannot exceed 49% of our total issued capital. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date, no such resolution has been recommended to the shareholders of the Company for adoption.

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 in, 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 on 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.

In accordance with the current regulations, the following provisions are applicable for investments by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

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. Further, Venture Capital Funds can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits applicable to them. The Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. The Company and the BRLM are not liable to inform the investors of any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Bids by ASBA Investor

For ASBA process, please refer section "ASBA Process" in the Red Herring Prospectus.

Maximum and Minimum Bid Size

(a) For Retail Individual Bidders:

The Bid must be for a minimum of 90 Equity Shares and in multiples of 90 Equity Shares thereafter, so as to ensure that the total Bid Amount (including revision of Bids, if any) payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of option to bid at Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The option to Bid at Cut-off Price is an option given only to the Retail Individual Bidders indicating their agreement to Bid and subscribe to Equity Shares at the final Issue Price as determined at the end of the Book Building Process.

(b) For Non-Institutional Bidders and QIB Bidders:

The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 90 Equity Shares. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them

by the regulatory and statutory authorities governing them. **Under the existing SEBI Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin upon submission of Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs.100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs.100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIB Bidders do not have the option of bidding at Cut-off Price.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.

Information for the Bidder:

1. The Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.
2. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.
3. Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus along with the Bid cum Application Form can obtain the same from our Corporate office or from any of the members of the Syndicate.
4. Eligible investors who are interested in subscribing for the Equity Shares should approach any of the BRLM or Syndicate Member or their authorised agent(s) to register their Bids.
5. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the member of the Syndicate/SCSB. Bid cum Application Forms, which do not bear the stamp of a member of the Syndicate/SCSB, will be rejected.
6. For ASBA process, please refer section "ASBA Process" in the Red Herring Prospectus.

Method and Process of Bidding

1. Our Company and the BRLM shall declare the Bid/Issue Opening Date, the Bid/Issue Closing Date and Price Band in the Red Herring Prospectus to be filed with RoC and publish the same in two widely circulated newspapers (one each in English and Hindi) and in a regional newspaper. This advertisement shall contain the disclosures as prescribed under the SEBI Regulations. This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the form prescribed in Schedule XIII of the SEBI Regulations. The BRLM and Syndicate Member shall accept Bids from the Bidders during the Bidding/Issue Period.
2. The Bidding/Issue Period shall be a minimum of three working days and shall not exceed seven working days. In case the Price Band is revised, the revised Price Band and Bidding/Issue Period will be published in two national newspapers (one each in English and Hindi) and in a regional newspaper and also by indicating the change on the website of the BRLM and at the terminals of the members of the Syndicate and the Bidding/Issue Period may be extended, if required, by an additional three working days, subject to the total Bidding/Issue Period not exceeding 10 working days.
3. During the Bidding/Issue Period, investors who are interested in subscribing to our Equity Shares should approach the members of Syndicate or their authorised agents to register their Bid.
4. Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices (for details refer to the paragraph titled "Bids at Different Price Levels" on page 167) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.
5. The Bidder cannot Bid on another Bid cum Application Form after Bid(s) on one Bid cum Application Form has 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 bidding 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 Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph "Build up of the Book and Revision of Bids" on page 169

6. The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS, for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
7. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment and Payment into the Escrow Account" on page 168.
8. 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 Red Herring Prospectus.
9. For ASBA process, please refer section "ASBA Process" in the Red Herring Prospectus.

Bids at Different Price Levels

1. The Price Band has been fixed at Rs. 65 to Rs. 75 per Equity Share, Rs. 65 being the floor of the Price Band and Rs. 75 being the cap of the Price Band. The Bidders can Bid at any price within the Price Band in multiples of Re. 1.
2. Our Company in consultation with the BRLM can revise the Price Band during the Bidding/Issue Period, in which case the Bidding/issue Period shall be extended further for a period of three additional working days, subject to the total Bidding/Issue Period being a maximum of 10 working days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.
3. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in two national newspapers (one each in English and Hindi) and in a regional newspaper, and also by indicating the change on the website of the BRLM and at the terminals of the members of the Syndicate.
4. Our 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.
5. The Bidder has to Bid for the desired number of Equity Shares at a specific price. The Bidder can Bid at any price within the Price Band in multiples of Re.1. Retail Individual Bidders may Bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB Bidders or Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
6. Retail Individual Bidders, who Bid at 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 submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount based on the Payment Method based on the cap of the Price Band with the members of the Syndicate. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders, who Bid at Cut-off Price, shall receive the refund of the excess amounts from the respective Refund Account.
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 100,000 if the Bidder wants to continue to bid at Cut-off Price), with the member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 100,000, the Bid by a Retail Individual Bidder will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the Cap Price 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 the Bidder is deemed to have approved such revised Bid at Cut-off Price.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the respective Refund Account.
9. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 90 Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.
10. For ASBA process, please refer section "ASBA Process" in the Red Herring Prospectus.

Escrow Mechanism

Our Company and the members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Accounts. The Escrow Collection Banks will act in terms

of this Red Herring Prospectus and the Escrow Agreement. The monies in the Escrow Accounts shall be maintained by the Escrow Collection Banks for and on behalf of the Bidders. 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 Banks shall transfer the monies from the Escrow Accounts to the Public Issue Account and the Refund Account as per the terms of the Escrow Agreement and this 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.

For ASBA process, please refer section "ASBA Process" in the Red Herring Prospectus.

Terms of Payment and Payment into the Escrow Account

Each Bidder, shall pay the applicable Margin Amount, with the submission of the Bid-cum-Application Form by way of a cheque or demand draft in favour of the Escrow Account (for details please see the section titled "Payment Instructions" beginning on page 175 of this Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid-cum-Application Forms accompanied by cash shall not be accepted.

The 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 till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Issue Account. The balance amount after transfer to the Issue Account shall be transferred to the Refund Account.

On the Designated Date and no later than 15 (fifteen) days from the Bid/Issue Closing Date, the Escrow Collection Bank(s) shall dispatch all refund amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment to the Bidders

Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid-cum-Application Form. The Margin Amount payable by each category of Bidders is mentioned under the section titled "Issue Structure" on page 160 of this Red Herring Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated/allotted at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay in-Date. QIBs will be required to deposit a margin of 10% at the time of submitting of their Bids.

If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the applicable Margin Amount for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid-cum- Application Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allotment, will be refunded to such Bidder within 15 days from the Bid /Issue Closing Date, failing which we shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

For ASBA process, please refer section "ASBA Process" in the Red Herring Prospectus.

Electronic Registration of Bids

1. The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. 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. NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding/Issue Period. 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 till such time as may be permitted by the Stock Exchanges.

3. BSE and NSE will aggregate demand and price for Bids registered on their electronic facilities on a regular basis and display graphically the consolidated demand at various price levels. This information can be accessed on BSE's website at "www.bseindia.com" or on NSE's website at "www.nseindia.com".
4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - Name of the investor (Investors should ensure that the name given in the Bid cum application form is exactly the same as the Name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form);
 - Investor category –Individual, Corporate, QIBs, Eligible NRI, FII or Mutual Fund, etc;
 - Numbers of Equity Shares bid for;
 - Bid price;
 - Bid cum Application Form number;
 - Whether payment is made upon submission of Bid cum Application Form; and
 - 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 either by the members of the Syndicate or our 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 and Retail Individual Bidders who Bid, Bids would not be rejected except on the technical grounds listed on page 177.
8. It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or the BRLM are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the Promoter, the management or any scheme or project of our Company.
9. It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by NSE or BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that our Equity Shares will be listed or will continue to be listed on NSE and BSE.
10. For ASBA process, please refer section "ASBA Process" in the Red Herring Prospectus.

Build Up of the Book and Revision of Bids

1. Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to NSE or BSE mainframe on a regular basis in accordance with market practice.
2. The book gets built up at various price levels. This information will be available with the BRLM on a regular basis.
3. During the Bidding/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
4. Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
5. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. **Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.**

6. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus.
7. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
8. Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/allotment. In the event of discrepancy of data between the Bids registered on the online IPO system and the physical Bid cum Application Form, the decision of the Company in consultation with the BRLM, based on the physical records of Bid/cum Application Forms, shall be final and binding on all concerned.

Price Discovery and Allocation

1. After the Bid /Issue Closing Date, the BRLM will analyse the demand generated at various price levels.
2. The Company in consultation with the BRLM, shall finalise the "Issue Price" and the number of Equity Shares to be allocated in each investor category.
3. QIB Bidders will be required to deposit the QIB Margin Amount at the time of submitting of their Bids. After the closure of bidding, the level of subscription in the various categories shall be determined. Based on the level of subscription, additional margin money, if any, shall be called for from the QIB Bidders. The QIB Bidders shall pay such additional Margin Amount within a period of two days from the date of the letter communicating the request for such additional margin money.
4. Under-subscription, if any, in any category of the Issue would be allowed to be met with spill over from any of the other categories at the discretion of our Company in consultation with the BRLM. However, if the aggregate demand by Mutual Funds is less than 1,87,500 Equity Shares, the balance Equity Shares available for allocation in the Mutual Funds Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders.
5. The allocation under the Issue shall be on proportionate basis, in the manner specified in the SEBI Regulations and this RHP and in consultation with Designated Stock Exchange.
6. 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.
7. We reserve the right to cancel the Issue any time after the Bid/Issue Opening Date but before the Allotment without assigning any reasons whatsoever.
8. Allocation to FIIs and eligible NRIs on repatriation basis will be subject to the applicable law.
9. In terms of the SEBI Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.
10. For ASBA process, please refer section "ASBA Process" in the Red Herring Prospectus.

Signing of Underwriting Agreement and RoC Filing

- (a) We, the BRLM and the Syndicate Member shall enter into an Underwriting Agreement on finalisation of the Issue Price.
- (b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

Announcement of Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall, after receiving final observations, if any, on the Draft Red Herring Prospectus, publish an advertisement in the form prescribed by the SEBI Regulations, in two widely circulated national newspapers (one each in English and Hindi) and a regional newspaper.

Advertisement regarding Price Band and Red Herring Prospectus

A statutory advertisement will be issued by the Company after the filing of the Red Herring Prospectus with the RoC. This advertisement in addition to the information that has to be set out in the statutory advertisement shall indicate the Price Band along with a table showing the number of Equity Shares and the amount payable by an investor. Any material updates between the date of Red Herring Prospectus and the Prospectus shall be included in the advertisement.

Issuance of Confirmation of Allocation Note ("CAN")

Subject to "Allotment Reconciliation and Revised CANs" as set forth below:

- (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 a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, the investor should note that the Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.
- (b) The BRLM and/ or their affiliates or the members of the Syndicate would then send 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 Balance Amount Payable for all the Equity Shares allocated to such Bidder. Those QIB Bidders who have not paid the Bid Amount in full into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
- (c) Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed as a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares to be allotted to such Bidder.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. Based on the electronic book, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Regulations, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

- (a) Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bidding /Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Public Issue Account on the Designated Date, we would ensure the credit to the successful Bidders depository account within two working days of the date of Allotment.
- (b) As per SEBI Regulations, **Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the allottees.**
- (c) After the funds are transferred from the Escrow Accounts to the Public Issue Account on the Designated Date, the Company will allot the Equity Shares to the Allottees.
- (d) Successful Bidders will have the option to rematerialize the Equity Shares so allotted/transferred if they so desire as per the provisions of the Companies Act and the Depositories Act, rules, regulations and bye laws of the Depositories.

Investors are advised to instruct their depository participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

GENERAL INSTRUCTIONS

Do's:

- (a) Check if you are eligible to apply having regard to applicable law, rules, regulations, guidelines and approvals and the terms of the Red Herring Prospectus;
- (b) Ensure that your bid is within the Price Band:

- (c) Read all the instructions carefully and complete the Bid cum Application Form (white or blue in colour) as the case may be.
- (d) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialized form only.
- (e) Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate.
- (f) Ensure that you have been given a TRS for all your Bid options.
- (g) Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS.
- (h) Each of the Bidders should mention their Permanent Account Number (PAN) allotted under the IT Act. (See the section "Issue Procedure – Permanent Account Number" on page 177 of this Red Herring Prospectus);
- (i) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form
- (j) Ensure that the Demographic Details are updated, true and correct, in all respects.

Don'ts:

- (a) Do not Bid for lower than the minimum Bid size;
- (b) Do not Bid/revise Bid to a price that is less than the Floor Price or higher than the Cap Price;
- (c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- (d) Do not pay the Bid amount in cash;
- (e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;
- (f) Do not Bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders);
- (g) Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the 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;
- (h) Do not bid at Bid Amount exceeding Rs. 100,000 (for Retail Individual Bidders);
- (i) Do not submit the Bid without the QIB Margin Amount, in case of a Bid by a QIB;
- (j) Do not submit Bids accompanied by Stockinvest or postal order or money order; and
- (k) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate. For ASBA process, please refer section "ASBA Process" in the Red Herring Prospectus.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and Eligible NRIs applying on non-repatriation basis and blue colour for Non Residents including, Eligible NRIs, FIIs registered with SEBI and FVCIs registered with SEBI, applying on repatriation basis.
2. Made in single name or in joint names (not more than three, and in the same order as their Depository Participant details).
3. Completed in full, in BLOCK LETTERS in English and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum application Forms or Revision Forms are liable to be rejected.
4. The Bids from the Retail Individual Bidders must be for a minimum of 90 Equity Shares and in multiples of 90 Equity Shares thereafter subject to a maximum Bid Amount of Rs. 100,000.
5. For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 90 Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws and regulations.

6. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in 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 Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These bank account details would be used for giving refunds (including through physical refund warrants, direct credit, ECS, NEFT and RTGS) to the Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLM or the Registrar or the Escrow Collection Banks nor the Company 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.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

In case of Bidders receiving refunds through electronic transfer of funds, delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Company, nor the Registrar, Escrow Collection Bank(s) nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

The Company in its absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Equity Shares in Dematerialised form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among us, the respective Depositories and the Registrar to the Issue:

- (a) an agreement dated October 26, 2009 between NSDL, us and Registrar to the Issue;
- (b) an agreement dated November 10, 2009 between CDSL, us and Registrar to the Issue.

Bidders will be allotted Equity Shares only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

1. A Bidder applying for Equity Shares must have at least one beneficiary account with the Depository Participants of either NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.
3. Equity Shares Allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details with the Depository.
5. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
6. The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
7. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
8. The trading of the Equity Shares would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

Bids by Eligible NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI and multilateral and bilateral development financial institutions on a repatriation basis

Bids and revision to Bids must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. By FIIs for a minimum of such number of Equity Shares and in multiples of 90 thereafter that the Bid Amount exceeds Rs. 100,000. For further details see "Issue Procedure-Maximum and Minimum Bid Size" on page 165.
3. In the names of individuals, or in the names of FIIs or Foreign Venture Capital Funds registered with SEBI and multilateral and bilateral development financial institutions but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
4. In a single name or joint names (not more than three).

Bids by Eligible NRIs for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids by Eligible NRIs for a Bid Amount of more than Rs. 100,000 would be considered under the Non-Institutional Portion for the purposes of allocation;

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into 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. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Eligible NRIs and FIIs, and all such Bidders will be treated on the same basis with other categories for the purpose of allocation.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

Bids under Power of Attorney

1. In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.
2. In case of Bids made pursuant to a Power of Attorney by FII's, 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. 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 therefore.
3. In case of the Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.
4. In case of the Bids made by provident funds, subject to applicable law, with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.
5. In case of Bids made by Mutual Funds, venture capital funds registered with SEBI and FVCIs registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.
6. We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that we and the BRLM may deem fit.

Payment Instructions

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 allocation in the Issue. Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Accounts

Each Bidder shall pay the applicable Margin Amount at the time of submission of the Bid cum Application Form by way of a cheque or demand draft in favour of the Escrow Account as per the below terms.

- (a) 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 till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account.
- (b) Each category of Bidders i.e. QIB Bidders, Non Institutional Bidders and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form by way of a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s). (For details please see the section titled "Issue Procedure" beginning on page 163) and submit the same to the member of the Syndicate to whom the Bid is being submitted. The Margin Amount payable by each category of Bidders is mentioned in the section titled "Issue Structure" beginning on page 160. Bid cum Application Forms accompanied by cash shall not be accepted. The maximum Bid Price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.
- (c) Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled.
- (d) Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for Allotment, will be refunded to such Bidder in terms of the Red Herring Prospectus.

- (e) The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - (i) In case of Resident QIB Bidders: **“Escrow Account – SHL IPO – QIB – R”**
 - (ii) In case of non resident QIB Bidders: **“Escrow Account – SHL IPO – QIB – NR”**
 - (iii) In case of Resident Retail and Non-Institutional Bidders: **“Escrow Account – SHL IPO – R”**
 - (iv) In case of Non-Resident Retail and Non-Institutional Bidders: **“Escrow Account – SHL IPO – NR”**
- (f) In case of Bids by Eligible NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE or FCNR account.
- (g) In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to a Special Rupee Account.
- (h) On the Designated Date and not later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Banks shall refund all amounts payable to unsuccessful Bidders and the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers’ clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/Stockinvest/money orders/postal orders will not be accepted.

Payment instructions for ASBA Investor

For ASBA process, please refer section “ASBA Process” in the Red Herring Prospectus

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.

For ASBA process, please refer section “ASBA Process” in the Red Herring Prospectus.

Payment by Stockinvest

In terms of the Reserve Bank of India Circular No. DBOD.No.FSC.BC.42/24.47.001/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Accordingly, payment through Stockinvest will not be accepted in the Issue.

OTHER INSTRUCTIONS

Joint Bids in case of Individuals

Bids may be made in single or joint names (not more than three). In case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All 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 and age will be accumulated and taken to a separate process file which will serve as a multiple master document.
2. In this master, a check will be carried out for the same PAN numbers. In cases where the PAN numbers are different, the same will be deleted from this master.
3. The addresses of all these applications from the multiple master will be strung from the address master. This involves including the addresses in a single line after deleting non-alpha and non-numeric characters, i.e., commas, full stops, hashes etc. Sometimes, the name, the first line of the address and pin code will be converted into a string for each application received and a photo match will be carried out among all the applications processed. A print-out of the addresses will be made to check for common names. Applications with the same name and same address will be treated as multiple applications.
4. The applications will be scanned for similar Depository Participant's identity (DP ID) and client identity numbers. If applications bear the same numbers, these will be treated as multiple applications.
5. After the aforesaid procedures, a print-out of the multiple master will be taken and the applications physically verified to tally signatures and also father's/husband's names. Upon completion of this exercise, the applications will be identified as multiple applications.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual 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.

We, in consultation with the BRLM, reserve the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

'PAN' Number

The Bidders or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act.. Applications without this information will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not furnish the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

Unique Identification Number ("UIN") - MAPIN

Pursuant to circulars dated April 27, 2007 (No. MRD/DoP/Cir-05/2007) and June 25, 2007 (No. MRD/DoP/Cir-08/2007) issued by SEBI, the requirement of UIN under the SEBI (Central database of Market Participants) Regulations, 2003 has been discontinued and irrespective of the amount of transaction, PAN has been made the sole identification number for all participants in the securities market.

Rejection of Bids

In case of QIB Bidders, the Company in consultation with the BRLM and/or their affiliates may reject Bids provided that the reason for rejecting the same shall be provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, we have the right to reject Bids based on technical grounds only. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on, inter alia, the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;
2. Bank account details (for refund) not given;
3. Age of first Bidder not given;
4. 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;
5. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors and insane persons;

6. Bidder's PAN number is not mentioned in the Bid. It is to be specifically noted that the Bidders should not submit the GIR number instead of the PAN;
7. Bids for lower number of Equity Shares than specified for that category of investors;
8. Bids at a price less than the lower end of the Price Band;
9. Bids at a price more than the higher end of the Price Band;
10. Bids at Cut-off Price by Non-Institutional Bidders and QIB Bidders;
11. Bids for a number of Equity Shares, which are not in multiples of 90;
12. Category not ticked;
13. Multiple Bids;
14. In the case of a Bid under power of attorney or by limited companies, corporates, trusts etc., relevant documents are not submitted;
15. Bids accompanied by Stockinvest/money order/postal order/cash;
16. Signature of sole and/or joint Bidders missing;
17. Bid-cum-Application Form does not have the stamp of the BRLM or the Syndicate Member;
18. Bid-cum-Application Form does not have the Bidder's depository account details;
19. Bid-cum-Application Form is not delivered by the Bidder within the time prescribed as per the Bid-cum-Application Form and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid-cum-Application Form;
20. In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary account number;
21. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
22. Bids by QIBs not submitted through members of the Syndicate;
23. Bids by OCBs;
24. Bids by U.S. residents or U.S. persons other than in reliance on Regulation S or Rule 144A under the Securities Act; and
25. Bids by persons who are not eligible to acquire Equity Shares of the Company under any applicable law, rule, regulation, guideline or approval, in India or outside India.
26. Bids through ASBA process by QIB Bidders

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 portion. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less Allotment to Non-Institutional Bidders 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 aggregate demand in this portion is less than or equal to 26,25,000 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 26,25,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 90 Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate basis of allocation, 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 portion. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation 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 aggregate demand in this category is less than or equal to 11,25,000 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 11,25,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 90 Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate basis of allocation refer below.

C. For QIB Bidders

- Up to 50% of the Issue Size shall be available for allocation to the 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 category. The Allotment to all the QIB Bidders will be made at the Issue Price.
- The Issue size less allocation to Non-Institutional Portion and Retail Portion shall be available for proportionate allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- However, eligible Bids by Mutual Funds only shall first be considered for allocation proportionately in the Mutual Funds Portion. After completing proportionate allocation to Mutual Funds for an amount of up to 1,87,500 Equity Shares (the Mutual Funds Portion), the remaining demand by Mutual Funds, if any, shall then be considered for allocation proportionately, together with Bids by other QIBs, in the remainder of the QIB Portion (i.e. after excluding the Mutual Funds Portion). For the method of allocation in the QIB Portion, see the paragraph titled “Illustration of Allotment to QIBs” appearing below. If the valid Bids by Mutual Funds are for less than 1,87,500 Equity Shares, the balance Equity Shares available for allocation in the Mutual Funds Portion will first be added to the QIB Portion and allocated proportionately to the QIB Bidders.
- Allotment shall be undertaken in the following manner:
 - a. In the first instance allocation to Mutual Funds for 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 allocation to all QIBs shall be determined as follows:
 - i. In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids at or above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
 - ii. Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
 - iii. Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

For the method of proportionate basis of allocation refer below.

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 to QIB (not more than 50% of the Issue)	100 million Equity Shares
	Of which:	
	a. Reservation For Mutual Funds, (5%)	5 million Equity Shares
	b. Balance for all QIBs including Mutual Funds	95 million Equity Shares
3	Number of QIB applicants	10
4	Number of Equity Shares applied for	500 million Equity Shares

B. Details of QIB Bids

Sr. No	Type of QIB bidders#	No. of shares bid for (in million)
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

(Number of equity shares in million)

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)
A1	50	0	9.60	0
A2	20	0	3.84	0
A3	130	0	24.95	0
A4	50	0	9.60	0
A5	50	0	9.60	0
MF1	40	1	7.48	8.48
MF2	40	1	7.48	8.48
MF3	80	2	14.97	16.97
MF4	20	0.5	3.74	4.24
MF5	20	0.5	3.74	4.24
	500	5	95	42.42

Please note:

1. The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in the section titled "Issue Structure" beginning on page 160.
2. Out of 100 million Equity Shares allocated to QIBs, 5 million (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 200 shares in the QIB Portion.
3. The balance 95 million Equity Shares [i.e. 100 - 5 (available for Mutual Funds only)] will be allocated on proportionate basis among 10 QIB Bidders who applied for 500 Equity Shares (including 5 Mutual Fund applicants who applied for 200 Equity Shares).
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:
 - (a) For QIBs other than Mutual Funds (A1 to A5)= Number of Equity Shares Bid for X 95 /495
 - (b) 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
 - (c) The numerator and denominator for arriving at allocation of 95 million Equity Shares to the 10 QIBs are reduced by 5 million shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Procedure and Time of Schedule for Allotment and Demat Credit of Equity

The Issue will be conducted through a "100% book building process" pursuant to which the members of the Syndicate will accept bids for the Equity Shares during the Bidding/Issue Period. The Bidding/Issue Period will commence on January 27, 2010 and expire on January 29, 2010. Following the expiration of the Bidding/Issue Period, the Company, in consultation with the BRLM, will determine the Issue Price, and, in consultation with the BRLM, the basis of allocation and entitlement to Allotment based on the bids received and subject to confirmation by the BSE/NSE. Successful Bidders will be provided with a confirmation of their allocation (subject to a revised confirmation of allocation) and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The SEBI Regulations require the Company to complete the Allotment to successful Bidders within 15 days of the expiration of the Bidding/Issue Period. The Equity Shares will then be credited and Allotted to the investors' demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence.

Method of Proportionate Basis of Allotment in the Issue

In the event of the Issue being over-subscribed, the Company shall finalize the basis of Allotment in consultation with 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 the basis of Allotment is finalized in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

- a) Bidders will be categorized according to the number of Equity Shares applied for.
- b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- d) In all Bids where the proportionate Allotment is less than 90 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 category is equal to the number of Equity Shares calculated in accordance with (b) above; and
 - Each successful Bidder shall be allotted a minimum of 90 Equity Shares.
- e) If the proportionate Allotment to a Bidder is a number that is more than 90 but is not a multiple of 1 (which is the marketable 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 in such categories would be arrived at after such rounding off.
- f) 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.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Letters of Allotment or Refund Orders or instructions to Self Certified Syndicate Banks in ASBA Process

The Company shall give credit to the beneficiary account with depository participants within two working days from the date of the finalization of basis of allotment. Applicants residing at 68 centers where clearing houses are managed by the RBI, State Bank of India, Punjab National Bank, State Bank of Indore, Union Bank of India, Andhra Bank, Corporation Bank, Bank of Baroda, State Bank of Travancore, Central Bank of India, Canara Bank, Oriental Bank of Commerce, United Bank of India, State Bank of Hyderabad and State Bank of Bikaner and Jaipur, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. We shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within fifteen days of closure of Bid / Issue.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, the Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialized form not later than 15 days of the Bid/Issue Closing Date;

- Refunds shall be made within 15 days of the Bid/Issue Closing Date at the sole or First Bidder's sole risk, except for Bidders who have opted to receive refunds through Direct Credit, NEFT, RTGS or ECS;
- The Company shall pay interest at 15% per annum if allotment letters/ refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner through Direct Credit, NEFT, RTGS or ECS, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days of the Bid/Issue Closing Date.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as 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.

For ASBA process, please refer section "ASBA Process" in the Red Herring Prospectus.

PAYMENT OF REFUNDS

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid-cum-Application Form, the Registrar will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. 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 despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither the Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the BRLM shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

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 Regulations, the Company undertakes that:

- Allotment shall be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders shall be done within 15 days from the Bid/Issue Closing Date; and
- The Company shall pay interest at 15% per annum, if Allotment is not made, 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.

Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

1. ECS – Payment of refund shall be undertaken through ECS for applicants having an account at any of the following 68 centres: Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakhpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam (managed by Andhra

Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. One of the methods for payment of refund is through ECS for applicants having a bank account at any of the above mentioned 68 centres.

2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.
3. RTGS – Applicants having a bank account at any of the abovementioned 68 centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
4. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value upto Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Please note that applicants having a bank account at any of the 68 centres where the clearing houses for ECS are managed by the RBI, State Bank of India, Punjab National Bank, State Bank of Indore, Union Bank of India, Andhra Bank, Corporation Bank, Bank of Baroda, State Bank of Travancore, Central Bank of India, Canara Bank, Oriental Bank of Commerce, United Bank of India, State Bank of Hyderabad and State Bank of Bikaner and Jaipur are eligible to receive refunds through the modes detailed in I, II, III and IV above. For all the other applicants, including applicants who have not updated their bank particulars alongwith the nine digit MICR Code, prior to the Bid/Issue Opening Date, the refund orders would be dispatched under “Under Certificate of Posting” for refund orders less than Rs. 1,500 and through speed post/registered post for refund orders exceeding Rs. 1,500.

Disposal of applications and application moneys and interest in case of delay

The Company shall ensure dispatch of Allotment advice, 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 date of finalization of Basis of Allotment.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/ 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 best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of finalization of Basis of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, the Company further undertake that:

- Allotment of Equity Shares shall be made only in dematerialized form not later than 15 days of the Bid/Issue Closing Date;
- Refunds shall be made within 15 days of the Bid/Issue Closing Date at the sole or First Bidder's sole risk, except for Bidders who have opted to receive refunds through Direct Credit, NEFT, RTGS or ECS;
- The Company shall pay interest at 15% per annum if allotment letters/ refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner through Direct Credit, NEFT, RTGS or ECS, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days of the Bid/Issue Closing Date.

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 are not dispatched within 15 working days from the Bid/Issue Closing Date.

Undertakings by the Company

We undertake as follows:

- that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of Allotment;
- that funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by us;
- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of the issue, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund
- that the refund orders or allotment advice to the Non Residents shall be dispatched within specified time; and
- that no further issue of Equity Shares shall be made till the Equity Shares offered through this Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under subscription etc.
- that 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 certifies that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilised out of Issue referred above shall be disclosed and continue to be disclosed till the time any part of the issue proceeds remains unutilised under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilised; and
- details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested.

We 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.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such 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 investments. **As per current foreign investment policies, foreign direct investment in the Pharma sector is allowed up to 100% under the automatic route.**

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents. In our Company, as of date the aggregate FII holding cannot exceed 49% of the total issued share capital.

Subscription by Non-Residents

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

There is no reservation for any FIIs or Eligible NRIs and such FIIs or Eligible NRIs will be treated on the same basis with other categories for the purpose of allocation.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of our post-issue issued 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. As of now, the aggregate FIIs holding in our Company cannot exceed 49% of the total issued capital of our Company.

As per the current regulations, the following restrictions are applicable for investments by SEBI registered VCFs and FVCIs:

The SEBI (Venture Capital Funds) 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 VCF or FVCI can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

As per the current regulations, OCBs cannot participate in this Issue.

The above information is given for the benefit of the Bidders. Our 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 this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations. However, we shall update this Red Herring Prospectus and keep the public informed of any material changes in matters concerning our business and operations till the listing and commencement of trading of the Equity Shares.

ASBA PROCESS

Important information/instructions for ASBA Investors

Background: In its continuing endeavour to make the existing public issue facility more efficient, SEBI had introduced ASBA (ASBA Phase I) as a supplementary facility of applying in public issues, vide its circular dated July 30, 2008 which was available to retail individual investors in public issues only. The ASBA Phase I was subsequently extended to rights issues vide circulars dated September 25, 2008 and August 20, 2009.

1. The main features of ASBA facility are as follows:

- a. **Meaning of ASBA:** ASBA means 'Application Supported by Blocked Amount' as defined in clause (d) of sub-regulation (1) of regulation 2 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- b. **Self Certified Syndicate Bank (SCSB):** SCSB has the same meaning as given to it in clause (zi) of sub-regulation (1) of regulation 2 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. A bank desirous of being a SCSB in **ASBA** Phase II facility, shall submit a certificate to SEBI as per the prescribed format, for inclusion of its name in SEBI's list of SCSBs.

A SCSB shall identify its Designated Branches (DBs) at which an ASBA investor shall submit ASBA and shall also identify the Controlling Branch (CB) which shall act as a coordinating branch for the Registrar to the Issue, Stock Exchanges and Merchant Bankers. The SCSB, its DBs and CB shall continue to act as such, for all public and rights issues to which ASBA facility is applicable. The SCSB may identify new DBs for the purpose of ASBA facility and intimate details of the same to SEBI, after which SEBI will add the DBs to the list of SCSBs maintained by it. The SCSB shall communicate the following details to Stock Exchanges for making it available on their respective websites. These details shall also be made available by the SCSB on its website:

- (i) Name and address of the SCSB;
 - (ii) Addresses of DBs and CB and other details such as telephone number, fax number and email ids;
 - (iii) Name and contact details of a nodal officer at a senior level from the CB.
- c. Name and contact details of a nodal officer at a senior level from the CB.
- (i) **In public issues:** All investors except Qualified Institutional Buyers (QIBs) are eligible to apply through ASBA in public issues;
 - (ii) **In rights issues:** All shareholders of the issuer company as on the record date provided if he/she/it:
 - (a) is holding shares in dematerialised form and has applied for entitlements and /or additional shares in the issue in dematerialized form;
 - (b) has not renounced his/ her entitlements in full or in part;
 - (c) is not a renouncee to the Issue;
 - (d) applies through a bank account maintained with SCSBs.
- d. **ASBA Facility in brief:**
- (i) An ASBA investor shall submit an ASBA physically or electronically through the internet banking facility, to the SCSB with whom, the bank account to be blocked, is maintained. The SCSB shall then block the application money in the bank account specified in the ASBA, on the basis of an authorisation to this effect given by the account holder in the ASBA. The application money shall remain blocked in the bank account till finalisation of the basis of allotment of the issue or till withdrawal/ failure of the issue or till withdrawal/ rejection of the application, as the case may be. The application data shall thereafter be uploaded by the SCSB in the electronic bidding system through a web enabled interface provided by the Stock Exchanges. Once the basis of allotment is finalized, the Registrar to the Issue shall send an appropriate request to the CB of SCSB for unblocking the relevant bank accounts and for transferring the requisite amount to the issuer's account designated for this purpose. In case of withdrawal/ failure of the issue, the amount shall be unblocked by the SCSB on receipt of information from the pre-issue merchant bankers through the concerned Registrar to the Issue.

- (ii) ASBA facility in rights issue shall enable a shareholder of the company as on record date to apply through ASBA mode by selecting the option of ASBA either (i) in Part A of the application form of rights issue, or (ii) in the plain paper application as to whether they desire to avail of the ASBA option, to the Self Certified Syndicate Bank (SCSB) with whom the bank account to be blocked, is maintained.
 - (iii) Subject to (ii) above, the ASBA process from the time of submission of application by the applicants till transfer of shares in the depository account of the investors, as specified for public issues, shall be followed in the case of rights issues also to the extent relevant for rights issue. The role and responsibilities of self certified syndicate banks, stock exchanges, registrars and merchant bankers for public issues, shall be applicable mutatis mutandis to rights issue also.
- e. **Obligations of the Issuer:** The issuer shall ensure that adequate arrangements are made by the Registrar to the Issue to obtain information about all ASBAs and to treat ASBA similar to non-ASBA applications while finalizing the basis of allotment, as per the procedure specified in the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.
 2. **Timelines for implementation of ASBA Phase - II:** ASBA Phase-II shall be applicable to all public issues and rights issues with single payment option which are opening on or after January 1, 2010.
 3. Banks who are registered with SEBI as Bankers to issue in terms of SEBI (Bankers to an Issue) Regulations, 1994 and are desirous of participating as Self Certificate Syndicate Bank (SCSB) in ASBA Phase II, are advised to (i) undertake the necessary modifications in their system as per the instructions of the Stock Exchanges providing electronic interface for ASBA, (ii) complete the mock trial run of their systems with such stock Exchanges as well as with specified Registrars and (iii) certify to SEBI about their readiness to implement ASBA Phase II as per the prescribed format.
 4. Further, it is advised that after January 1, 2010, electronic interface provided by Stock Exchanges (presently BSE and NSE) will not be able to accept any application in any issue (public or rights) from any bank which has not given the certificate of readiness for ASBA Phase II to SEBI. **Thus, such SCSBs shall not be eligible to accept ASBA application in any issue w.e.f. January 1, 2010, till they modify their systems and certify their readiness for ASBA Phase II to SEBI.**
 5. **SEBI would be displaying names and other relevant details of SCSBs which will be authorized to accept the applications under ASBA w.e.f. January 1, 2010, on the website: www.sebi.gov.in.**
 6. On inclusion in the list of SCSBs, a bank shall commence **its activities as a SCSB for ASBA Phase II**, from the date as may be indicated in the list. It shall then be deemed to have entered into an agreement with the issuer and shall be required to offer the ASBA facility to all its account holders for all issues to which ASBA facility is applicable. By virtue of the said deemed agreement issuer, shall be deemed to have agreed to pay the commissions to SCSBs, within a reasonable time.
 7. **Withdrawal of Application Form:** In case an ASBA investor wants to withdraw his/ her ASBA during the bidding period, he/ she shall submit his/ her withdrawal request to the SCSB, which shall do the necessary, including deletion of details of the withdrawn ASBA from the electronic bidding system of the Stock Exchange(s) and unblocking of funds in the relevant bank account.

In case an ASBA investor wants to withdraw his/her ASBA after the bid closing date, he/ she shall submit the withdrawal request to the Registrar to the Issue. The Registrar shall delete the withdrawn bid from the bid file.

Other Information for ASBA Investors:

1. SCSB shall not accept any ASBA after the closing time of acceptance of bids on the last day of the bidding period.
2. SCSB shall give ASBA investors an acknowledgment for the receipt of ASBAs.
3. SCSB shall not upload any ASBA in the electronic bidding system of the Stock Exchange(s) unless –
 - (i) it has received the ASBA in a physical or electronic form; and
 - (ii) it has blocked the application money in the bank account specified in the ASBA or has systems to ensure that Electronic ASBAs are accepted in the system only after blocking of application money in the relevant bank account opened with it.

4. SCSB shall ensure that the details of a particular ASBA are uploaded only once in the electronic bidding system of any one of the Stock Exchange(s). SCSB shall be solely responsible for the completion and accuracy of all details entered/ uploaded on the electronic bidding system of the Stock Exchange(s).
5. In case of withdrawal of bids by ASBA investors during the bidding period, SCSB shall ensure deletion of the withdrawn ASBA from the electronic bidding system of the Stock Exchange(s) and unblocking of funds in the relevant bank account within the timelines specified in the ASBA process.
6. SCSB shall ensure that information about revision in the bidding period or price band, as and when received, is communicated and effected to in its systems promptly, for information of ASBA investors.
7. SCSB shall ensure that complaints of ASBA investors arising out of errors or delay in capturing of data, blocking or unblocking of bank accounts, etc. are satisfactorily redressed.
8. SCSB shall be liable for all its omissions and commissions in discharging responsibilities in the ASBA process.
9. Registrar to the Issue shall act as a nodal agency for redressing complaints of ASBA and non-ASBA investors, including providing guidance to ASBA investors regarding approaching the SCSB concerned.
10. The Stock Exchange(s) shall ensure that an issue specific code is generated from the electronic bidding system, so that SCSBs does not face any problem in segregating the ASBA issue-wise.
11. In case of withdrawal of ASBA during the bidding period, the Stock Exchange(s) shall provide the facility of enabling SCSBs to –
 - (i) delete the ASBA from the electronic bidding system or mark the withdrawal individually against the original bid uploaded; or
 - (ii) upload withdrawal of the ASBA in batch mode, in the electronic bidding system.

Sr. No.	Details of ASBA facility	Timeline/ Due date
1.	An ASBA investor, intending to subscribe to a public, shall submit a completed ASBA form to a Self Certified Syndicate Bank (SCSB), with whom the bank account to be blocked, is maintained, through one of the following modes □ (i) Submit the form physically with the Designated Branches (DBs) of the SCSB ("Physical ASBA"); or (ii) Submit the form electronically through the internet banking facility offered by the SCSB ("Electronic ASBA").	Bidding/ offer period
2.	The SCSB shall give an acknowledgement by giving the counter foil or specifying the application number to the ASBA investor, as a proof of having accepted his/ her ASBA, in a physical or electronic mode respectively.	Bidding/ offer period
3.	If the bank account specified in the ASBA does not have sufficient credit balance to meet the application money, the ASBA shall be rejected by the SCSB.	Bidding/ offer period
4.	(i) After accepting a Physical ASBA, the SCSB shall block funds available in the bank account specified in the Physical ASBA, to the extent of the application money specified in the ASBA. The SCSB shall then capture and upload the relevant details in the electronic bidding system as specified by the Stock Exchange(s) for a particular issue. (ii) In case of an Electronic ASBA, the ASBA investor himself/ herself shall fill in all the relevant details, except the application number which shall be system generated. The SCSB shall thereafter upload all the details specified by the Stock Exchange(s).	Bidding/ offer period
5.	The SCSB (Controlling Branch (CB) or DBs) shall provide Transaction Registration Slip(s)/ Order number(s), confirming upload of ASBA details in the electronic bidding system of the Stock Exchange. The Transaction Registration Slip(s)/ Order number(s) shall be provided to the ASBA investor as a proof of uploading the details of ASBA, only on demand.	Bidding/ offer period
6.	In case an ASBA investor wants to withdraw his/ her ASBA during the bidding/ offer period, he/ she shall submit his/ her withdrawal request to the SCSB, which shall do the necessary, including deletion of	Bidding / offer period

	details of the withdrawn ASBA from the electronic bidding system of the Stock Exchange(s) and unblocking of funds in the relevant bank account.	
7.	The Stock Exchange(s) shall make available the updated electronic bid file to the Registrar to the Issue.	Bidding / offer period
8.	The SCSB shall send investor category –wise the following aggregate information as per the format specified by the registrar to the issue, to the Registrar to the Issue after closure of the bidding period: (i) Total number of ASBAs uploaded by the SCSB. (ii) Total number of shares and total amount blocked against the uploaded ASBAs.	T+1 (where T stands for closing date of the bidding / offer period)
9.	The Registrar to the Issue shall reconcile the compiled data received from the Stock Exchange(s) (as explained in serial number 7 above) and all SCSBs (as explained in serial number 8 above) (hereinafter referred to as the “reconciled data”).	T to T+11
10.	The Registrar to the Issue shall then match the reconciled data with the depository’s database for correctness of DP ID, Client ID and PAN. In case any DP ID, Client ID or PAN mentioned in the bid file for ASBAs does not match with the one available in the depository’s database, such ASBA shall be rejected by the Registrar.	
11.	The Registrar to the Issue shall inform each SCSB about errors, if any, in the bid details, along with an advice to send the rectified data within the time as specified by the Registrar.	
12.	In case an ASBA investor wants to withdraw his/her ASBA after the bid closing date, he/ she shall submit the withdrawal request to the Registrar to the Issue. The Registrar shall delete the withdrawn bid from the bid file.	
13.	The Registrar to the Issue shall reject multiple ASBAs determined as such, based on common PAN.	
14.	The Registrar to the Issue shall finalise the basis of allotment and submit it to the Designated Stock Exchange for approval.	T+12
15.	Once the basis of allotment is approved by the Designated Stock Exchange, the Registrar to the Issue shall provide the following details to the CB of each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the issuer’s account designated for this purpose, within the timelines specified in the ASBA facility: (i) Number of shares to be allotted against each valid ASBA (ii) Amount to be transferred from the relevant bank account to the issuer’s account designated for this purpose, for each valid ASBA (iii) The date by which the funds referred to in sub-para (ii) above, shall be transferred to the issuer’s account designated for this purpose. (iv) Details of rejected ASBAs, if any, along with reasons for rejection and details of withdrawn/ unsuccessful ASBAs, if any, to enable SCSBs to unblock the respective bank accounts.	T+13
16.	SCSBs shall unblock the relevant bank accounts for: (i) Transfer of requisite money to the issuer’s account designated for this purpose against each valid ASBA. (ii) Withdrawn/ rejected/ unsuccessful ASBAs. The CB of each SCSB shall confirm the transfer of requisite money against each successful ASBA to the Registrar to the Issue.	T+14
17.	The Issuer shall make the allotment.	T+15
18.	The Registrar to the Issue shall credit the shares to the demat account of the successful ASBA investors.	T+15

SECTION IX – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Main provisions of the articles of association of the company are as under:

TABLE 'A' EXCLUDED

1. (a) Save as reproduced herein, the Regulations contained in Table 'A' in Schedule to the Act shall not apply to the company. Unless the context otherwise requires the words, expressions contained in these Articles shall bear the same meaning as in Companies Act. 1956 and any amendments to and / or notifications under the provisions of the said Act in force at the date at which the Articles become binding on the Company.

SHARE CAPITAL

SHARE CAPITAL AND VARIATION OF RIGHTS

- 3 (a) The Authorized Share Capital of the Company is Rest. 20,00.00,000 (Rupees Twenty Crores only) divided into 2,00,00.000 (Two Crores only) Equity Shares of Rs. 10/- (Rupees Ten only) each with power to increase, reduce, consolidate and subdivide its capital in accordance with the provisions of the Companies Act. 1956.

(b) Paid up capital of the company shall be minimum of Rs. 5.00.000/-

POWERS OF THE COMPANY

4. Wherever in the said Act it has been provided that the Company shall have any rights, privilege, or authority or the company could carry out the transaction only, if the Company is so authorized by its Articles, then and in that case. this Regulation hereby authorized and empowers the Company to have such high, privilege, authority and to carry such transaction as has been permitted by the Act without there being any specific regulation in that behalf herein provided. An illustration of such rights, authorities and transaction are set out as follows.
Section 76 : To pay commission on issue of share and debentures.
Section 80 & 80 A to issue redeemable preference shares.
Section 92 : to accept unpaid share capital although not called up.
Section 94 : to alter the share capital of the Company.
Section 100 : to reduce the Share Capital of the Company.
Section 106 :to alter the rights of holders of special class of shares.
5. Articles 4 shall be deemed to affect the power of the Company to enforce repayment of loans to the members or to exercise a lien conferred by these Articles.

SHARES

NON VOTING RIGHTS

8. Subject to all applicable provisions of the Companies Act, 1995 (including any statutory modification or reenactment thereof for the time being in force and as may be enacted from time to time) (herein after referred to as said Act and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be agreed to or accepted by the Board of Directors of the Company (herein after referred to as the Board) the company shall have Power to issue Equity Shares Carrying non voting rights but which would be entitled do all other rights of benefits which are available to a shareholder by virtue of holding Equity Shares of the Company.

SWEAT Equity SHARES

9. The Company shall have the power, subject to and in accordance with the provisions of Section 79-A, of the Act and other relevant regulations including regulations laid down by SEBI in this regard from time to time, to issue Sweat Equity Shares to employees and I or directors on such terms and conditions and in such manner as may be prescribed by law from time to time.
10. Subject to provision of the Act and these Articles, the Company shall have power to issue Preference Shares carrying right to redeem out of the profits of which would be otherwise available for dividend or out of the proceeds of the fresh issue of shares made for the purpose of such redemption, liable to be

redeemed at the option of the company, and the Board may, subject to the provision of section 80 & 80A of the Act, exercise such powers in such a manner as it may think fit.

11. Subject to provision of Section 81, any shares (whether forming part of original capital or of any increased capital of the company) may be issued either with the sanction of the Company in General Meeting or by the Board with such rights and privileges annexed there to and upon such terms and conditions as by the general meeting sanctioning the issue of such share be directed. and if no such direction be given and in all other cases as the Board shall determine and in particular such shares may be issued with a preferential or qualified right to dividends and in distribution of assets of company, without prejudice, However to any rights and privileges already conferred on the holders of any shares or class of shares for the time being issued by the company.

11.A. FURTHER ISSUE OF SHARES

- I. Where at the time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation. Which ever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares either out of the un issued capital or out of the increased share capital then:
 - a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.
 - b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.
 - c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favor of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right.
 - d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person (s) as they may think, in their sole discretion fit.
 - II. Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub clause (1) hereof in any manner whatsoever.
 - a) If a special resolution to that effect is passed by the company in general meeting; or
 - b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favor of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the company.
 - III. Nothing in sub-clause (c) of (1) hereof shall be deemed:
 - a) To extend the time within which the offer should be accepted; or
 - b) To authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favor the renunciation was first made had declined to take the shares comprised in the renunciation.
 - IV. Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:
 - I. To convert such debentures or loans into shares in the company or
 - ii. To subscribe for shares in the company (whether such option is conferred in these articles or otherwise)
- PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:
- a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by the Government in this behalf ; and
 - b) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in General Meeting before the issue of the debentures or raising of the loans.

SHARES UNDER THE CONTROL OF DIRECTORS

12. Subject to the provisions of these Articles and Section 81 of the Act, the shares shall be under the control of the Board who may allot or otherwise dispose of same to such person on such terms and conditions either at par or at premium and for such consideration PROVIDED THAT where at any time after a period of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after formation whichever is earlier, it is proposed to increase the subscribed capital of the company the option or right to offer the shares shall not be given to any person except with the sanction of the company in General Meeting as provided for in Section 81 (1) of the Act, and to give to any person the option to call for or be allowed shares of any class of the Company either at par or at a premium or subject as aforesaid at discount such option being exercisable at such times and for such consideration as the Directors think fit. Provided that option or rights to call of shares shall not be given to any person (s) except with the sanction of the Company in General Meeting.

POWERS OF GENERAL MEETING TO OFFER SHARES TO SHARES HOLDERS ETC.

13. In addition to and without derogating from the powers for that purpose conferred on the Directors under Article 9 and 10 on the Company and subject to these articles, the company in General Meeting may determine to issue further shares out of the Authorized Capital of the Company and may determine that any shares (whether forming part of the original capital or of any increase capital of the company) shall be offered to such persons (whether members or holders of debentures of the company or not), in such proportion and on such terms, conditions and subject to the provisions of the Act, either at premium or at par or at a discount, as such General Meeting shall determine, and with full power to give to any person (whether a member or holder of debenture of the company or of) to option to call for or be allotted shares of any class of the company either at a premium or par at or at a discount such option 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 provisions whatsoever for the issue of allotments or disposal of any share.

DIRECTORS MAY ALLOT ANY SHARES AS FULLY PAID-UP

14. Subject to the provisions of the Act and these Articles the Directors may allot and issue shares in the capital of the Company as payment or part payment for any property or assets of any kind whatsoever sold or transferred goods or machinery supplied or for services rendered to the company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted, may be issued as fully paid up or partly paid up Shares.

RESTRICTION OF ALLOTMENT

16. The company shall observe the restrictions as per allotment of Shares to the public. Contained in Section 69 and 70 of the Act.

DEPOSIT AND CALLS ETC. TO BE A DEBT PAYABLE IMMEDIATELY

20. To money (if any) which the Directors 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 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.

INSTALLMENT ON SHARES TO BE FULLY PAID

21. If the conditions, of allotment of any share, the whole or part of the amount or issue price thereof shall be payable by installments, every such installment shall, when due be paid to the company by the person who for the time being shall be the registered holder of the share or by his executor, administrator or legal representative.

LIABILITY OF MEMBERS

22. Every member or his heirs, executors or administrators, shall pay to the company the portion of the capital represented by his shares of shares which may for the time being remain unpaid thereon, in such amount at such time or times and in such manner, as the Board time to time in accordance with the Company's regulations. Require or fix for the payment thereof.

ACCEPTANCE OF SHARE

27. An application signed by or on behalf of an applicant for shares in the company followed by an acceptance of shares within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose name is on the Register shall for the purpose of these Articles be a member.

CERTIFICATE OF SHARES AND DEBENTURES

ISSUE OF CERTIFICATES

28. Subject to the provisions of Sec. 113 of the Act and the companies (issue of Share Certificate) Rules 1960 or any statutory modification of re-enactments thereof, share scripts shall be issued as follows:
- (a) The certificate of title to shares and duplicate thereof when necessary, shall be signed in the presence of (i) two Directors and a person acting on behalf of another Director under a duly registered Power of Attorney or two persons acting as attorneys as aforesaid for two Directors and (ii) the Secretary or some other person appointed by the Board for the purpose all of whom shall sign such share certificate, PROVIDED THAT for the composition of the Board permits of it at least one of the aforesaid two Directors shall be a person other than the Managing or whole-time Director.
 - (b) Every member shall be entitled to free of charge to one or more certificates in marketable lots for all the shares of each class registered in his name, or if the Board so approves, to several certificates each for one or more such shares. Unless the conditions of issue otherwise provides the Company shall, either within three months after the date of allotment or its fractional coupons of requisite value (save in the case of bonus shares) or within one month of the receipt of application or registration of the transfer, sub-division, consolidation or renewal of any of its shares, as the case may be, deliver in accordance with the procedure laid down under Section 53 of the Act, the certificate of such shares in respect of any shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of the certificate to one of several joint-holders shall be sufficient delivery to all such holders.

CALLS

CALL BY THE BOARDS

31. The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the provisions of Section 61 of the Act, make such calls as the Board thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotment thereof made payable at fixed times and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board and it may be payable by installment and shall be deemed to have been made when the resolution of the Board authorizing such call was passed. Joint holder of shares shall be jointly and severally liable to pay all calls in respect thereof.

CALLS ON SHARES OF SAME CLASS TO BE MADE ON UNIFORM BASIS

32. Where any calls for 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 purpose of this Article, shares of the same nominal value on which different amounts have been paid-up shall not be deemed to fall under the same class.

WHEN CALLS DEEMED TO HAVE BEEN MADE & NOTICE TO CALL

33. A call shall be deemed to have been made at the time when the resolution of the Directors authorizing such call was passed. No call shall be made payable within one month after the date fixed for the payment of the then last preceding call.

RESTRICTION ON POWER TO MAKE CALL AND NOTICE

34. a. No call shall exceed one-half of the normal amount of share or be made payable within one month after the last preceding call was payable.
- b. Not less than thirty days notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.

CALLS TO DATE FROM RESOLUTION

35. A call shall be deemed to have been made at the time when the resolution of the Board authorizing such call was passed and may be made payable by the members whose name appear on the Register of Members on such date or at the discretion of the Board on such subsequent date as shall be fixed by the Board.

BOARD MAY EXTEND TIME

36. The Board may from time to time at their 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 on account of residence at a distance or other cause, may be deemed entitled to such extension, but no member shall be entitled to such extension as a matter of right save as a matter of grace and favor.

INTEREST ON EXTENDED TIME

37. If any member fails to pay any call due from him on the day appointed for the 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 and the Board shall be at liberty to waive payment of such interest either wholly or in part.

AMOUNT PAYABLE AT FIXED TIMES OR PAYABLE IN INSTALLMENT ON CALL

38. If by the term of issue or otherwise, any amount is made payable at any fixed time or by installment at any fixed times, whether on account of the amount of the share or by way of premium, even if such amount or installment shall be payable as if it were a call duly made by the Board and of which due notice has been given and all the provisions herein contained in respect of call shall relate to such amount or installment accordingly.

WHEN INTEREST ON CALL OR INSTALLMENT PAYABLE

39. If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof, the holder for the time being of the share in respect of which the call shall have been made on the installment shall have become due, shall pay interest at suitable rate per annum from the day appointed for the payment thereof the time of actual payment or at such lower rate (if any) as the Board may determine.

FORFEITURE, SURRENDER AND LIEN OF SHARES:

IF CALLS INSTALLMENT NOT PAID, NOTICE MAY BE GIVEN

54. If any member fails to pay the whole or any part of any call or any installment of a call on or before the day appointed for the payment of the same or any such extension thereof, the Board may, any time thereafter, during such time the call for such installment remains unpaid, give notice to the member requiring him to pay the same together with any interest that may have occurred and all expenses that may have been incurred by the company by reason of such non-payment.

FOR AND TERMS OF NOTICE

55. The notice shall name a day (not being less than thirty days from the date of notice) and place or places on and at which such calls or Installments and such interests thereon at such rate not exceeding eighteen percent per annum as the Directors shall determine from the day on which call or installment ought to have been Paid and the expenses as aforesaid are to be paid. The notice shall also state in the event of 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 to be payable, will be liable to be forfeited:

IN DEFAULT OF PAYMENT & ON NON-COMPLIANCE OF NOTICE. SHARES MAY BE FORFEITED

56. If the requirements of any such notice as aforesaid are not complied with, any shares (s) in respect of which such notice has been given may at any time thereafter, before 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 shares and not actually paid before the forfeiture.

NOTICE AFTER FORFEITURE

57. When any such share has been so forfeited, notice of forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of 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 SHARES TO BECOME PROPERTY OF THE COMPANY

58. 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 or to any other person, upon such terms and in such manner as the Board shall think fit.

MEMBERS LIABILITY ON FORFEITURE

59. Any member whose shares have been forfeited shall cease to be a member in respect of the forfeited share but shall not withstand 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 forfeiture together with interest thereon from the time of forfeiture until payment, at such rate not exceeding eighteen percent per annum as the Board may determine and the Board may enforce the payment of such moneys or any part thereof if it think fit, but shall not be under obligation to do so.

EXTINCTION OF RIGHT ON FORFEITURE

60. The forfeiture of a share shall involve extinction at the time of 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

61. 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 the conclusive evidence of the facts stated therein as against all persons claiming to be entitled to the shares

VALIDITY OF SALES IN EXERCISE OF LIEN AND AFTER FORFEITURE

62. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers here-in-before given, the Board may appoint some person to execute an instrument of transfer 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 in respect of such shares, the validity of shares 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

SURRENDER OF SHARES

63. The Directors may, subject to the provision of the Act, accept a surrender of any share from or by any member desirous of surrendering on such terms as the Director may think fit.

POWER OF ANNUAL FORFEITURE

64. The Board, may anytime before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annual the forfeiture thereof upon such conditions as it thinks fit.

FORFEITED PROVISIONS TO APPLY

65. THE provision of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a share becomes payable at a fixed time; whether on account of the nominal value of a share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

DIRECTORS POWER TO CANCEL FORFEITED SHARE CERTIFICATE

66. Upon the sale after the forfeiture or surrender or for enforcing a lien purported to have been exercised by virtue of the powers here in before given. The Directors may cause the purchaser's name to be entered in the register in respect of the shares sold. and the person to whom the share sold or disposed of. Shall not be bound to see the regularity of the or to the application of the purchase money, nor shall his title to the share be affected by any irregularity, or invalidity in the proceedings in reference to the forfeiture. Sale or disposal of the share. The validity of 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 FORFEITED SHARE CERTIFICATE & ISSUE FRESH CERTIFICATE

67. Upon the sale, re allotment or other disposal under the provisions of the preceding Articles, the Certificate(s) originally Issued in respect of the relative shares shall (Unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stands cancelled and become null and void and of no effect. And the Directors shall be entitled to issue a duplicate certificate(s) in respect of the said shares to the person(s) entitled thereto distinguishing in on them in such manner as they think fit from the certificate(s) not so delivered.

APPLICATION OF PROCEEDS OF SALE

68. The net proceeds of any such sale shall be received by the company and applied in or towards satisfaction of such part of the amount in respects of which the lien exists as presently payable: and (b) [he residue, if any, after adjusting costs and expenses. 11 any, Incurred shall be paid to the person entitled to the shares at the date of sale (subject to a like lien) for sums not recently payable existed on the shares before the sale.
69. The purchaser shall not be bound to see the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceeding in reference to sale.

PARTIAL PAYMENT NOT TO PRECLUDE FORFEITURE

70. 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 its shares, either 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 forfeiture of such shares as provided above.

DEMATERIALIZATION OF SECURITIES

71. Notwithstanding anything contained in these articles the Company shall be entitled to dematerialize its securities and to offer securities in dematerialized form pursuant to the Depositories Act. 1996.

OPTION OF INVESTORS

72. Every person subscribing to securities offered by the Company shall have the option to receive security or to hold the securities with a Depository such a person who is the beneficial owner of the securities can at any time opt out of a Depository, If permitted by the law, in respect of any security in the manner provided by the Depositories Act. and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificate of Security.

SECURITIES IN DEPOSITORIES TO BE FUNGIBLE FORM

73. All securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153-a, 153-6, 187-C and 372 of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

RIGHTS OF DEPOSITORIES AND BENEFICIAL OWNERS

74. (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.
- (b) 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 securities held by it.

(c) 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 / her securities which are held by a Depository.

SERVICE OF DOCUMENTS

75. Notwithstanding anything contained in the Act or these Articles to the contrary, where securities are held in 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.

TRANSFER OF SECURITIES

76. Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities affected by a transferor and transferee both of who are entered as beneficial owners in the records of a Depository.

ALLOTMENT OF SECURITIES DEALT WITH IN A DEPOSITORY

77. Notwithstanding anything contained in the Act 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 NUMBERS OF SECURITIES HELD IN A DEPOSITORY

78. Nothing contained in the Act these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a Depository.

REGISTER AND INDEX OF BENEFICIAL OWNERS

79. The Register and index of beneficial owners maintained by a Depository under the Depositories Act, 1996, shall be deemed to be the Register and index of Members and Security holders for the purpose of these Articles.

TRANSFER AND TRANSMISSION OF SHARES

REGISTER OF TRANSFER

80. The company shall keep a Register of Transfers and therein shall be fairly and distinctly entered particulars every transfer or transmission of any share.

NO TRANSFER TO MINOR

81. The Board shall not register transfer of any share in favor of a minor (except in case when they are fully paid) or insolvent or person of unsound mind.

FORM AND INSTRUMENT OF TRANSFER

82. The instrument of transfer of any share shall be in writing and in the prescribed form under the companies (Central Government) General Rules and Forms, 1960 and in accordance with the requirement of Section 108 of the Act, and the Company, the transfer and the transferee of shares to comply with provisions of the Act.

APPLICATION FOR TRANSFER

83. An application for registration of a transfer of shares in the company may be either by the transferor or the transferee.

84. Where the application is made by the transferor and relates to partly paid share, the transfer shall not be registered unless the company give notice of the application to transferee within two weeks from the receipt of notice.

85. For the purpose of these Articles notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered by post to the transferee at the address given in the instrument of

transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

TRANSFER OF SHARES AND DEBENTURES BOOK WHEN CLOSED

86. The Board shall have power on giving not less than seven days previous notice by advertisement in a newspaper circulating in the district in which the Registered Office of the Company is situated to close the transfer books, the Register of Members or Register of Debenture Holders at such time or times and for such period or periods, not exceeding thirty days at a time and exceeding not in the aggregate forty five days in each year, as it may seem expedient.

STAMPING OF THE INSTRUMENT OF TRANSFER

87. The instrument of transfer of any share shall be duly stamped and executed by or on behalf of both transferor and the transferee and shall be attested.

TRANSFER NOT TO BE REGISTERED EXCEPT ON PRODUCTION OF INSTRUMENTS OF TRANSFER

88. The company shall not register transfer of shares in the company unless a proper instrument to transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee the name, father or husband's name, address and occupation, if any of the transferee has been delivered to the company along with the certificate relating to the shares, or if no such share certificate is in existence on an application in writing made to the company by the transferee and bearing the stamp required for an instrument of transfer, if it is proved to the satisfaction of the Board of Directors that instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the company may register transfer on such terms as to indemnity as the Board may think fit, provided further that nothing in this article shall prejudice any power of the company to register as shareholder any person to whom the right to any shares in the company has been transmitted by operation of law.

TRANSFER OR TO REMAIN HOLDER UNTIL TRANSFER EFFECTED IN THE REGISTER

89. The TRANSFEROR shall be deemed to remain the holder of such share until the name of the transferee has been entered in the Register of members in respect thereof.

TRANSFER BY LEGAL REPRESENTATIVES VALID

90. At Transfer of share in the company of deceased member thereof made by his legal representative shall, although the legal representative is not himself a member be as valid as if had been a member at the time of the execution of the instrument of transfer.

BOARD'S POWER TO REFUSE REGISTER OF TRANSFER

91. Subject to the provisions of section 111 of the Act and section 22A of the Securities Contract (Regulation) Act, 1956 or any statutory modification thereof for the time being in force, the Directors may at any time in their own absolute discretion decline to register or acknowledge a transfer of any share giving reasons there for and in particular may so decline in any case in which the company has a lien upon the shares desired to be transferred or any call or installment regarding any of them remain unpaid or unless the transferee is not approved by the Directors and such refusal shall not be affected by the act that the proposed transferee. PROVIDED THAT registration of a transfer shall not be refused on the ground of the transferor; of being either alone or jointly with any other person (s) indebted to the Company or any account whatsoever except where the company has a lien on shares.

NOMINATION FACILITY

98. Notwithstanding anything contained in any other clauses in the Articles of Association, a holder or joint holders of share or debenture, may nominate, in accordance with the provisions of section 109A of the Companies Act, 1956. and in the manner prescribed there under, a person to whom all the rights in the shares or debentures of the Company, shall vest in the event of death of such holder's. Any nomination so made shall be dealt with by the Company in accordance with the provisions of section 1090 of the Companies Act, 1956.'

INCREASE AND REDUCTION OF CAPITAL

POWER TO INCREASE CAPITAL BY ORDINARY Resolution

107. Subject to the provisions of Section 94 01 the Act, the Company may, from time to time by Ordinary Resolution increase, sub-divide or consolidate the shares of such sum, to be divided into shares of such amount as may be specified in the resolution.

INCREASE OF CAPITAL

108. The company from time to time in General Meeting alter the conditions of its Memorandum by increase of its share capital by the creation of new shares of such amount as it thinks expedient and subject to the provisions of the Act the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as be the General Meeting creating the same shall be directed and if no direction be given, as the Directors shall determine, and in the distribution of assets of the company provided always that any Preference Shares may be issued on the terms that they are or at the option of the company are to be redeemed.

SAME AS ORIGINALCAPITAL

109. 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 Dart of the original equity capital and shall be subject to the omissions herein contained with reference to the payment of calls installments. Transfer & transmission forfeiture, lien, surrender, voting and otherwise.

REDUCTION OF CAPITAL

110. Subject to the provisions of Section 78,80, 100 and 105 of the Act, the company may, from time to time by Special Resolution, and Subject to the confirmation by the Court reduce its Capital and Capital Redemption Resource Account or Share Premium Account if any manner for the time being authorized by law an in particular, capital may be paid off on the footing that it may be called up again or otherwise, This Article is not to derogate from any power the Company would have if it were omitted.

ON WHATCONDITIONS NEW SHARES MAY ISSUED

111. Subject to any rights or privileges for the time being attached to any shares in the capital of the company then issued. the new share may be issued upon such terms and conditions and with rights and privileges attached thereto as the General Meeting resolving upon the creation thereof shall direct and if no director be given and in the case of existing un issued shares as the board shall determine and in particular in the case of shares, such shares may be issued with preferential or qualified rights as to dividend and in the distribution of assets of the company and with of redemption.

PROVISIONS RELATING TO ISSUE

112. Before the issue of new shares, the company in General Meeting may make provisions as to the allotment and issue of the share and in particular may determine to whom the same shall be offered in the first instance and whether at par or at premium or subject to provisions of Section 79 of the Act, at a discount, in default of any such provisions or so far as the same shall not extend, the new shares may be issued in conformity with the provisions of Article 11.

HOW FAR NEW SHARESTO RANK WITH EXISTING SHARES

113. Except in so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of shares shall be considered part of the existing capital of the company and shall be subject to the provisions herein contained with reference to the payments of dividends, call and installments, transfer and transmission, forfeiture, surrender and otherwise.

ISSUE OF FURTHER PARIPASSU SHARES

SHARES NOT TO EFFECT THE RIGHT OF SHARES ALREADY ISSUED

115. 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 shares of that class be

deemed to be varied by the creation or issue of Further shares ranking pari passu therewith, but in no respect in priority thereto.

ALTERATION OF CAPITAL

POWER TO SUB-DIVIDE AND CONSOLIDATE SHARES

116. The company in General Meeting by Ordinary Resolution may from time to time:
- (a) Consolidate and divide all any of its share capital into like shares of larger amount than its existing shares.
 - (b) sub-divide its existing shares or any of them into shares of smaller amount than into shares of smaller amount than is fixed by the Memorandum, HOWEVER that in the Sub-division, the proportion between the amount paid and the amount, if any, unpaid, on each reduced share shall be the same as it was in the case of the shares from which the reduced shares is derived.
 - (c) Cancel any shares which, at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its shares so cancelled.

SURRENDER OF SHARES

117. Subject to the provision of Section 100 and 105 inclusive of the Act, the Board may accept from any member the surrender on such terms and conditions as shall be agreed of all or any of his shares.

GENERAL MEETING

WHEN ANNUAL GENERAL MEETING TO BE CALLED

123. In addition to other meeting. General Meetings of the Company shall be held within such intervals as are specified in Section 166 (1) of the Act and subject to the Provisions of Section 166 (2) of the Act at such times and places as may be determined by the Board. every such general Meeting shall be called Annual General meeting and shall be specified as such in the convening the meeting.

WHEN EXTRA ORDINARY GENERAL MEETING HELD

125. The Board may, whenever it deems fit, or on the requisition of members received in accordance with Section 169 of the Act proceed to call an Extra-Ordinary General Meeting. The requisitionists may, in default of the Board convening the same, convene the Extra-Ordinary General Meeting as provided by the Section 169 of the Act.

NOTICE OF MEETING

127. Save as Provided in Section 171(2) of the Act. Not less than twenty one days notice at least of every General Meeting. Annual or Extra Ordinary and by whomsoever called, specially the day place and hour of meeting and the general nature of business to be transacted there at shall be given in the manner herein after Provided to such personas are under these Articles or the Act, entitled to receive notice from the company provided that in the case of an annual general meeting with consent of the members holding not less than 95 percent (95%) of such part of the paid up capital of the company 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 sheets and reports of the Board 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 transacted and in the case of any other meeting in any other meeting in any event, there shall be annexed to the notice of the meeting a statement setting out all the material facts concerning each such item of business, including in particular the nature and extent of the interest, if any, therein of every director and the Manager (if any,). where any such item of business relates to or affects any other company shall also be set out In the statement if the extent of such share holding and interest is not less than twenty 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 can be inspected shall be specified in the statement aforesaid. There shall appear with reasonable prominence in every such notice a Statement that a member entitled to attend the vote IS entitled to appoint a proxy and to attend and vote Instead of him and that a proxy need not be member of the company. Where any such business consists of special business as here in after defined there shall be annexed to the notice a statement complying with Section 173 (2) and (3) of the Act

PERSON ENTITLED TO NOTICE AND MANNER OF SERVICE OF NOTICE

128. Notice of every meeting of the company shall be given to every member of the company, to the auditors of the company and to the person (s) entitled to share in consequence of the death or insolvency of a member in any manner here in after authorized for giving notices to such persons provided that where the notice of a General Meeting is given by advertising the same in a newspaper circulating the neighborhood of the office under Section 53 (3) of the Act, need not be annexed in the notice as required by that Section but it shall be mentioned in the a advertisement that the statement has been forwarded to the members of the company.

ACCIDENTAL COMMISSION NOT TO INVALIDATE THE PROCEEDINGS OF THE MEETING

- 129 The accidental commission it give any such notice to or its non receipt by any member or the person to whom it should be given shall not invalidate the proceeding of the Meeting

VOTES OF MEMBERS

VOTES MAY BE GIVEN BY PROXY OR ATTORNEY

145. Subject to the provisions of the Act and these Articles votes may be given either personally or by an attorney or by proxy in the case of a body corporate also by a representative duly authorized.

VOTE ON SHOW OF HANDS

146. Save as hereinafter provided, on a show of hands, every member present in person and being a holder of an equity share shall have on vote and every person present either as a proxy on behalf of a holder of an equity or as a representative of a body corporate in accordance with these Articles, being a holder of an equity, if he is not entitled to vote in his own right, shall have on vote.

NO VOTING BY MEMBER NOT PERSONALLY PRESENT ON A SHOW OF HAND EXCEPT BY PROXY

147. No member not personally present shall be entitled to vote on a show of hands unless such member is a Corporation present by attorney or proxy or a company present by representative duly authorized under provisions of the Act in which case such attorney proxy or representative may vote on a show of hands as if he were an individual member of the company.

VOTE ON POLL

148. Save as hereinafter provided, on a poll, the voting rights of the holder of equity shares shall be specified in Section **87** of the Act.

RESTRICTION ON VOTING

159. No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the company in respect of shares registered in his name on which any call or other sums presently payable by him have not been paid on in regard to which the company has exercised any rights of lien. But the Directors may by a resolution passed at the meeting of the Board waive the operation of this Article.

ADMISSION OR REJECTION OF VOTES

160. Any objection as to the admission or rejection of a vote, either on a show of hand or a poll made in due time shall be referred to the Chairman who shall forthwith determine the same and such determination made in good faith shall be final and conclusive.
161. NO objections shall be raised to the qualification of any vote except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all the purposes.

BOARD OF DIRECTORS

NUMBER OF DIRECTORS

165. The number of Directors (excluding Debenture, ex-office and alternate Directors) shall not be less than three and not more than twelve. However, subject to the provision of the Act and these Articles the company may be Ordinary Resolution from time to time increase or reduce the number of Director within the limits fixed by this Articles.

166. The Present Directors of the COMPANY SHALL BE:

1. **Mr. Ajay Shankarlal Bankda**
2. **Mrs. Jyoti Bankda**
3. **Mr. Jagdish Prasad Bagaria**

ADDITIONAL DIRECTORS

171 Subject to the provisions of Section 260 and 264 of the Act, the Board shall have power at any time and from time to time to appoint any qualified person to be an Additional director but so that the total number of Directors shall not at any time exceed the maximum fixed under Articles 155. Any such Additional Director shall hold office only up to the date of the next Annual General Meeting.

REMUNERATION TO THE DIRECTORS

175. Subject to the provisions of the Act, a Managing director or Whole-time Director of the Company may be said remuneration either by way of monthly payment or a percentage of net profits of the company or partly by the former and partly by the later.

Subject to the provisions of the Act a Director who is neither a Managing nor a Whole-time Director may be paid remuneration either (a) by way of a monthly. Quarterly or yearly payment with the approval of the Central Government, or (b) by way of Commission if the Company be special resolution authorizes such payment. The fee payable to each Director other than the Managing Director and or Whole time Director for attending the meeting of the Board or Committee thereof shall be such amount not exceeding Rs.500/- (Rupee Five Hundred).

The Board may allow and pay to any Director attending a meeting of the Board or any committee thereof such sum as the Board may consider fair compensation for traveling, boarding, lodging and other expenses, in addition to his fee for attending such meeting as above specified.

If any Director is, being willing, shall be called upon to perform extra services or make special exertions for any of the purposes of the company or as member of a Committee of the Board, then subject to Sections 198,309 and 314 of the Act, the Board may remunerate the Directors so doing either by a fixed sum or by a percentage of profits or otherwise and such remuneration be in addition to or in substitution of any other remuneration to which he may be entitled.

POWERS OF THE BOARD

CERTAIN POWERS OF THE BOARD

207. The Board may exercise all such powers of the company and do all such things and acts as are not by the Act or any other Act or Memorandum or by the Articles of the Company required to be executed by the company in General Meeting but subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the company in General Meeting, but no regulation made by the General Meeting shall invalidate any prior act of the Board which have been valid if that regulation had not been made.

TO SELL OR DISPOSE COMPANY PROPERTY

- (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 once undertaking, of the whole or substantially the whole of the undertaking.

TO GIVE TIME IN REMITTANCE OF DEBTS

- (b) Remit or give time for the payment of any debt due by the Director.

TO INVEST IN SECURITIES, Properties & UNDERTAKINGS

- (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 and without which it can not be carried on or can be carried only with difficulty or only after a considerable time;

TO BORROW LONG TERM LOANS AND ON ISSUE OF DEBENTURES

- (d) Borrow moneys from time to time where moneys to be borrowed together with the moneys already borrowed by company (apart from temporary loans obtained from the company's bankers in the ordinary course of the 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 purposes Provided further that the powers specified in Section 292 of the Act, shall be exercised only at meeting of the Board, unless the same be delegated the extent therein slated ;or

TO SUBSCRIBE TO CHARITABLE AND OTHER FUNDS

- (e) Contribute lo charitable and other funds not directly related to the business of the company or the welfare of the employees, any amounts the aggregate of which will. in any financial year exceed fifty thousand rupees or five percent of it average net profit as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years immediately preceding; whichever is greater.

TO SIGN RECEIPT FOR REMITTANCE TO THE COMPANY

- (f) A receipt signed by the Managing or whole-time Director or by a person authorized by a resolution of Directors to give receipt for any moneys, funds or property lent or payable or belonging to the company, shall be an effectual discharge on behalf of and against the company for the moneys, funds or properties which in such receipt shall be acknowledged to be received, and the person paying any such moneys shall no be bound to see the application thereof or be answerable for the mis-application, thereof.

TO OPERATE BANK ACCOUNTS

- (g) To open and operate upon and overdraw Bank accounts to sign, make, issue, negotiate, discount, endorse. accept or otherwise deal in all types of negotiable inurnments including cheques promissory notes, hundies bills of exchange and bearer bonds, arrange for credits in cash or kind, specifying the Bank or Banks with whom the cash credit account and any other account in whatever names called is to be opened and the limit of such accounts.

TO MAKE CAPITAL EXPENDITURE

- (h) To in cure from lime to time such expenses and layout sum or sums of moneys as Directors may deem expedient for the purpose of working the workshop(s)or factories or for improving the business of the company from time to time, to erect and fix new machinery or plant, on or in any of the lands, building and premises for the time being in the possession or the property of the company and time to time removal of all or any of the machinery, plant and stores of the company being in or upon, any land, buildings and premises of the company, to other lands, building, or premises wherever situate of the company.

TO INSURE COMPANY'S PROPERTY AND INTEREST

- (i) To affect all types of insurance which in the opinion of the Directors ought to be effected for the benefit of the company and in particular to insure the property of the company against loss or damage by fire or otherwise. and also to ensure against any standing charges and to ensure any anticipated profits of the company or of any transaction (s) entered into by the company, and to sell, assign, surrender to discontinue any policies01 insurance effected in pursuance of this power.

TO PAY TRADE COMMISSION ON TRANSACTIONS

- (i) To give any person employed by the company a Commission on the profits of any particular business or transaction and such commissions on shall be treated **as** part of the working expenses of the company PROVIDED FURTHER That if powers specified In Section 298 of the Act subject to these Articles be exercised only at meetings of the Board, unless the same be delegated to the extent herein sited.

SPECIFIC POWERS OF THE BOARD

208. Without prejudice to the general powers conferred by the preceding Article and so as not in any way limit or restrict these powers, and without prejudice to the other powers, and without prejudice to the other powers mentioned by these Articles, it is hereby declared that the Directors shall have the following powers, that is to say power;

TO PAY Preliminary EXPENSES

- (a) To pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the company.

TO PAY COMMISSION AND INTEREST

- (b) To pay charge to the capital account of the company any commission or interest lawfully payable there out under the provisions of Sections 76 and 203 of the Act.

TO MAKE PAYMENT ON ACQUISITION OF PROPERTY

- (c) 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 shares, 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.

TO PURCHASE LANDS, BUILDINGS ETC.

- (d) Subject to the provisions of the Act to purchase, or take on lease for any term of years, or otherwise acquire any factories or any land or lands, with or without buildings and outhouses thereon, situate in any part of India at such price or rent under and subject to such terms and conditions as the Directors may think fit and in any such purchase lease or other acquisition to accept such title as the Directors may believe, or may be advised to be reasonably satisfactory.

TO ACQUISITION OF PROPERTY

- (e) Subject to Sections 292, 297 and 360 of the Act to purchase or otherwise acquire for the company any property, rights and privilege⁸ 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 acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.

TO SECURE CONTRACTS BY MORTGAGE

- (f) To secure fulfillment of any contracts or engagements entered into by the company by mortgages or charge of all or any of property of the company and its uncalled capital for the time being or in such manner as they may think fit.

TO ACCEPT SURRENDER OF SHARES

- (g) To accept from any member as far as may be permissible by law, surrender of his shares or any part thereof, on such terms and conditions as shall be agreed upon.

TO APPOINT TRUSTEE

- (h) To appoint any person to accept and hold in trust for the company and property belonging to the company in which it is interested or for any other purposes and to execute and do all such deeds and things as may be required in relation to any such trust and to provide for the remuneration of such trustee(s).

TO BRING AND DEFEND LEGAL ACTIONS

- (i) To institute, conduct defend, compound or abandon any legal proceedings by or against the company or its officers or otherwise concerning the affairs⁰¹ the company and also to compound and allow time for payment or satisfaction of any debts, dues 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.

TO ACT ON BANKRUPTCY AND INSOLVENCY

- (j) To act on behalf of the company in all matters relating to bankrupts and insolvents.

TO GIVE RECEIPT IN CLAIMS OR DEMANDS

- (k) To make and give receipts, releases and other discharges for moneys payable to the company and for the claims and demands of the company.

TO EXECUTE MORTGAGE

- (l) To make and give receipts. Releases and other discharges for moneys payable to the company and for the claims and demands of the company.

TO INVEST COMPANY FUNDS

- (i) Subject to the provisions of Sections **292, 293** (1) (c), **295, 269,370. 372** and **373** of the Act. to invest and deal with any moneys of the company not immediately required for the purpose thereof upon such security (not being shares of this company) or without security and in such manner as they may think fit an from time to time vary or realize such investments, save as provided in Section **49** of the Act, all investments shall be make in the company's own name.

TO EXECUTE MORTGAGE

- (ii) To execute in the name and on behalf of the company in favor 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.

TO APPOINT AUTHORIZED Signatory

- (n) To determine from time to time who shall be entitled to sign on behalf of the company, the bills, notes, receipts, acceptances, -endorsements, cheques, dividend warrants, releases, contacts, documents and to give necessary authority for such purposes.

TO DISTRIBUTE BONUS

- (o) 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 officer or other person employed by the company; a commission on the profits of any particulars business or transaction and to charge such bonus or commission as part of the working expenses of the company.

TO CONTRIBUTE TOWARDS WELFARE

- (p) To provide for the welfare of the Directors or Ex-directors or employees or ex-employees of the company and their wives, widows and families or the dependents by building or contributing to the building of house, dwelling, or chawls or by grants or moneys, pension, gratuities, allowances, bonus or other payments or by creating and from time to time subscribing or contributing to provident and other associations, institutions funds or trusts and by providing or subscribing or contributing towards places of recreation, hospitals, dispensaries, medical and other attendances and other assistance as the Board shall think fit, and subject to Section **293**
 - (i) (e) to subscribe or contribute or otherwise assist or guarantee money to charitable, benevolent, religious, scientific national or other institutions or objects 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 & general utility of otherwise.

TO CREATE DEPRECIATION AND OTHER FUNDS

- (q) Before recommending any dividend, to set aside out of the company, such sums as they may think proper for depreciation or to depreciation insurance, reserve, sinking or special fund to meet any contingencies or to pay debenture or debenture-stock or for special dividends or for equalizing dividends or for repairing improving extending or maintaining any of the property of

the company and for such other purpose (including the purpose referred to in the preceding clauses) as the Board may in their absolute discretion, think conducive to the interest of the company, and any shares may have been issued and subject to the provisions of subject to Sections **292,295,370**and **372**of the Ad, to invest the several sums so set aside or so much thereof as required to be invested and dispose off, apply and expand all or part thereof for the benefit of the company in such manner or for such purposes as the Board in their absolute discretion think conducive to the interest of the company notwithstanding that the matters o or upon which the capital money of the company be rightly applied or expended an to divide the Reserve Fund into such special funds as the Board may think fit, with power to transfer the whole or any portion of the Reserve Fund or diversion thereof to another Reserve Fund with full powers to employ the assets constituting all or any of the above funds in the business of the company or in the purchase or repayment of Debenture of Debenture stock or without being bound to keep the same separate from the other assets and without being bound to keep the same separate from the other assets and without being 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 thinks proper from time to time.

TO APPOINT & SUSPEND EMPLOYEES ETC.

- (r) To appoint and at their discretion remove or suspend subject to the relevant laws being in force, such managerial, executive, supervisory and assistants staff as they may from time to time think fit, on permanent, temporary or special services and to determine their power and duties and to fix their salaries emoluments or remuneration and perks as may be applicable and to require security in such instances and to such amounts as they may think fit and also from time to time to provide for the management transactions of the affairs of the company In any specified locally in India or elsewhere in such manner as they think fit, and the provisions contained in the next four sub clauses shall be without prejudice to the general power conferred by this sub-clause.

TO COMPLY LOCAL LAWS

- (s) To comply with the requirement of any local laws which in their opinion it shall be in the interest of the company be necessary or expedient to comply with.

TO APPOINT LOCAL BOARDS

- (t) 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..

TO DELEGATE POWERS

- (u) Subject to Section 292 of the Act, from time to time and 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 moneys and to authorize the members for the time being of any such Local Board or any .of them to fill up any vacancies therein and to act not with standing vacancies an any such appointment or delegation may be made on such terms and conditions as the Board may think fit and the Board may at any time remove any person so appointed and may as usual or vary any such delegation.

TO GIVE POWER OF Attorney

- (v) At any time and from time to time by Power of Attorney under the Seal of the company, to appoint person(s) 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 excluding the power to make calls and excluding also the power exceed their limits authorized by the Board regarding the power to make loans and borrow moneys) and for such periods and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favor of member(s) of any Local Board established as aforesaid or in favor of the shareholders, directors or managers of the company or any other person(s) the Board may decide and any such power of attorney may contain such powers for the protection or conveniences 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 delegates all or any of the powers, authorities and discretion for the time being vested in them.

TO ENTER INTO CONTRACT

- (w) Subject to Section 294,297 and 300 of the Act for or in relation to any of the matters aforesaid or otherwise for the purpose of the company to enter into all such negotiations and contracts and rescind or 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 AND GENERALLY subject to the provisions of the Act and these Articles, to delegate the powers, authorities and discretions vested in the Directors to any person, firm company or Body of Persons as may be decide from time to time.

TO ACCEPT POWERS OF ATTORNEY.

- (x) The Board of Directors may authorize from time to time except to act as constituted attorney for any person or persons resident or non-resident in India or company whether belonging to resident or non-resident in India and exercise through any Director or Directors or any person authorized by a Resolution of the Board all powers obtained in Company by the document of Power of Attorney.

TO REPEAL BY-LAWS

- (y) From time to time, make, vary and repeal bye-laws for the regulation of the business of the company and its employees.

BORROWING POWERS

209. Subject to the provisions of Section 58 A, 292 of the Act and of the Companies (Acceptance of Deposit) Rules, 1975 and of these Articles any statutory modification thereof for the time being in force, the Board may, from time to time at its discretion by a Resolution passed at a meeting of the Board, accept deposits from the public, directors (including their relatives), employees and from members either in advance or call or otherwise and generally raise or borrow or secure the payment of any sum of sums of money for the purpose of the company PROVIDED HOWEVER that where the money to be borrowed together with the moneys already borrowed (apart from temporary loans to be obtained from the company's Bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the company in General Meeting.

CONDITIONSON WHICH MONEY MAY BE BORROWED.

210. The Board may raise or secure the repayment of such sum or sums in such manner and upon terms and conditions in all respects as deems fit and in particular; by the issue of bonds, perpetual or redeemable debenture or debenture stock or any mortgaged security on the undertaking of the whole or part of the property of the company (both present and future) but shall not create charge on its uncalled capital for the time being without the sanction of the company in General Meeting. Provided that Debenture/bonds Debentures Stock Bonds or other securities with the right to conversion into or allotment of shares shall be issued only with the consent of the company in General Meeting.

DEBTS INCURRED BY THE COMPANY WHEN INVALID

211. No debit incurred by the company in excesses of the limit imposed by this Article shall be valid or effectual unless the lender proves that the advances the loan in good faith and without knowledge that the limit imposed by this Articles has been exceeded.

DIVIDENDS COMPANY IN GENERAL MEETING MAY DECLARE A DIVIDEND

228. The company in General Meeting may declare a dividend to be paid to the members according to their respective rights and interest in the profits and, subject to the provisions of the Act, may fix the time for payment.

UNPAID DIVIDEND TO BE TRANSFERRED TO SPECIAL DIVIDEND ACCOUNT

230. No unclaimed or unpaid dividend shall be forfeited by the board subject to the provisions of Section 205 A of the Act, when a dividend is declared but not paid or claimed as the case may be, within 42 days from the date of declaration. the total amount of unpaid or unclaimed dividend shall be transferred to the special account within seven days from the date of period 42 days.

DIVIDEND PAYABLE AFTER PROVIDING FOR DEPRECIATION

231. No dividend shall be declared or paid otherwise by the company for any financial year out of the 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 reserve of the company of such percentage of its profits for that year as may be or out of the profits of the company for any previous Financial year (s) 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 incurred any loss in previous financial year (s), it shall before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the previous financial year or the 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 an amount which is equal to the amount provided for depreciation for that year or these years whichever is less, shall be set off 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 provisions of Section 205 (2) 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 that year arrived at after providing for depreciation as above except after the transfer to themselves 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 the Section.

BOARD TO PAY INTERIM DIVIDEND

232. The board may, from time to time, pay to the members such interim dividend as in their judgment the position of the company justifies.

WHAT TO BE DEEMED PROFITS

233. The declaration of the Board as to the amount of the net profit of the company shall be conclusive.

ASCERTAINMENT OF AMOUNT AVAILABLE FOR DIVIDEND

234. Where any assets, business or property is bought by the company as from a past date upon the terms that the company shall as from that date take the profits and bear the losses thereof such profits and losses as the case may be shall at the discretion of Directors, be so credited or debited whole or in part to the Profit and Loss Account and in that case the amounts so credited or debited shall for the purpose of ascertaining the funds available for dividends be treated as a profit or loss arising from the business of the company and available for dividend accordingly, if any, shares or securities are purchased with dividend or interest such dividend or interest when paid may at the discretion of the Directors be treated as revenues and it shall not be obligatory to capitalize the same or any part thereof.

DIVIDEND NOT TO BE FORFEITED

242. The company shall not forfeit any unpaid or unclaimed dividends and such dividends shall be dealt with in accordance with the provisions of Section 205A and 206 A of the Act.

UNPAID DIVIDEND NOT CARRY INTEREST

243. Subject to the provisions of Section 206A of the Act, no-unpaid dividend shall bear interest from the company.

DIVIDEND TO BE SET OFF AGAINST CALLS

244. Any General Meeting declaring 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 call be made payable at the same time as the dividend and the dividend may if so arranged between the company and the members for set off against the calls.

PAYMENT OF DIVIDEND TO MEMBER OF MANDATE

245. No dividend shall be paid in respect of any share except to the registered holder of such share or to his order to his bankers but nothing contained in this article shall be deemed to require the bankers of a registered shareholder to make a separate application to the company for the payment of dividend. Nothing in this article shall be deemed to effect in any manner in the operation of article.

NOTICE OF DECLARATION OF DIVIDEND

246. Notice of any dividend, whether interim or otherwise shall be given to the persons, entitled to share in the manner hereinafter provided.

DIVIDEND OF SHAREHOLDERS

247. All dividends and other dues to members shall be deemed to be payable at the registered office of the company, Unless otherwise directed any dividend interest or other money payable in cash in respect of share may be paid by cheque or warrants sent through the post to the registered address of the holder or in the case of joint holders whose the first named i('the register in respect of the' joint holding or to such person and at such address as the holder or Joint holder as the cases maybe, may direct and every cheque or warrant so sent shall be made payable at par to the order of the persons to whom it is sent.

DIVIDENDS, HOW REMITTED

248. Unless otherwise directed, any dividend may be paid by cheque or warrant sent through the post to the registered address of the members of person entitled or in the case of joint holders, to that one of them first named in the Register in respect of the joint holding. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The company shall not be liable or responsible for any cheque or warrant lost in transit or for any dividend lost by the member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent or improper recovery thereof by any other means. No unclaimed dividend shall be for forfeited by the Board and the company. shall comply with the provision of Section 205(A) of the companies Act, in respect of such dividends.

PAYMENT OF INTEREST ON CAPITAL

249. The company may pay interest on capital from the construction of works buildings when and so far as It shall be authorized to do so by and subject to Section 208 of the Act.

BONUS SHARES

250. Dividend may be paid by capitalization of profits or reserves by issue of fully paid up bonus shares or paying up any amount for the lime being unpaid on any shares held by the members.

POWER OF DIRECTORS TO LIMIT DIVIDENDS

- 251 No larger dividend shall be declared than is recommended by the Directors, but the company in general meeting may declare a smaller dividend. No dividend shall be payable except out of the profits of the year or any other undisputed profits or otherwise then in accordance with the provisions of Section 205,206 and 207 of the act and no dividend shall carry interest as against the company. The declaration of the Directors, as to the amount of the net profit of company shall be conclusive.

NO MEMBER TO RECEIVE DIVIDENDS WHILE INDEBTED TO THE COMPANY AND COMPANY'S RIGHTS OF REIMBURSEMENT THEREOF

252. Subject to the provisions of the Act, no member shall be entitled to receive payment of any interest or dividend in respect -of his share or shares while any money may **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 Directors may deduct from the interest or dividend payable to any member all sums of money so due from him to the company.

WINDING UP

DISTRIBUTION OF ASSETS

295. If the company shall be wound up and the assets available for distribution among the members as such are insufficient to repay the hold of the paid-up capital such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid-Up or which ought to have been paid up at the commencement of the winding up on the shares held by them respectively, if in winding up, the assets available for distribution amongst the members shall be more than sufficient to repay the whole of the capital paid-up or which ought to have been paid-up on the shares held by them repetitively but his articles is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions and the preference share holders shall have prior rights to repayment of capital and dividend due.

DISTRIBUTION OF ASSETS IN SPECIE OR KIND

296. If the company, shall be wound up whether, voluntarily or otherwise, the liquidators may, with the sanction of Special Resolution, dividend among the contributors in specie or kind the whole or any part 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 or any kind of the as the Liquidators with the like sanction shall think fit.

SECRECY

DECLARATION OF SECRECY

297. Every Director, Manager, Secretary. Trustee for the company, its members or debenture holders, members of committee officer, staff, agent or any person employed or about to be employed in or about the business of the company shall. If so required by the Board before entering upon his duties sign a declaration pledging himself to observe a strict secrecy in respect of all respect of all transactions of the company with its customers and the state of account with Individual and in manners relating thereto shall by such declaration pledge himself not to reveal of the matters which may come to his knowledge in discharge of the duties except when required¹⁰ do so by the Board or by any General Meeting or by a Court of law and except so far as may be necessary in order to comply with any of the provisions of these Articles contained.

NO MEMBERS TO ENTER THE PREMISES OF THE COMPANY WITHOUT PERMISSION

298. No Shareholder or person (not being a Director) shall be entitled to enter upon the premises or property of the company or to inspect to examine the same without the permission of the Board to require discovery of any information, any detail regarding the trading of the company or any manner which is or may be in the nature of a trade secrecy, . mystery of trade, or secret process .or any of the manner whatsoever which may relate to the conduct of the business of the company and which in the opinion of the Board will be in expedient in the interest of the company to communicate.

INDEMNITY AND RESPONSIBILITY

INDEMNITY

299. Subject to the provisions of Section 201 of the Act every Director, Manager, officer or servant of the company or any person (whether an officer of the company or not), employed by the company as auditor shall be indemnified out of the company against all claims and it shall be the duty of the Directors out of the funds of the company to pay all costs .charges, losses, and damages which any such person may incur or become liable to by reason of any contract entered into or act or thing done, about the execution or discharge of his duties or

INDIVIDUAL RESPONSIBILITY

300. Subject to the provisions of the Act, no Director, Auditor or other Officer of the company shall be liable for the act, receipts, neglects or defaults of any other Director or Officer or for joining in any receipt or other act for conformity or for any loss or expenses happening or to the company through the

insufficiency or deficiency of title to any property acquired by order of the Director for or on behalf of the company or for the insufficiency or deficiency or any security in or upon which any of the moneys of the company shall be invested or any loss or damages arising from the bankruptcy, insolvency or tortuous act of any person, firm or company to or with whom any moneys securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgment, omission, default or oversight on his part or for any other loss, damage or misfortune whatever which shall happen in relation default or to the execution of his duties of his office or his relation thereto unless the same shall happen through this own dishonesty.

SECTION X – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and agreements referred to in paragraph 'A' below (not being entered into the ordinary course of business carried on or intended to be carried on by the company or contracts entered into more than two years before the date of this RHP) which are or may be deemed to be material have been entered into by or on behalf of the company. Copies of these contracts together with copies of the documents referred to in Para (B) below have been attached with the offer document and 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 at 221, Vyapar Bhawan, P.D'Mello Road, Mumbai-400009 between 10.00 a.m. and 4.00 p.m. on any working day until the Bid/Issue Closing Date.

A. MATERIAL CONTRACTS

- 1) MOU dated September 10, 2008 between the Company and Chartered Capital And Investment Ltd to act as Book Running Lead Manager to the Issue.
- 2) MOU dated June 24, 2008 between the company and Intime Spectrum Registry Limited (Now, Link Intime India Private Limited) to act as the Registrar to the Issue.
- 3) Escrow Agreement dated [●] between the Company, the BRLM, the Escrow Collection Bank(s) and the Registrar to the Issue.
- 4) Syndicate Agreement dated [●] between the Company, BRLM and the Syndicate Member.
- 5) Underwriting Agreement dated [●] between the Company, BRLM and other Syndicate Member.
- 6) Due Diligence Certificate dated September 11, 2008 form the Book Running Lead Manager.
- 7) Tripartite Agreement dated October 26, 2009 between the Company, NSDL and Registrar to the Issue.
- 8) Tripartite Agreement dated November 10, 2009 between the Company, CDSL and Registrar to the Issue.

B. DOCUMENTS OF INSPECTION

1. Memorandum and Articles of Association of the issuer company.
2. Certificate of Incorporation of the Issuer Company.
3. Copies of the special resolution passed by the shareholders at their meeting held on June 25, 2008 under section 81(1A) of the Companies Act, 1956.
4. Resolution passed by the Board of Directors dated May 26, 2008 for going for Initial Public Offer.
5. Resolution passed by the Board of Directors dated September 12, 2008, December 30, 2009 & [●] approving the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus respectively.
6. Consents from the Directors, Book Running Lead Manager, Registrars, Bankers to the issue, Bankers to the company, Auditors, and Company Secretary & Compliance Officer to act in their respective capacities.
7. Consent of CARE dated December 21, 2009, a SEBI registered credit rating agency, for inclusion of its grading of the Issue in the Red Herring Prospectus.
8. Auditors Certificate on tax benefits available to the Company and their consent to include the same in the offer document.
9. Auditors certificate on Sources and Deployment of the Funds incurred on the project and their consent to include the same in the offer document.
10. Auditor's Report of the company dated October 31, 2009 referred in the offer document and their consent to include the same in the offer document.
11. Resolution of the Board of Directors of the Company dated May 26, 2008 regarding formation of various committees
12. Copies of the Annual Reports of the Company for the year ended 31st March, 2009, 31st March, 2008, 31st March, 2007, 31st March, 2006 and 31st March, 2005.
13. Memorandum & Articles of Association and Copies of the Annual Reports of the Group Companies/ventures for last three years, wherever applicable.

14. General Meeting Resolution dated September 29, 2007 regarding appointment of Mr. Ajay Bankda as Managing Director.
15. General Meeting Resolution dated September 29, 2007 regarding appointment of Mrs. Jyoti Bankda as Whole Time Director.
16. "Deed of Assignment of Trade Marks" & "Deed of Assignment of Copyright" dated May 10, 2004; "Registered User Agreement" & "Licensed User Agreement" dated May 12, 2004 between Syncom Formulations (India) Limited and Syncom Healthcare Limited.
17. Copies of Initial Listing applications made to Bombay Stock Exchange Ltd and The National Stock Exchange Ltd for listing of the equity shares of the company dated [●] and [●] respectively.
18. Copies of the in principle approval received from BSE and NSE dated February 6, 2009 and August 19, 2009 respectively.
19. SEBI observation letter No CFD/DIL/ISSUES/PB/MS/182058/2009 dated November 5, 2009 and reply of BRLM to same dated December 30, 2009.
20. Government approvals.

DECLARATION

All the provisions of the Companies Act, 1956 and the guidelines issued by SEBI and the Government have been complied with and no statement made in this offer document is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or any rules or guideline made thereunder.

We, the directors of Syncom Healthcare Limited declare and confirm that all statements in this Red Herring Prospectus are true & correct and no information/ material likely to have a bearing on the decision of the investors in respect of the equity shares offered in terms of the offer document has been suppressed/ withheld and / or incorporated in a manner that would amount to misstatement/ mis-representation and in the event of its transpiring at any point of time till allotment/ refund, as the case may be, that any information/material has been suppressed/ withheld and / or amounts to mis-statement/ mis-representation, we undertake to refund the entire application moneys to all the subscribers within seven days thereafter, without prejudice to the provisions of section 63 of the Companies Act, 1956.

The company accepts no responsibility for statements made otherwise than in the offer document or in the advertisement or any other material issued by or at the instance of the company and that any one placing reliance on any other source of information would be doing so at its own risk.

Mr. Ajay S. Bankda



Mrs. Jyoti Bankda



Mr. Jagdish Prasad Bagaria



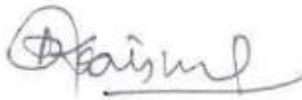
Mr. Bharat Kumar Doshi



Mr. Govind Das Pasari



Mr. Avichal Kasliwal



Mr. Jagdish Chandra Paliwal
Vice President (Finance) & Company Secretary



Place: Mumbai
Date: December 30, 2009

Shri Ajay Bankda,
Managing Director,
Syncom Healthcare Ltd.,
'Syncom House', 293/2, Niranjanpur,
Dewas Naka, A. B. Road,
Indore.

June 29, 2009

Confidential

Dear Sir,

IPO Grading

Please refer to your letter dated September 10, 2008, requesting for grading of your company's Initial Public Offering (IPO).

2. CARE has assigned a '**CARE IPO Grade 2**' to the proposed IPO of Syncom Healthcare Ltd. (SHL). '**CARE IPO Grade 2**' indicates **Below Average Fundamentals**. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the fundamentals of the issuer. The grade assigned to any individual issue represents a relative assessment of the 'fundamentals' of the issuer. SHL proposes an initial public offering of its 75,00,000 equity shares.
3. The rationale for this grading shall be communicated to you separately.
4. Please note that the IPO grading is a one time exercise undertaken before an IPO issue and it does not have any ongoing validity.
5. Please note that the grading would be valid for a period of two months from the date of this letter. The grading can be revalidated for a period of six months from the date of this letter, failing which, the grading would stand withdrawn.
6. Please note that as per the existing regulations, CARE is required to disclose all IPO gradings, as such, in the absence of any request for review of grading within a week of this letter, CARE will disclose this IPO grading to the public.



7. CARE's IPO grading does not take cognizance of the price of the security, it is not a recommendation to buy, sell or hold shares/securities. They are not a comment on the offer price or the listed price of the scrip. They do not imply that CARE performs an audit function or forensic exercise to detect fraud.
8. If you need any clarification, you are welcome to approach us.

Thanking you,

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Mitul Budhbhatti".

Mitul Budhbhatti
Manager

A handwritten signature in blue ink, appearing to read "Mehul Pandya".

Mehul Pandya
Jt. General Manager

DISCLAIMER

CARE's IPO grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.

Shri Ajay Bankda,
Managing Director,
Syncom Healthcare Ltd.,
'Syncom House', 293/2, Niranjapur,
Dewas Naka, A. B. Road,
Indore - 452 010

July 1, 2009

Confidential

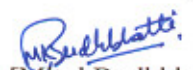
Dear Sir,


IPO Grading

Please refer to our letter dated June 29, 2009, on the above subject

2. As already communicated to you, CARE has assigned a '**CARE IPO Grade 2**' to the proposed IPO of Syncom Healthcare Ltd. (SHL). '**CARE IPO Grade 2**' indicates **Below Average Fundamentals**. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the fundamentals of the issuer. The grade assigned to any individual issue represents a relative assessment of the 'fundamentals' of the issuer. SHL proposes an initial public offering of its 75,00,000 equity shares.
3. The rationale for this grading is placed as an **Annexure I** and press release as **Annexure II**.
4. CARE's IPO grading does not take cognizance of the price of the security, **it is not a recommendation to buy, sell or hold shares/securities**. They are not a comment on the offer price or the listed price of the scrip. They do not imply that CARE performs an audit function or forensic exercise to detect fraud.
5. If you need any clarification, you are welcome to approach us.

Thanking you,
Yours faithfully,


[Mitul Budhbhatti]
Manager


[Mehul Pandya]
Jt. General Manager

Encl. a/a

Annexure I

SYNCOM HEALTHCARE LTD.

IPO Grading

'CARE IPO Grade 2'

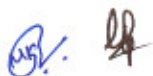
Grading

CARE has assigned a '**CARE IPO Grade 2**' to the proposed Initial Public Offering (IPO) of Syncom Healthcare Limited (SHL). '**CARE IPO Grade 2**' indicates **Below Average Fundamentals**. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the fundamentals of the issuer. The grade assigned to any individual issue represents a relative assessment of the 'fundamentals' of the issuer. SHL proposes an initial public offering of its 75, 00,000 equity shares.

The assigned grading is largely governed by rich experience of the promoters of SHL in marketing of pharmaceutical formulations in India, growing clientele in contract manufacturing business, various tax benefits enjoyed by company's sole manufacturing unit at Dehradun and its location advantage in terms of proximity to other leading pharmaceutical companies and raw material suppliers. However, the grading is constrained by SHL's relatively small size of operations, short track record of manufacturing operations, modest branded product portfolio and highly competitive nature of the domestic pharmaceutical market. The grading is further constrained due to various trade agreements entered into by SHL with Syncom Formulations (India) Ltd. (SFL), thereby restricting SHL's access to export markets for many of its existing branded products. Besides, pending WHO-GMP certification of its existing facility from the regulatory authorities also constrains the grading. The grading also factors in SHL's modest financial profile as at Mar.31, 2009, as indicated by moderate profitability and solvency ratios and long working capital cycle with high proportion of receivables exceeding six months.

Background

Promoted by Shri Ajay Bankda and his family, SHL was incorporated in July 2002 as a result of a family partition for marketing of pharmaceutical formulations in India. The domestic formulations business of Syncom Formulations (India) Ltd. (SFL) was hived off to SHL, while SFL retained the rights to access the export markets. Subsequently in 2005, SHL setup its first manufacturing facility in Dehradun, thereby taking advantage of

A handwritten signature in blue ink, appearing to be "Ajay Bankda".

various tax benefits available for units setup in that region. Over the years, SHL has increased its product range to include ethical, OTC (Over The Counter), generic drugs and herbal formulation in various dosage forms and has also taken up contract manufacturing business for various other leading pharmaceutical companies in India. SHL is a closely-held public limited company with entire stake being held by promoter/promoter group.

Promoters & Management

Shri Ajay Bankda, Managing Director, looks after the overall operation of company and he has over 15 years of experience in marketing of pharmaceutical formulations through his family's earlier venture, M/s Syncom Pharmaceuticals (a partnership concern promoted by Shri Ajay Bankda and his two elder brothers in 1984). He has been associated with SHL since its inception in 2002. In SHL, he is supported by technical and commercial personnel who have rich experience in their respective fields and have been associated with the company since inception.

Corporate governance

SHL has complied with the requirements of the regulations in respect of the public issue and constitution of Board and Committees. SHL's Board of Directors consists of six Directors, three of whom are independent Directors. SHL's three Executive Directors are Shri Ajay Bankda and his family members who are also promoters of the company. SHL has created separate committees for audit, remuneration and shareholder/investor grievance with independent Directors on the Board thereby separating the executive management from the supervisory role. Overall, corporate governance practices of the company can be considered as moderate.

Operations

SHL is engaged in manufacturing and marketing of pharmaceutical formulations in various dosage forms in the domestic market. SHL has four business divisions namely Generics (62.6% of FY09 turnover), OTC (Over The Counter; 23.5%), Ethical (3.0%) and contract manufacturing (10.9%). SHL's entire sales are to the domestic market with no exports. The company has applied for WHO-GMP certification for the existing facility for which the approval is awaited. Subsequent to the family partition, SHL and SFL entered into certain trade agreements regarding use of certain trademarks/copyrights/brands in the domestic and export markets. As per the agreements, SHL cannot sell its products in the export markets under the 'Syncom' brand for the products covered in the agreements.

Two handwritten signatures in blue ink, one appearing to be "S. J." and the other "A.".

Similarly, SFL is restricted to sell the covered products in the domestic market through use of 'Syncom' brand. This restricts SHL's ability to readily access the export market with its existing product portfolio. However, SHL can enter the export markets with a different brand name or for products that are not covered in the agreement. The validity of these agreements is perpetual with a provision for termination of the agreements at any time in the future based on mutual consent of both SHL and SFL.

The company has also been undertaking contract manufacturing for other leading pharmaceutical companies of national and international repute. Some of the top clients of SHL include Lupin, Piramal Healthcare and Galpha Labs.

Proposed Projects

SHL has planned various projects for which the company has sought to raise funds through its IPO. Various objects of the issue are a) to setup a new manufacturing unit at Indore SEZ for manufacturing of various pharmaceutical formulations for export to regulated and less-regulated markets, b) to up-grade/modernize its existing manufacturing facility at Dehradun, c) to setup an export office at Mumbai to look after the overall export operations of the company, d) to meet working capital requirements, and e) for brand & product registrations and approvals. The total cost for these projects is estimated to be Rs.49.10 crore (excluding funds to be used for general corporate purpose and issue expenses) which is expected to be funded totally from the IPO proceeds.

The brief particulars of above capex plan are given below:

Particulars	Amount (Rs. Cr)
Cost of Projects	
1. Mfg. unit at Indore SEZ	20.48
2. Up-gradation of Dehradun unit	6.62
3. To meet WC requirements	15.00
4. Opening export office at Mumbai	4.00
5. Brand & Product registration & Approval	3.00
6. General Corporate Purpose (net of issue expenses)	16.90
Total	66.00
Means of Financing	
Proposed IPO*	66.00
Total	66.00

* Tentative amount as price of the issue is to be decided through book-building process

The company is yet to acquire land and place orders for plant and machinery for its new unit. The period of implementation of the projects is totally dependent upon the success of its proposed IPO.



Financials

(Rs. crore)

<i>For the period ended / as on Mar. 31,</i>	2007	2008	2009
	[12m, A]	[12m, A]	[12m, A]
Working results			
Income from Operations	30.18	51.74	60.56
PBILDT	5.31	9.01	9.92
Depreciation	0.90	1.96	2.04
Interest	0.95	2.88	3.38
PBT	3.46	4.18	4.51
PAT	2.75	3.69	3.78
Gross cash accruals	3.82	5.64	6.09
Financial Position			
Equity share capital	5.87	8.10	10.00
Networth	9.50	16.02	21.29
Total capital employed	29.94	46.22	52.30
Key Ratios			
Profitability			
PBILDT / Total income (%)	17.60	17.42	16.38
PAT / Total income (%)	9.12	7.13	6.24
ROCE (%)	21.52	18.54	16.01
Solvency			
Long-term debt equity ratio	1.34	1.18	0.77
Overall gearing ratio	2.07	1.90	1.46
Total debt / Net cash accruals	5.36	5.38	5.09
Current ratio*	1.35	2.20	2.12
Turnover			
Avg. Collection Period (days)	124	142	160
Average Inventory (days)	48	60	69
Average Creditors (days)	94	49	31
Operating cycle (days)	77	153	198
Working capital turnover ratio	3.47	2.44	1.79
Capital turnover ratio	1.47	1.36	1.23
Equity Share related			
Book Value (per Rs.10 share)	16.19	19.78	21.29
EPS	4.69	4.55	3.78

* Includes current portion of long-term debt

SHL's total income has grown at a CAGR of 47% over the past three years primarily driven by increase in sales volume from SHL's manufacturing unit which became operational during FY07. During FY09, total income increased by 17% to Rs.60.56 crore which was backed by overall increase in sales from traded and manufactured goods.



PBILDT margin declined in FY09 on account of stock adjustments despite decline in raw material costs and administrative overheads. Due to decline in PBILDT margin, PAT margin also declined slightly to 6.2% during FY09.

As on March 31, 2009, both long term debt equity and overall gearing ratios improved and stood moderate at 0.77 times and 1.46 times respectively compared to 1.18 times and 1.90 times as on March 31, 2008 due to repayment of term loans. Interest coverage was moderate at 2.33 times for FY09 compared to 2.45 times for FY08.

SHL's working capital cycle increased to 198 days during FY09 from 153 days during FY08 primarily due to increase in collection period and decrease in creditor days. Debtors exceeding six months consisted of more than 57% of total debtors as at Mar.31, 2009, up from 43% as at Mar.31, 2008.

During FY09, SHL had an EPS (Earnings per Share) of Rs.3.78 compared to Rs.4.55 during FY08. The dip in EPS was on account of increase in share capital on account of issue of equity shares to promoters at par coupled with moderate increase in PAT. SHL had a BVPS (Book Value per Share) of Rs.21.29 as on Mar.31, 2009 compared to Rs.19.78 as on Mar.31, 2008.

Industry Scenario

As per ORG IMS the Indian pharmaceutical Industry (IPI) is valued at around US\$ 8 billion and has grown at a CAGR of 13% over the last four years.

There are nearly 330 units in the organized sector and 15,000 units in the unorganised sector manufacturing products ranging from bulks, intermediates (APIs) to formulations. The organised sector accounts for 96% of the industry sales with the top 15 companies constituting almost 63% of the total industry sales.

With the regulatory environment undergoing (product patent becoming effective) a change in 2005, the industry environment for the domestic pharmaceutical companies has completely undergone a change. Prior to the implementation of product patents, most of the manufacturers were involved in reverse engineering patented/off-patent drugs and selling its generic version in the domestic market. Advent of product patent regime has resulted in complete elimination of manufacturing generics versions of patented drugs. Due to huge domestic pool of prospective customers, the Indian market remains a focus area for IPI. Considering that the domestic market is expected to grow at a CAGR of 10-12% till 2015, it offers ample opportunities for Indian companies/foreign MNCs. However, the realisation in the domestic market is constrained by strict price controls.

A handwritten signature in blue ink, appearing to be "M. S. Srinivasan".

Export markets have also emerged as a thrust area for IPI. The global pharmaceutical companies are facing concerns with respect to patent expiries of blockbuster drugs, drying R&D pipelines, rising manufacturing and R&D costs. This has thrown open significant growth opportunity for IPI in the form of exports of generics to these markets. Generics sales currently stand close to 12% of the total global pharma sales grossing approximately USD 75-80 bn annually.

The critical success factors for a company focusing on the domestic formulations market include strong brands, strong marketing and distribution setup, low cost manufacturing capability and/or outsourcing model and maintaining high quality standards.

Prospects

SHL's prospects in the domestic market would be largely governed by its ability to achieve continuous growth through strengthening of its existing branded product portfolio and introduction of new products in various therapeutic segments. SHL's proposed projects would be largely dependent upon success of its IPO without which, the company might have to look at alternative funding sources for financing its growth plans.

DISCLAIMER:

CARE's IPO grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.

Two handwritten signatures in blue ink, one appearing to be "MB" and the other a stylized "JP".

Annexure II

Care assigns 'CARE IPO Grade 2' to the proposed public issue of Syncom Healthcare Ltd.

CARE has assigned a '**CARE IPO Grade 2**' to the proposed Initial Public Offer (IPO) of Syncom Healthcare Ltd. (SHL). '**CARE IPO Grade 2**' indicates **Below Average Fundamentals**. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the fundamentals of the issuer. The grade assigned to any individual issue represents a relative assessment of the 'fundamentals' of the issuer.

Instrument	Amount (Rs. Crore)	Grade Assigned
Proposed public issue of 75,00,000 equity shares of face value of Rs.10 each	Price to be determined through 100% book building process	' CARE IPO Grade 2 '

Rating Rationale

The assigned grading is largely governed by rich experience of the promoters of SHL in marketing of pharmaceutical formulations in India, growing clientele in contract manufacturing business, various tax benefits enjoyed by company's sole manufacturing unit at Dehradun and its locational advantage in terms of proximity to other leading pharmaceutical companies and raw material suppliers. However, the grading is constrained by SHL's relatively small size of operations, short track record of manufacturing operations, modest branded product portfolio and highly competitive nature of the domestic pharmaceutical market. The grading is further constrained due to various trade agreements entered by SHL with Syncom Formulations (India) Ltd. (SFL), thereby restricting SHL's access to export markets for many of its existing branded products. Besides, pending WHO-GMP certification of its existing facility from the regulatory authorities also constrains the grading. The grading also factors in SHL's modest financial profile as on Mar.31, 2009, as indicated by moderate profitability and solvency ratios and long working capital cycle with high proportion of receivables exceeding six months.

Company Profile

Promoted by Shri Ajay Bankda and his family, SHL was incorporated in July 2002 as a result of a family partition for marketing of pharmaceutical formulations in India. The domestic formulations business of Syncom Formulations (India) Ltd. (SFL) was hived off to SHL, while SFL retained the rights to access the export markets. Subsequently in 2005, SHL setup its first manufacturing facility in Dehradun, thereby taking advantage of various tax benefits available for units setup in that region. Over the years, SHL has increased its product range to include ethical, OTC (Over The Counter), generic drugs and herbal formulation in various dosage forms and has also taken up contract manufacturing business for various other leading pharmaceutical companies in India.

The objects of the proposed issue are a) to setup a new manufacturing unit at Indore SEZ for manufacturing of various pharmaceutical formulations for export to regulated and less-regulated markets, b) to up-grade/modernize its existing manufacturing facility at Dehradun, c) to setup an export office at Mumbai to look after the overall export operations of the company, d) to meet working capital requirements, and e) for brand & product registrations and approvals. The total cost for these projects is estimated to be Rs.49.10 crore (excluding funds to be used for general corporate purpose and issue expenses) which is proposed to be funded totally from the IPO proceeds.



During FY09 (as per audited results), SHL reported a total income of Rs.60.56 crore (FY08: Rs.51.74 crore) with a PAT of Rs.3.78 crore (FY08: Rs.3.69 crore).

Analyst Contact

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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A handwritten signature in blue ink, appearing to be "Mitul", located below the disclaimer box.

Shri Ajay Bankda,
Managing Director,
Syncom Healthcare Ltd.,
'Syncom House', 293/2, Niranjapur,
Dewas Naka, A. B. Road,
Indore 452 010

December 11, 2009

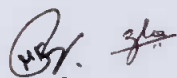
Dear Sir,

Confidential

Revalidation of IPO Grading

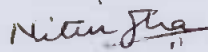
Please refer to your request for revalidation of grading of your company's proposed Initial Public Offering (IPO).

2. CARE has retained '**CARE IPO Grade 2**' assigned to the proposed IPO of Syncom Healthcare Ltd. (SHL). '**CARE IPO Grade 2**' indicates **Below Average Fundamentals**. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the fundamentals of the issuer. The grade assigned to any individual issue represents a relative assessment of the 'fundamentals' of the issuer. SHL proposes an initial public offering of its 75,00,000 equity shares.
3. Please note that the IPO grading is a one time exercise undertaken before an IPO issue and it does not have any ongoing validity.
4. Please note that the grading would be valid for a period of two months from the date of this letter. If the IPO is delayed beyond two months from the date of this grading letter, the grading would stand withdrawn.
5. Please note that as per the existing regulations, CARE is required to disclose all IPO gradings, as such, in the absence of any request for review of grading within a week of this letter, CARE will disclose this IPO grading to the public.

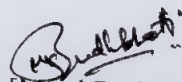


6. CARE's IPO grading does not take cognizance of the price of the security, it is not a recommendation to buy, sell or hold shares/securities. They are not a comment on the offer price or the listed price of the scrip. They do not imply that CARE performs an audit function or forensic exercise to detect fraud.
7. If you need any clarification, you are welcome to approach us.

Thanking you,
Yours faithfully,

A handwritten signature in black ink, appearing to read "Nitin Jha".

[Nitin Jha]
Dy. Manager

A handwritten signature in black ink, appearing to read "Mitul Budhbhatti".

[Mitul Budhbhatti]
Sr. Manager

DISCLAIMER

CARE's IPO grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.

