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DRAFT RED HERRING PROSPECTUS
Dated March 17, 2008
Please read section 60B of the Companies Act, 1956
(The Draft Red Herring Prospectus will be updated upon filing with the RoC)
100% Book Building Issue

VRL LOGISTICS LIMITED

(Our Company was incorporated in the State of Karnataka as a private limited company under part IX of the Companies Act, 1956 under the name of Vijayanand Roadlines Private Limited and a Certificate of Incorporation dated March 31, 1983 was issued by the Registrar of Companies, Bangalore, Karnataka. The Company became a deemed public Limited Company in the year 1994 and an endorsement to this effect was made by the Registrar of Companies, Bangalore, Karnataka on July 1, 1994, on the Original Certificate of Incorporation dated March 31, 1983. Pursuant to a special resolution passed by the Shareholders in the Extraordinary General Meeting held on February 14, 1997 the status of our Company was subsequently changed from a deemed public Limited Company to a public limited company. The name of our Company was changed to VRL Logistics Limited and a fresh certificate of incorporation, consequent on change of name, was granted to our Company on August 25, 2006 by the RoC Karnataka).

Registered Office: R.S No. 351/1, NH-4, Bangalore Road, Varur, Hubli 581 207, Karnataka India Tel: (91 836) 2237 607-09, Fax: (91 836) 2237 614,
Corporate Office: Giriraj Annexe, Circuit House Road, Hubli- 580 029. Tel: (91 836) 2237 511/512, Fax: (91 836) 2256 612
(For changes in our name and registered office see "Our History and Certain Corporate Matters" on page [●].)
Contact Person: Mr. R. P. Raichur, Company Secretary and Compliance Officer
Email: investors@vrllogistics.com, Website: www.vrllogistics.com

PUBLIC ISSUE OF 2,70,00,000 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) FOR CASH ALONG WITH ONE DETACHABLE WARRANT FOR EVERY ONE EQUITY SHARE ALLOTED IN THE PUBLIC ISSUE (OTHER THAN ON THE PRE-IPO PLACEMENT) AGGREGATING RS. [●] LACS ("ISSUE"). THE ISSUE OF EQUITY SHARES WILL CONSTITUTE 27.64 % OF THE FULLY DILUTED POST-ISSUE EQUITY SHARE CAPITAL OF OUR COMPANY PRIOR TO EXERCISE OF DETACHABLE WARRANTS AND THE ISSUE SHALL CONSTITUTE [●]% OF THE FULLY DILUTED POST ISSUE EQUITY SHARE CAPITAL OF OUR COMPANY AFTER EXERCISE OF DETACHABLE WARRANTS, ASSUMING FULL EXERCISE OF THE DETACHABLE WARRANTS.

THE COMPANY ALSO PROPOSES TO MAKE A PRE-IPO PLACEMENT OF UP TO [●] EQUITY SHARES. IF SUCH PRE-IPO PLACING IS COMPLETED, THE NUMBER OF EQUITY SHARES ISSUED PURSUANT TO THE PRE-IPO PLACEMENT WILL BE REDUCED FROM THE ISSUE SUBJECT TO A MINIMUM ISSUE SIZE OF 25% OF THE POST-ISSUE PAID-UP EQUITY SHARE CAPITAL PRIOR TO EXERCISE OF DETACHABLE WARRANTS.

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

THE FACE VALUE OF THE EQUITY SHARES IS RS. 10. THE FLOOR PRICE IS [●] TIMES OF THE FACE VALUE AND THE CAP PRICE IS [●] TIMES OF THE FACE VALUE

In case of revision in the Price Band, the Bidding 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/Issue Period, if applicable, will be widely disseminated by notification to National Stock Exchange of India Limited ("NSE") and the Bombay Stock Exchange Limited ("BSE"), by issuing a press release, and also by indicating the change on the websites of the Book Running Lead Managers and at the terminals of the Syndicate.

The Issue is being made through a 100% Book Building Process wherein not more than 50% of the Issue will be allocated to Qualified Institutional Buyers (QIBs) on a proportionate basis, subject to valid bids being received at or above the Issue Price. Out of the portion available for allocation to the QIBs, 5% will be available for allocation to Mutual Funds only. Mutual Funds Bidders shall also be eligible for proportionate allocation under the balance available to QIBs. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

RISK IN RELATION TO THE FIRST ISSUE

This being the first public issue of Equity Shares and Warrants of our Company, there has been no formal market for the Equity Shares and Warrants of our Company. The face value of the Equity Shares is Rs.10 per Equity Share and the Issue Price is [●] times of the face value. The Issue Price (as determined by the Company, in consultation with the Book Running Lead Manager, on the basis of assessment of market demand for the Equity Shares offered by way of book building) and the Warrant Exercise Price should not be taken to be indicative of the market price of the Equity Shares and Warrants after the Equity Shares and Warrants are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares and Warrants of the Company or regarding the price at which the Equity Shares and Warrants 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 Issuer and the Issue including the risks involved. The Equity Shares and Warrants offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" beginning on page [●] of this Draft Red Herring Prospectus

ISSUER'S ABSOLUTE RESPONSIBILITY

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

IPO GRADING

This Issue has been graded by [●] and has been assigned the "IPO Grade [●]" indicating [●], through its letter dated [●]. The IPO grading is assigned on a five point scale from 1 to 5 with an "IPO Grade 5" indicating strong fundamentals and an "IPO Grade 1" indicating poor fundamentals. For details regarding the grading of the Issue, see the section "General Information" beginning on page [●] of this Draft Red Herring Prospectus.

LISTING ARRANGEMENT

The Equity Shares and Warrants offered through this Draft Red Herring Prospectus are proposed to be listed on the BSE and the NSE. We have received in-principle approval from BSE and NSE for the listing of our Equity Shares and Warrants pursuant to letters dated [●] and [●], respectively. For purposes of this Issue, the Designated Stock Exchange is [●].

BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
Edelweiss Ideas create, values protect **Edelweiss Capital Limited** 14th Floor, Express Towers, Nariman Point, Mumbai 400 021, India SEBI Reg. No. : INM000010650 Tel: (91 22) 4086 3535 Fax: (91 22) 2288 2119 Email: vrl.ipo@edelcap.com Investor Grievance Email : edelcapredressal@edelcap.com Website: www.edelcap.com Contact Person: Mr. Sumeet Lath / Ms. Navdeep Kaur	KARVY Karvy Computershare Private Limited **Karvy Computershare Private Limited** "Karvy House", 46, Avenue 4, Street No.1 Banjara Hills, Hyderabad 500 034 India Tel: (91 40) 2342 0815 Fax: (91 40) 2342 0814 Email: vrl.ipo@karvy.com Website: www.karvy.com Contact Person : Mr. Murali Krishna

BID/ISSUE PROGRAMME

BID/ISSUE OPENS ON : [●] 2008	BID/ISSUE CLOSES ON : [●] 2008

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SECTION I - DEFINITIONS AND ABBREVIATIONS

COMPANY RELATED TERMS

Term	Description
"We", "us", "our", "Issuer", "the Company" and "our Company".	Unless the context otherwise indicates or implies, refers to VRL Logistics Limited.
The "Company" or the "Issuer" or "VRL"	VRL Logistics Limited a public limited company incorporated under the Companies Act and whose registered office is located at R.S No. 351/1, NH-4, Bangalore Road, Varur, Hubli 581 207, Karnataka India
Articles/Articles of Association	Articles of Association of our Company
Auditors	The statutory auditors of our Company, M/s. H.K. Veerabhadrappa & Co
Board/ Board of Directors	Board of Directors of our Company
Directors	Directors of VRL Logistics Limited, unless otherwise specified
Our Promoters	Mr. Vijay Sankeshwar and Mr. Anand Sankeshwar
Promoter Group or Promoter Group Entities	The individuals, companies, or other entities specified in the chapter "Our Promoters and Promoter Group" beginning on page [●] of this Draft Red Herring Prospectus
Memorandum/ Memorandum of Association	Memorandum of Association of our Company

ISSUE RELATED TERMS

Term	Description
Allotment/Allotment of Equity Shares	Unless the context otherwise requires, the issue and allotment of Equity Shares, pursuant to the Issue
Allocation/Allocation of Equity Shares	Unless the context otherwise requires, the issue and allocation of Equity Shares, pursuant to the Issue
Allottee	The successful Bidder to whom the Equity Shares are/ have been issued
Applicable Allotment date of Warrants	The application for the warrant exercise can be made at any time immediately after the announcement of Warrant Exercise Price. The Company will allot the shares within 10 working days from the date of expiry of the previous Warrant Exercise Price.
Banker(s) to the Issue/Escrow Collection Bank(s)	[●]
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto
Bid 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 this Issue
Bid / Issue Closing Date	The date after which the member(s) of the Syndicate will not accept any Bids for this Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a Kannada newspaper
Bid / Issue Opening Date	The date on which the member(s) of the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a Kannada newspaper
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of our Company in terms of the Red Herring Prospectus and the Bid cum Application Form
Bidder	Any prospective investor who makes a Bid pursuant to the terms of

Term	Description
	the Red Herring Prospectus and the Bid cum Application Form.
Bidding / Issue Period	The period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Book Building Process/ Method	Book building route as provided in Chapter XI of the SEBI DIP Guidelines, in terms of which this Issue is made
BRLM/Book Running Lead Manager	Book Running Lead Manager to the Issue, in this case being Edelweiss Capital Limited
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares and warrants 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/Cut-off Price	The Issue Price finalised by our Company in consultation with the BRLM and it shall be any price within the price band. A Bid submitted at the cut-off price by a retail individual bidder 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	[●]
Draft Red Herring Prospectus	This Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not contain complete particulars on the price at which the Equity Shares are offered and the size (in terms of value) of this Issue
Edelweiss	Edelweiss Capital Limited having its registered office at 14th Floor, Express Towers, Nariman Point, Mumbai, 400 021, India
Eligible NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Prospectus constitutes an invitation to subscribe for or purchase the Equity Shares offered thereby.
Equity Share(s)	Equity shares of our Company of Rs. 10 each unless otherwise specified in the context thereof
Escrow Account	Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into by our Company, the Registrar, BRLM, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and, dispatch of refunds (if any) of the amounts collected to the Bidders.
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account for the Issue will be opened and in this case being [●]
Electronic Transfer of Funds	Refunds through ECS, NEFT, Direct Credit or RTGS as applicable.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lower end of the Price Band, above which the Issue Price will be finalized and below which no Bids will be accepted
Issue	The issue of 2,70,00,000 Equity Shares of Rs. 10 each at a price of [●] each for cash along with one detachable Warrant for each Equity Share of our Company.
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus. The Issue Price will be decided by the Company in consultation with the BRLM on the Pricing Date
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

Term	Description
Market Price for Discount Calculation	Market Price For Discount Calculation (as adjusted for share split or issue of bonus shares) shall be the average price of the Equity shares of the Company computed as the average of the weekly high and low of the closing prices of the shares of the Company during the six months period commencing from the beginning of the 7th month and ending at the end of the 12th month after the Date of Allotment of Equity Shares and Warrants.
Market Price for Warrant Exercise	Market Price For Warrant Exercise (as adjusted for share split or issue of bonus shares) shall be the lower of 1. the average price of the Equity shares of the Company computed as the average of the weekly high and low of the closing prices of the shares of the Company during the period of Six months, or 2. The average price of the Equity shares of the Company computed as the average of the weekly high and low of the closing prices of the shares of the Company during the period of One month, immediately preceding the month in which the exercise price is announced. The said high and low closing prices shall be the prices quoted on the exchange where the highest volumes of the Equity Shares of the Company are recorded during the said periods of Six months or One month.
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time
Mutual Fund Portion	Upto 5% of the QIB Portion or [●] Equity Shares and [●] Warrants, available for allocation on proportionate basis to mutual funds only. The remainder of the QIB portion shall be available for allocation on a proportionate basis to all QIB bidders, including Mutual Funds.
Non Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 1,00,000 (but not including NRIs other than eligible NRIs)
Non Institutional Portion	The portion of this Issue not less than 15% of the Issue consisting not less than [●] Equity Shares of Rs. 10 each and [●] Warrants 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 Amount at the time of bidding, as applicable
Pay-in-Period	(a) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date; and extending until the Bid/ Issue Closing Date; and (b) With respect to other 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
Pre-IPO Placement	Proposed Pre-IPO Placement upto [•] Equity Shares of our Company
Price Band	Price band of a minimum price (“Floor Price”) of Rs. [•] and the maximum price (“Cap Price”) of Rs. [•] and includes revisions thereof
Pricing Date	The date on which our Company in consultation with the BRLM finalizes the Issue Price
Prospectus	The Prospectus to be filed with the RoC in terms of Section 60 of the Companies Act, containing, inter alia, the Issue Price that is determined at the end of the Book Building process, the size of the Issue and certain other information
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account on the Designated Date

Term	Description
QIB Margin Amount	An amount representing at least 10% of the Bid Amount
QIB Portion	The portion of the Issue not more than 50% of the Issue consisting of not more than [●] Equity Shares and [●] Warrants available for allocation to QIBs. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, FIIs, venture capital funds and Foreign Venture Capital Funds registered with SEBI, national investment funds, state industrial development corporations, multi lateral and bi-lateral development financial institutions, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 2500 lacs and pension funds with minimum corpus of Rs. 2500 lacs in accordance with applicable law.
Refund Account	Account to which subscription monies to be refunded to the investors shall be transferred from the Public Issue Account
Refund Banker	[●]
Registrar/Registrar to the Issue	Registrar to the Issue, in this case being Karvy Computershare Private Limited having its registered office at Karvy Computershare Private Limited, "Karvy House", 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad 500 034, India.
Retail Individual Bidder(s)	Individual Bidders (including HUFs and Eligible NRIs) who have Bid for Equity Shares for an amount less than or equal to Rs. 1,00,000 in any of the bidding options in this Issue
Retail Portion	The portion of the Issue being not less than 35% of this Issue, not less than [●] Equity Shares and [●] Warrants available for allocation to Retail Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
RHP or Red Herring Prospectus	The Red Herring Prospectus which will be filed with RoC in terms of Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares and warrants are offered and the size of the Issue. The Red Herring Prospectus will be filed with RoC at least three days before the opening of this Issue and will become a Prospectus after filing with the RoC, the copy that includes the details of pricing and Allocation and final size of this Issue.
Stock Exchanges	BSE and NSE
Syndicate	The BRLM and the Syndicate Members
Syndicate Agreement	Agreement to be entered between the members of the Syndicate and our Company in relation to the collection of Bids in this Issue
Syndicate Member	Intermediaries registered with SEBI and Stock Exchanges and eligible to act as Underwriters. Syndicate Member(s) is/are appointed by the BRLM, in this case being [●]
Transaction Registration Slip/TRS	The slip or document issued by the member(s) of the Syndicate to the Bidder as proof of registration of the Bid
Underwriter	The BRLM and the Syndicate Member
Underwriting Agreement	The Agreement between the Underwriter(s), Registrar and our Company to be entered into on or after the Pricing Date
Warrants	The detachable warrant(s) being issued to every person to whom Equity Share(s) shall be allotted pursuant to the Issue in the ratio of one detachable Warrant for each Equity Share, in accordance with the terms and conditions laid out in "Terms of Issue" on page [●] of this Draft Red Herring Prospectus
Warrants Exercise Period	Period commencing from the completion of the 18th month and will be open up to the completion of the 24th month from the date of allotment of the Equity shares and Warrants.

Term	Description
Warrant Exercise Price	The Warrant Exercise Price shall be an amount determined by applying a discount at the Applicable Discount Rate to the Market Price for Warrant Exercise. Provided, however, the Warrant Exercise Price, shall at no time be (a) higher than an amount which is at a [●]% premium to the Issue Price or (b) lower than the face value of the underlying Equity Shares. Provided further, that in the event of any share split or issue of bonus shares by our Company, the Issue Price stated above shall be adjusted accordingly, for the purposes of arriving at the applicable premium to the Issue Price. The Warrant Exercise Price valid for a period of 3 months would be advertised by us in an English national daily, one Hindi national daily and a regional language daily circulated at the place where our Registered Office is situated. The Warrant Exercise Price shall be advertised within three working days of the beginning of the exercise period or the expiry of the previously announce price.

CONVENTIONAL AND GENERAL TERMS/ ABBREVIATIONS

Term	Description
A/c	Account
Act or Companies Act	The Companies Act, 1956 and amendments thereto
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CLB	Company law Board
CIN	Corporate Identification Number
CIT	Commissioner of Income Tax
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996 as amended from time to time
DP/ Depository Participant	A depository participant as defined under the Depositories Act, 1996
DIN	Director's Identification Number
ECS	Electronic Clearing System
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary General Meeting
EPS	Earnings Per Share i.e., profit after tax for a fiscal year divided by the weighted average outstanding number of equity shares at the end of that fiscal year
FCNR Account	Foreign Currency Non Resident Account
FIs	Foreign Institutions
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations there under and amendments thereto
FII(s)	Foreign Institutional Investors (as defined under SEBI (Foreign Institutional Investor) Regulations, 1995 registered with SEBI under applicable laws in India
Financial Year/ Fiscal/ FY	Period of twelve months ended March 31 of that particular year
FIPB	Foreign Investment Promotion Board
GDP	Gross Domestic Product
GoI/Government	Government of India
HNI	High Net worth Individual

Term	Description
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountant of India
IT	Information Technology
I.T. Act	The Income Tax Act, 1961, as amended from time to time
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
MOU	Memorandum of Understanding
NA	Not Applicable
NAV	Net Asset Value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit and Loss account, divided by number of issued equity shares
NBFCs	Non Banking Financial Corporations
NEFT	National Electronic Funds Transfer
NTA	Net Tangible Assets
NOC	No Objection Certificate
NR	Non-resident
NRE Account	Non Resident External Account
NRI	Non Resident Indian, is a person resident outside India, as defined under FEMA and the FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Foreign Security by a Person resident outside India) Regulations, 2000
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number allotted under the Income Tax Act, 1961,
p.a	Per Annum
PAT	Profit after Tax
PBT	Profit Before Tax
PIO	Persons of Indian Origin
PLR	Prime Lending Rate
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934 as amended from time to time
Registration Act	Registration Act, 1908
RoC/Registrar of Companies	Registrar of Companies located at 'E' wing, 2nd floor Kendriya Sadana Koramangal Bangalore 560034 India
RHP	Red Herring Prospectus
RONW	Return on Net Worth
RTGS	Real Time Gross Settlement
R&D	Research and Development
Rs./INR/Rupees	Indian Rupees
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992

Term	Description
SEBI Act	Securities and Exchange Board of India Act 1992, as amended from time to time
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time
Sec.	Section
Stamp Act	The Indian Stamp Act, 1899
T.P. Act	Transfer of Property Act, 1882

INDUSTRY RELATED TERMS

Term	Description
ALO	Assistant Labour Officer
AWB	Air Way Bill
Btkm	Billion Tonne Kilometres
CCEC	Commissioner of Central Excise and Customs
CDM	Clean Development Mechanism
C-WET	Centre for Wind Energy Technology
DCDR	District Consumer Disputes Redressal
DFTS	Domestic Freight Transportation Services
DGCA	Directorate General of Civil Aviation
ESI	Employees' State Insurance Corporation
GCN	Goods Consignment Note
GPS	Global Positioning System
GoK	Government of Karnataka
HESCOM	Hubli Electricity Supply Company Limited
HCVs	Heavy Commercial Vehicles
IEPR	Integrated Energy Policy Report
ICVs	Intermediate Commercial Vehicles
IREDA	Indian Renewable Energy Development Agency
KERC	Karnataka Electricity Regulatory Commission
KSRTC	Karnataka State Road Transport Corporation
KMW	Karnataka Motor Vehicle
KW	Kilo Watt
LCVs	Light Commercial Vehicles
LR	Lorry Receipts
MAV	Multi Utility Vehicles
MCVs	Medium Commercial Vehicles
MNES	Ministry of Non-Conventional Energy Sources
MNES Guidelines	MNES Guidelines for Wind Power Projects
MSRTC	Maharashtra State Road Transport Corporation
MOU	Memorandum Of Understanding
MPC	Maruti Parcel Carriers
MT	Metric Tonne
MW	Mega Watts
NOC	No Objection Certificate
NEKRTC	North East Karnataka Road Transport Corporation
NWKRTC	North West Karnataka Road Transport Corporation
PDD	Project Design Documents
PLF	Plant Load Factor
RTO	Regional Transport Office
SEBs	State Electricity Boards
SERC	State Electricity Regulatory Commissions
SLP	Special Leave Petition
SPCB	State Pollution Control Board
SRTUs	State Road Transport Undertakings
UNFCCC	United Nations Framework Convention on Climate Change
VAT	Value Added Tax
VK	Vijay Karnataka
TPT	Transhipment Yard
WPD	Wind Power Density
WTGs	Wind Turbine Generators

SECTION II – GENERAL

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Financial Data

Unless indicated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our restated financial statements prepared in accordance with generally accepted accounting principles followed in India ("Indian GAAP") and the Companies Act and restated in accordance with the SEBI Guidelines. Our fiscal year commences on April 1 and ends on March 31, so all references to a particular fiscal year are to the 12 month period ended March 31 of that year. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

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

Through out the Draft Red Herring Prospectus, all figures have been expressed in lacs, unless otherwise stated. Unless the context otherwise requires all references to one gender also refers to another gender. The word "Lacs" or "Lakhs", or "Lakh" means "100 thousand". In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

Currency Presentation

All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India.

Industry and Market Data

Unless stated otherwise, industry data used in this Draft Red Herring Prospectus has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that the industry data used in this Draft Red Herring Prospectus is reliable, it has not been verified by any independent source.

CERTAIN CONVENTIONS AND FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain "forward-looking statements". These forward looking statements can generally be identified by words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "potential", "plan", "contemplate", "seek to", "future", "objective", "goal", "may", "project", "should", "will pursue" and similar expressions or variations of such expressions. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant statement. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- The ability to successfully implement our strategy and our growth and expansion plans;
- Changes in political conditions in India;
- Changes in laws and regulations that apply to our customers, suppliers, and the area in which we operate;
- Changes in the value of the Rupee and other currency changes; and
- Increasing competition in these sectors/areas which we operate and the conditions of our customers and suppliers.
- Fluctuating in operating costs
- Change in technology
- Any adverse outcome in the legal proceeding in which we are involved
- Our ability to attract and retain qualified personnel

For further discussion of factors that could cause our actual results to differ, see the section titled "Risk Factors", "Our Business" and "Management's Discussion of Financial Condition and Results of Operations" on pages [●],[●] and [●] of this Draft Red Herring Prospectus respectively. Neither our Company nor the Underwriter nor any of their respective affiliates has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLM will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

SECTION III – RISK FACTORS

An investment in equity shares involves a degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares and Warrants. To obtain a complete understanding of our Company, you should read this section in conjunction with the chapters titled "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages [●] and [●] of this Draft Red Herring Prospectus, as well as the other financial and statistical information contained in the Draft Red Herring Prospectus. If any of the following risks occur, our business, results of operations, and financial condition could suffer, and the price of the Equity Shares and Warrants and the value of your investment in the Equity Shares and Warrants could decline and you may lose all or part of your investment. These risks may not be the only ones we face. Our Business operations could also be affected by additional factors that are not presently known to us, or that we currently consider immaterial. Unless otherwise mentioned, we are not in a position to quantify the extent of the risks specified herein.

Internal Risks

1. Criminal Proceedings

A criminal proceeding has been initiated against our Director Mr. Hugar, (in his capacity as the erstwhile Chairman and Managing Director of the Global Trust Bank Ltd., [from April 12, 2001 to December 3, 2001]. The Reserve Bank of India, Department of Banking Supervision, filed a complaint under Section 46(1) and 46(5) of the Banking Regulations Act, 1949, read with Sections 120 and 34 of the Indian Penal Code, 1860, ("**Complaint**"), before the Additional Chief Metropolitan Magistrate at Ballard Pier, (Criminal Case No. 1598/SW of 2005). The Complaint was filed against Mr. Ramesh Gelli, Mr. Sridhar Subasri, and Mr. Hugar, in respect of balance sheets of the Global Trust Bank Ltd., ("**GTB**").

Further, (i) twelve defamation proceedings have been initiated by and against our Promoter Mr. Vijay Sankeshwar in his capacity as the erstwhile printer and publisher of the Kannada daily Vijay Karnataka, and , (ii) eight criminal proceedings have been initiated by and against our Company.

For further details please refer to the chapter titled "Outstanding Litigations & Defaults" on page [●] of this Draft Red Herring Prospectus.

RISKS IN RELATION TO OUR TRANSPORT AND LOGISTICS BUSINESS

2. A rise in fuel prices would adversely affect our operations and profitability

We are involved in the transport and logistics business. Fuel costs form a major component of our operating cost. In fiscal 2007, fuel cost comprised 38.42% of the total operating costs and 28.49% of our operating income. Thus our results of operation and financial condition depend substantially on the price of fuel.

The prices of such fuels, which are petroleum products, in turn, depend on several factors beyond our control, including, *inter alia*:

1. The international prices of crude oil and petroleum products;
2. Global and regional demand and supply conditions;
3. Geopolitical uncertainties;
4. Import cost of crude oil;
5. Central and State government policies and regulations concerning pricing, subsidies; and
6. Price and availability of alternative fuels and technologies.

The price of crude oil and petroleum products has risen significantly over the years.

In view of the above, we are exposed to the impact of frequent fluctuations in fuel prices. Our business operations have in the past been affected by such increases in fuel prices. In the event of a rise in fuel prices, we may not be able to pass on this increase in price to our customers either wholly or partly which would adversely affect our profit margins. Further, our competitiveness would suffer if we are constrained to raise the costs of services offered by us due to rise in fuel costs. Additionally, we may not be able to accurately gauge or predict the volatility and trends in fuel price movements which may affect our business plans and prospects, growth estimates, financial condition and results of operations.

3. We compete with state owned corporations in our passenger transport business where we are at an inherent disadvantage.

We are engaged in the passenger transport business, and among others, our competitors include state owned road transport corporations. In Karnataka and Maharashtra, we compete with the Karnataka State Road Transport Corporation, ("**KSRTC**"), and the Maharashtra State Road Transport Corporation, ("**MSRTC**"), respectively. Being state owned corporations, they have greater financial strength and are thus better placed than us to offer competitive rates to passengers and/ or sustain increased fuel or other operating costs without passing on the same to their customers. Further, these state owned corporations also offer similar services as private operators on certain routes, at competitive prices. This may lead us to lose some of our potential customers who prefer travelling more economically.

4. Our goods and passenger transport business are subject to various taxes, which may significantly affect our profits.

We are exposed to various taxes imposed by the State and the Central government which include Wheel Tax for seater and sleeper buses, Inter State Transportation Tax for buses operating between two states and service tax which are levied upon private operators. The rates of these taxes have steadily increased in the past three years. For example, the Wheel Tax which is payable by a private transport operator has increased from Rs. 3,300/- per quarter in fiscal 2005 to 43.03% Rs. 4,720/-, in fiscal 2007 (per quarter), for sleeper busses, and, Rs. 750/- in fiscal 2005 to 200% Rs. 2,250/-, in fiscal 2007 (per quarter), for seater busses. As we plan to expand our services and enter different states, we may be exposed to different tax regimes in different states, which may adversely affect our profitability.

5. Our passenger transport business is concentrated in and around Karnataka, Tamil Nadu and Maharashtra exposing us to any risks arising from any adverse events that may occur in these states.

Currently, our passenger transport business is concentrated in the states of Karnataka, Tamil Nadu and Maharashtra. Therefore, our passenger transport business in these three states is exposed to the risks arising from any adverse events that may occur in these states. In the event of any regional conflicts, natural calamities or socio-political instability which may affect these areas, our passenger transport business may be adversely affected on a temporary or permanent basis. Thus our results of operation and financial condition will be adversely affected.

6. Our business extensively relies on road transport and any disruptions/ delays could negatively affect us and lead to a loss of reputation and/ or profitability.

Our business relies extensively on the road network for its business. There are various factors which affect road transport such as political unrest, communal riots, bad weather conditions, natural calamities, regional disturbances, negligent driving, improper conduct of the drivers, theft, communal violence, third party negligence, pilferage, and other reasons.

Some of these factors could cause extensive damage and affect our operations and/or the condition of our fleet and thereby increase our maintenance and operational costs. Also, any such interruption or disruptions could cause delays in the delivery of our consignment or arrival of passengers at their destination and/or also cause damage to the transported goods. We may be held liable to pay compensation for losses incurred by our consumers in this regard, and/or losses or injuries sustained by other third parties. Further, such delays and/or damage may cause a loss of reputation, which, over a period of time could lead to a decline in business.

In the event that the goods to be delivered are perishable in nature, any delay in the delivery of such goods also exposes us to additional losses and claims. Although, some of these risks are beyond our control, we may still be liable for the condition of these goods and their timely delivery.

7. Our insurance cover may be inadequate to fully protect us from all losses

We maintain such insurance coverage as we believe is customary in the transport and logistics industry in India. We maintain standard fire and perils insurance coverage, including coverage for our unit located at Varur, other office locations, spare parts located at our Varur unit, and our wind mill project located at Kappatgudda.

Our insurance policies, may not adequately cover any claims, damages or losses suffered by us. In certain circumstances, such coverage is subject to certain deductibles, exclusions and limitations. Additionally, we can not ensure that such coverage will continue to be available on reasonable terms, in sufficient amounts or at all.

8. We do not take insurance coverage for the goods transported by us, nor do we take carrier insurance for vehicles in our fleet which are older than three years

We do not undertake insurance coverage for the goods transported by us. In the event that these goods are damaged or lost by us, we may be required to compensate our customers for the loss suffered by them. We also do not maintain carriers' liability insurance for vehicles in our fleet which are over three years old, and as such we are not insured against any losses suffered by such vehicles. Any sizeable liability from customers may adversely affect the financials of Our Company.

9. We do not verify the contents of the parcels transported by us exposing us to the risks associated with the transport of hazardous and/or illegal goods

We undertake the transport of various goods as part of our goods transport business. As a policy adopted by the Company, we do not undertake the transport of goods which are classified as hazardous. Further, we also take a declaration from the consignor about the contents of the parcel and its value. However, we do not check the contents of parcels being transported. We also do not have any tools/equipments to check all the consignments before they are loaded into our vehicles or when they are being stored at our godowns. Therefore, we cannot guarantee that these consignments carried by us do not contain any illegal goods. In the event that such goods are found in our vehicles, our vehicles may be confiscated, which could in turn, adversely affect our operations and also our reputation.

10. Our business may suffer if our brand or reputation is damaged or eroded by third parties

We have built a brand and a reputation under the "VRL" brand name, which has been licensed to a promoter group company, which is involved in other lines of business. Any use of our brand name by third parties in an unprofessional/illegal manner, could adversely affect our reputation, and in turn, our operations and profitability.

11. We extensively rely on the services of agents on whom we may not be able to exercise complete control.

We employ the services of agents for the furtherance of our activities in both the goods and passenger transport business. In the goods transport business, approximately 65% of our total branches are operated by agents (franchises) while in the passenger transport business, approximately 90% of our total branches are operated by agents (franchises). In the goods transport business, our booking and delivery points are manned by agents while in the passenger transport business, the agents are responsible for booking of seats and collecting the payment from passengers.

We do not have complete control on the quality of service offered by these agents. Further, these agents act as representatives of our Company and therefore we are responsible for their actions. Some of these agents may be responsible for miscommunication to our customers, misuse of the authority given to them, may not be adept at using the software provided, may not collect the payments when due, may be responsible for fraudulent practices. If there is any misconduct on the part of any agent, we could face loss of reputation which may result in a loss of business and revenue.

12. We are dependent on various third parties for the adequate and timely supply of equipment and services

We depend upon certain key suppliers and vendors for our raw materials which include purchase of our trucks, buses, fuel, body-designing materials, associated equipment and spare parts. The prices and supply of these services and associated raw materials are not under our control, and depend on general economic conditions, competition, production levels, transportation costs and associated taxes, cesses and levies. Any delay, late availability, unavailability or cost increase in this regard could adversely affect our operations and profitability.

13. **The success of our transport and logistics business is dependent on our ability to anticipate and respond to the requirements of our customers**

Our success in the transport and logistics business depends on our ability to understand the preferences of our existing and prospective customers, and, the services available to them in the market from time to time. The growing disposable income of India's middle and upper income classes has led to a change in lifestyle, resulting in a substantial change in the nature of their demands. Consequently, an emerging segment of people prefer other modes of transport including air and rail travel. Any failure to adequately anticipate, understand and address our customers needs, could adversely impact our operations, growth and profitability.

14. **We are dependent on a number of key personnel and other employees and the loss of or our inability to attract or retain such persons could adversely affect us.**

Our performance depends largely on the efforts and abilities of our senior management and other personnel, including our present officers. The loss of the services of any of these individuals could adversely affect our performance.

In addition to the qualified personnel, we are also dependent on drivers for our business. Skilled drivers are in great demand. In the event that we are unable to secure such personnel at the desired terms, our business activities may be directly affected resulting in delays, claims from clients and an increase in cost.

15. **Our in-house technologies and processes require us to incur significant capital investments from time to time and we may not be able to derive adequate benefits from such capital expenditure**

We will continue to make investments on our in-house technologies and processes as we depend significantly on such processes for a number of functions including accounting, vehicle maintenance, tracking and tracing and body designing. We believe that internalizing these activities, and upgrading them from time to time, is critical to our improving our profitability.

We cannot guarantee that developing, maintaining and upgrading these in-house capabilities will continue to be beneficial to us, or, that we would be able to recover the monies invested by us in this regard.

16. **Breakdowns or other problems with our information technology based communication and billing systems may disrupt our operations**

Our businesses are highly dependent on our ability to process, on a daily basis, a large number of transactions. These systems assist us in tracking our consignments and the movement of our vehicles and include our billing infrastructure which links our offices and workshops. They also form an integral part of our internal communications, management information systems, and internal decision-making process, and as such are essential for our performance.

Our data processing or other operating systems and facilities may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, adversely affecting our ability to process these transactions. Any significant interruption to our operations which results from the break down of our communication links, computer systems and other technology infrastructure will adversely affect our operations and may also disrupt our internal decision-making process. We also do not maintain business interruption insurance and therefore will not be covered for losses which may occur due to the loss of data due to such technological breakdowns.

Further, any inability of our systems to accommodate an increasing volume of transactions could also constrain our ability to expand our businesses. We also face operational risk arising from mistakes made in the confirmation, punching or settlement of transactions or from transactions not being properly booked, evaluated or accounted for. Shortcomings or failures in our internal processes, people or systems could lead to an impairment of our liquidity, financial loss, disruption to our businesses, liability to clients, regulatory intervention or damage to our reputation.

17. If our employees unionize we may be subject to industrial unrest, slowdowns and increased wage costs

The majority of our workforce consists of drivers and cleaners. Although, our workforce is not currently represented by a union, there can be no assurance that our employees will not unionize in the future. If our employees unionize, it may become difficult for us to maintain flexible labour policies, and our business may be adversely affected in case of strikes, labour unrest etc.. We may also be subject to industrial unrest, slowdowns and increased wage costs.

18. We have to comply with various statutory and regulatory requirements. Any material adverse change in the regulations that govern us, or, any deviations or non-compliance in this regard could adversely affect our operations and profitability

We are subject to national and local government regulations, (including environmental laws and regulations), as applicable to the transport industry. To illustrate, certain states impose restrictions on the age of vehicles operating within the state. We are also required to comply with regulations in connection with, (i) loading restrictions which specify the actual weight which may be carried by our vehicles, (ii) permissible emissions levels, (iii) our waste disposal and hazardous material handling practices, (iv) diesel generators operated by us and their noise control norms, (v) the handling of hazardous substances and associated health and safety requirements.

We also expect that environmental laws and regulations will, in the future, become more stringent. Compliance with these regulations could cause us to incur substantial costs. While it is difficult to predict the effect of non-compliance with applicable regulations, it is possible that any non-compliance of the same will have a material adverse effect on our operations. Additionally, any material adverse change in the regulations that govern us, would in turn adversely impact our operations and profitability.

19. We may not continue to derive the benefits from one of our suppliers for supply of spare parts on a 'use and pay' basis.

We have an arrangement with one of the suppliers of our vehicles, pursuant to which they have established a unit at our premises at Varur, where spare parts for the vehicles bought from them are made available to us. We however only pay for the spare parts consumed by us from this unit.

In the event that they refuse to continue this facility for us, we may not have the benefit of having ready access to spare parts without having to pay for them before they are required by us. Additionally we would be forced to buy spare parts from local dealers in and around Hubli, and, there is no assurance that these dealers will have the spare parts as required by us, which would in turn hamper our operations.

20. Replacement/maintenance of old vehicles involves high cost.

As of February 29, 2008, portions of our fleet of vehicles constituting about 32.28% are more than five years old. In the event that we are not able to acquire new vehicles on a regular basis and on favourable terms, we would be forced to continue to use these aging vehicles.

As the age of our fleet increases, the dependability and the efficiency declines, while the maintenance costs increase. This in turn adversely affects our operations.

21. We are seeking to expand into the new geographical locations, where we do not have any historical experience

We are seeking to expand into the new geographical locations especially into the North East India in the logistics business and we may not have adequate experience of business in these locations. To initiate such activities we would have to divert resources from other locations, and, we may not be able to adequately and efficiently service our fleet in these locations, this, in turn, could adversely affect our operations and profitability.

22. We have not registered certain trademarks

We operate our passenger transport business, goods and logistics business, under the name and style of "Vijayanand Travels" "Shiva Roadlines" and "Maruti Parcel Carriers", which are trademarks we have not sought to register so far. Although an action for passing of would lie against any third party who uses these trademarks, we would have to successfully litigate against any such third party before we can obtain the desired legal relief/s. Any delay or failure to adequately protect this trademark, any loss of reputation caused due to any third party use of the same, and/or any costs involved in connection with any litigation in this regard could adversely affect our operations and maintenance.

RISKS IN RELATION TO OUR WIND POWER GENERATION AND AIR CHARTER BUSINESS

23. We are in the process of expanding and diversifying into the new business activities, where we have no prior experience.

As part of our growth strategy, we intend to enter new business activities, and have accordingly commenced the wind power generation and air charter business activities where we have no prior experience. These new lines of business will require us to compete against well established competitors who will have a distinct advantage over us. We cannot assure you that we will compete successfully against these established competitors.

These new lines of business will place significant demands on our finances, as well as our accounting and operating systems. We may also face problems in recruiting, training and retaining the required personnel. Any inability to manage our growth may have an adverse effect on our business and results of operations. In the event that these businesses do not perform successfully, we may not be able to recover the costs already incurred by us.

24. If we, at any stage, fail to enter into suitable operations and maintenance agreements for our wind mills, on favourable terms or at all, we could be exposed to additional costs, breakdowns, and costly repairs, which would consequently adversely affect our operations and profitability.

Pursuant to six orders of the Government of Karnataka, ("**GoK**"), and six agreements entered into by and between our Company and the GoK, the GoK granted to our Company, the right to set up and operate a wind energy based electric power generating station with a capacity of 42.5 MW, at Gadag District, Karnataka. Our Company accordingly requested Suzlon Energy Limited, ("**Suzlon**"), to set up, operate and maintain 34 wind mills that would generate the said required 42.5 MW, ("**Wind Mills**"). The Wind Mills have now been commissioned and are being operated and maintained by Suzlon pursuant to the orders executed by and between us and Suzlon. The warranty for the Wind Mills expires on March 31, 2008, after which we propose to enter into a suitable operations and maintenance agreement with Suzlon, If we, at any stage, fail to enter into the said agreement with Suzlon or any other party, on favourable terms or at all, we could be exposed to additional costs, breakdowns and costly repairs, which would consequently adversely affect our operations and profitability. Further, we would not have a wide choice of third parties with whom we can enter into such agreements.

25. We may not be able to sell electricity in a timely manner, on favourable terms, or at all, and, we may not be able to recover any monies due to us from any sale of such electricity.

We have entered into six power purchase agreements with the Hubli Electricity Supply Company Limited, ("**HESCOM**"), pursuant to which the electricity generated by us was to be sold to HESCOM. In the event that HESCOM fails to pay us for a period of 90 days, we are free to sell any further electricity generated by us to any third party. We can not assure you that we will be able to sell the said electricity in a timely manner, on favourable terms, or at all, or, that we will be able to recover any monies due to us from the HESCOM or such third parties.

Going forward, a significant part of our revenues from the power generation business may be derived from sale of power to state-owned distribution companies, their successor distribution companies and other public and private procurers. There can be no assurance that these entities will be able to pay us in a timely manner, if at all. We are also exposed to the risks associated with entering into arrangements with other public and private buyers of our power with weak credit histories. Any change in the financial position of distribution companies that adversely affects their ability to pay us, may adversely affect our own financial position and results of operations.

26. **We depend on a niche segment and few customers for our air charter business.**

When we commence our air charter business, we will typically be reliant on a small number of customers. The loss of any one or more of these customers could have a material adverse effect on our operations and profitability.

27. **Seasonal nature of our wind powered electricity generation business**

Our wind powered electricity generation business is dependant on the availability of suitable winds, and as such is seasonal in nature. When such suitable winds are not available, our operations would be adversely affected as we would not be able to produce electricity at the optimal output or at all.

28. **If we, at any stage, fail to enter into suitable operations and maintenance agreements for our air charter business, on favourable terms or at all, we could be exposed to additional costs, breakdowns, and costly repairs, which would consequently adversely affect our operations and profitability.**

As we are on the verge of starting operations of our air charter business, we will need to rely on the services of vendors, who are experienced in various fields of operations and maintenance. In the event that our relations with these vendors are discontinued for any reason, we cannot guarantee that we will be able to secure new suppliers at favourable terms, and this could adversely affect our business operations.

29. **We have submitted an application to the Ministry of Civil Aviation requesting for a no objection certificate to grants a Non Scheduled Operator Permit. We are yet to receive this approval.**

We are required to obtain permission from Ministry of Civil Aviation which will grant us a Non-Scheduled Operator Permit. We have not yet received this approval from the Ministry of Civil Aviation. Any delay or denial in granting this no-objection would adversely affect the commencement of operations and revenues from our air charter business.

30. **We have not yet entered into an Operations and Management Agreement in relation to our wind generation business.**

We are required to enter into an operations and management with Suzlon Energy Limited for the operations and maintenance of the 34 wind turbine generators acquired in relation to the wind power generation business. The wind turbine generators acquired by us are currently operating under the warranty phase which expires on March 31, 2008. In the event we do not have an Operating and Management Agreement in place, we may face difficulty in effectively operating these wind turbine generators. In the event that there are any damages to the same, we may not be able to service them which may lead to hampered performance. This may lead to lesser returns on the investments made by us.

31. **We may not be able to hire qualified pilots for our proposed air charter business.**

We propose to enter the air charter business. We do not have any prior experience in this industry and as there are various low cost airlines in India, there is no assurance that this business will be successful.

32. **Our reputation, operations and financial condition could be harmed in the event of an accident or sufficiently disruptive or dangerous incident involving our aircraft**

An accident involving our aircraft could significantly tarnish our reputation and perception and involve repair or replacement of a damaged aircraft and its consequential temporary or permanent loss from service, and significant potential claims if any passengers or others are injured or killed.

33. **We may not have sufficient insurance to mitigate our business risks**

Operating scheduled and non-scheduled air transport services involves many risks and hazards that may adversely affect our operations, and the availability of insurance is therefore fundamental to our operations. However, insurance cover is generally not available, or is expensive, for certain risks, such as mechanical breakdowns, (for which we have an insurance policy, along with other insurance policies like loss / damage to the aircraft, third party liability for body injury / property damage, passenger legal liability including passenger and crew baggage / personal articles and passenger baggage liability). Further, we may in the future elect not to obtain insurance for certain risks facing our business. We believe that our insurance coverage is generally consistent with industry practice. To the extent that any uninsured risks materialize, our operations and financial condition could be adversely affected.

Following the September 11, 2001 terrorist attacks, aviation insurers increased airline insurance premiums and significantly reduced the maximum amount of insurance coverage available to airlines. Aviation insurers could further increase their premiums in the event of future terrorist attacks, hijackings, airline crashes or other events adversely affecting the airline industry. Significant increases in insurance premiums could adversely affect our financial condition and operations.

34. We rely on other parties for maintenance and other operations in respect of our air charter business

We rely on various third party service providers in connection with the maintenance of our aircraft, ground-handling etc. Any delay or failure to obtain the third party services as required for our air charter business, on favourable terms or at all, would adversely hamper our operations.

RISKS IN RELATION TO OUR COMPANY

35. Pending legal proceedings

A summary of the said pending litigation and proceedings is as follows:

A. Proceedings Initiated By the Company (Criminal, Civil and Tax)

Type of Proceeding	No. of cases	Amount Involved (Rs. In Lacs [Approx])
Criminal	8	42.04
Civil	26	2040.52
Tax	4	NIL

B. Proceedings Initiated Against the Company (Criminal, Civil, Tax and proceedings under section 138 of the Negotiable Instruments Act, 1881)

Type of Proceeding	No. of cases	Amount Involved (Rs. In Lacs [Approx])
Criminal	NIL	NIL
Civil, (including service tax demand)	946	5404.15
Tax	1	346.90

C. Proceedings Initiated Against Promoters and Directors of the Company

Name of Promoter/ Director	Type of cases	No. of cases	Amount Involved (Rs. In lacs[Approx])
Mr. R.S. Hugar	Criminal	1	NIL
Mr. Vijay Sankeshwar	Criminal	9	NIL
	Civil	6	NIL

D. Details of past cases where penalties were imposed on our Company, Group Companies, Promoters, and Directors, any Firm where any Promoter is a Partner, any HUF where any Promoter is a Karta, and any Trust where any Promoter is a Trustee, and details of Past Defaults of our Company

(i) Our Company, along with our Promoters Mr. Vijay Sankeshwar and Mr. Anand Sankeshwar, applied to the Company Law Board at Chennai for the composition of various offences, namely offences in connection with the requirements of the following Sections of eth the Companies Act, 1956, (i) Section 292(A) [Audit Committee], (ii) Section 372(A) [inter-corporate loans and investments], (iii) Section 211(1) 3A & 3C [form and content of balance sheet and profit and loss account], (iv) Section 297(1) Board's sanction in contracts where directors are interested] and (v) Section 141(2) (rectification of register of charges). These offences were duly compounded and the aggregate 'compounding fees' of Rs.145,400/- have been duly paid as detailed in the Orders dated January 9, 2008 and January 28, 2008.

(ii) The Registrar of Companies at Karnataka, ("**RoC**"), sent our Company a letter dated October 26, 2007, asking us to provide details in connection with (i) alleged non compliance with Rule 3(1)(c) of the Deposit Rules, (ii) alleged violation of Section 297 of the Companies Act, 1956, ("**Act**"), and, (iii) alleged violation of Schedule XIII and associated Sections (269 and 198), of the Act. We have responded to the said letter, explaining our position as to why there was no violation of Schedule XIII and associated Sections of the Act. For details of the alleged non compliance with Rule 3(1)(c) of the Deposit Rules and the current status of this, please see the paragraph on "show cause notices served on our company", (namely paragraph (B)(ii)(g)(i)). We have compounded the alleged violation of Section 297 of the Act as detailed above in paragraph (D) (i).

(iii) For details of delayed payment of instalments of Loans to Banks and NBFCs during the financial year 2005-06 and financial year 2006-07 please see the table in the chapter "Outstanding Litigations and Defaults" on page no.[●] of this Draft Red Herring Prospectus.

No assurance can be given as to whether these matters will be settled in favour of or against our Company and / or these persons/ entities. Nor can any assurance be given that no further liability will arise out of these claims. For details please refer to the chapter "Outstanding Litigation and Defaults" section on page [●] of this Draft Red Herring Prospectus

For details of the outstanding litigations, please refer to the chapter "Outstanding Litigations and Defaults" on page no. [●] of this Draft Red Herring Prospectus

36. Specific risks in connection with ongoing legal proceedings

We are involved in various legal proceedings, (for details please refer the chapter "Outstanding Litigations and Defaults" on page [●]. Our operations and/or profitability could however be adversely affected if any or all of the following proceedings are determined against us:

Income Tax Proceedings: In connection with the assessment year 2003-04, an Income Tax demand of Rs. 346.9 Lacs had been raised on us, which had been appealed by us before the Commissioner of Income Tax, (Appeals), at Hubli, ("**CIT**"). Vide order dated December 28, 2007, the CIT dismissed the said appeal and directed the Assessing Officer to re-compute and verify various items of income and expenditure, for the relevant assessment year, along with previous and later years. We intend to appeal the CIT order before the Income Tax Appellate Tribunal Bangalore.

Service Tax Demand: Vijayanand Travels, (a division of our Company which runs our passengers transport business, which earlier was a proprietary concern, herein referred to as the "**Petitioner**"), has, through Smt. Lalita Sankeshwar, (as 'proprietrix' of Vijayanand Travels), initiated proceedings before the Supreme Court of India, vide a Special Leave Petition (No. 10105 of 2007), ("**SLP**"). The SLP has been filed against, the (i) Superintendent of Central Excise at Hubli, (ii) Deputy Commissioner of Central Excise, Hubli, (iii) Commissioner of Central Excise, Bangalore, and, (iv) Union of India, (Department of Revenue). The SLP has been preferred under Article 136 of the Constitution of India against the impugned judgement and final order dated April 11, 2007, as passed by the High Court of Karnataka, Bangalore, in Writ Appeal No. 1835 of 2006 by which the Hon'ble High Court dismissed the Writ Appeal filed by the Petitioner. This matter relates to the imposition of service tax on the Petitioner, in light of the allegation that the Petitioner is a tour operator. The Petitioner has prayed for a stay of, and, leave to appeal, the said impugned judgement and final order. These proceedings are pending hearing and final disposal. If leave is not granted, our Company would be liable to pay an estimated amount of Rs. 1,724 Lacs along with interest and penalties. Subsequently, the Commissioner of Central Excise and Customs, Belgaum, ("**CCEC**"), had on February 6, 2008, issued an order against us, ("**Order**"), which order states that (i) five show cause notices were served on us for the period starting October 2001 and ending September 2006 in connection with the payment of service tax, (ii) due to various inferences, the CCEC has demanded that we pay the service tax and penalties as computed by them, which aggregate, approximately Rs. 1,724 Lacs along with interest and penalties. Our Company intends to appeal the Order before the CESTAT. The proprietor has agreed to indemnify the company in case of any claim from the service tax authorities pertaining to the period prior to takeover. Our financial position may however be adversely hampered if we fail to recover such monies pursuant to the said indemnity.

Civil Proceeding: The North West Karnataka Road Transport Corporation, ("**NWKRTC**"), had filed various proceedings against us and other private tour operators, wherein they had sought to restrain us from parking our tourist vehicles within 500 metres radius from the Central Bus Stand. Pursuant to pleadings initiated by us, the High Court of Karnataka has clubbed and transferred all of these 12 proceedings to the Principal Civil Judge (Jr.Dn.) Hubli, (Suit No's yet to be allotted), and, the matter is pending hearing and final disposal. Additionally, the North East Karnataka Road Transport Corporation, ("**NEKRTC**"), has filed similar proceedings and the High Court of Karnataka has clubbed and transferred these 3 proceedings to the Principal Civil Judge (Jr.Dn.) Gulbara, (Suit No's yet to be allotted). This matter too is pending hearing and final disposal.

Show Cause Notice: A Show Cause Notice dated March 3, 2008, has been served on us by the Commissioner of Central Excise and Customs, Belgaum, asking us to show cause as to why the Central Excise duty amount of approx. Rs. 581 Lacs, (on a value of approx. Rs. 3553 Lacs on the vehicle bodies manufactured during January 2003 to October 2007), and the Central Excise duty amount of approx. Rs. 4 Lacs, (on the value of approx. Rs. 24.4 Lacs in respect of the scrap cleared during the same period), should not be demanded and recovered under the proviso to Section 11A of the Central Excise Act, 1944, along with appropriate interest and penalty. We are in the process of responding to the said notice in detail.

37. We have large outstanding financial obligations as of September 30, 2007.

As on September 30, 2007 our secured borrowings was Rs. 42,237.33 Lacs. In the event that there is any default in repayment of any of these financial obligations, our lenders shall have the right to invoke the personal guarantees which have been given by our Promoters. In case of secured loans, our lenders would be able to seek to enforce their security interest against our assets, which would in turn hamper our operations.

38. We have made various representations and warranties and also given various undertakings in the agreements entered into in relation to the transfer of shares of Vijayanand Printers Limited

We, being one of the erstwhile promoters of Vijayanand Printers Limited, ("**VPL**"), have entered into agreements for sale of shares and support in management of the said company. As a part of these agreements, we have made various representations and warranties to the purchasers of the shares of VPL regarding the existence, financial health, litigations, compliances and other aspects of the said company. We have further undertaken to avail certain approvals and cause certain persons including some of our Key Managerial Personnel to assist in the management of VPL. We have also agreed to indemnify the said purchasers for any losses caused to them on account of any inaccuracy in or breach of any representations and warranties provided. In case any of our representations are successfully contested or if we fail to perform as per the undertakings given by us, we could be held liable for breach of contract, and may be required to pay compensation to the said purchasers. This in turn could additionally result in a loss of reputation for us.

39. We have in the last 12 months issued Equity Shares at a price which may be lower than the Issue Price.

In the 12 months prior to the date of filing this update of the Draft Red Herring Prospectus, we have issued Equity Shares at a price which could be lower than the Issue Price:

Date of Allotment	No. of Equity Shares	Issue Price (Rs.)	Consideration	Reason for Allotment
September 29, 2007	7,00,000/-	100/-	Paid in cash	To augment the financial resources of Company.

For additional information, please see the chapter titled "Capital Structure" beginning on page [●] this Draft Red Herring Prospectus.

40. Our revenues and profits are difficult to predict and can vary significantly from period to period and between different seasons, which could cause the price of our Equity Shares to fluctuate

Our revenues are dependent on various factors such as the freight rates, capacity utilization of vehicles, ability to absorb fuel prices, competitive pressures, seasonal factors, government policies and general market conditions. The combination of these factors may result in significant variations in our revenues and profits. Therefore, we believe that period-to-period comparisons of our results of operations are not necessarily meaningful and should not be relied upon as indicative of our future performance.

Our revenues are dependent on various factors such as the preferences of our customers, facilities provided, agricultural and festival season, and general market conditions. For example, during the harvest season we see an increase in demand for our goods trucks for the transporting of the harvested goods. We also see great demand during the festival and holiday season, for our passenger transport business. These factors may result in significant variations in our revenues and profits from quarter to quarter. Therefore, we believe that quarter-to-quarter comparisons of our results of operations are not necessarily meaningful and should not be relied upon as indicative of our future performance. Owing to such fluctuating revenues based on a quarter to quarter basis, the price of our Equity Shares could fluctuate.

41. Our growth requires additional capital, which may not be available on favourable terms

We are involved in the transport and logistics business. Our business is very capital intensive and requires us to infuse capital on a regular basis to expand and maintain our operations, routes travelled, fleet. We therefore incur substantial cost towards the acquisition of buses and trucks, for this expansion. In addition to acquiring these buses and trucks, we also incur additional expenses such as body designing expenses and designing the interiors of these buses. Further, our existing fleet requires constant maintenance which includes retreading of tyres, maintenance of engine and spare parts. As we own a large fleet of vehicles, the expenses incurred by us towards the maintenance of our fleet is substantial and is incurred on a regular basis. Our working capital has increased significantly from Rs. 1052.84 Lacs in fiscal 2005 to Rs. 2235.02 Lacs for six months ended September 30, 2007. We intend to increase the number of routes covered by us, the number of vehicles operating on a given route, extend our existing services to newer geographies. Further our growth plans include a foray into the air charter business. For further details on the future growth plans of our Company, please refer to the chapter 'Our Business-Our Strategy' on page [●].

Thus, as we intend to pursue a strategy of continued investment in our activities, we will continue to incur additional expenditure in the current and future fiscal years. We propose to fund such expenditure through a combination of debt, equity and internal accruals. Our ability to borrow and the terms of our borrowings will depend on our financial condition, the stability of our cash flows and our capacity to service debt in a rising interest rate environment. We may also not be successful in obtaining additional funds in a timely manner, or on favourable terms or at all. If we do not have access to additional capital, we may be required to delay, postpone or abandon some or all of our development projects or reduce capital expenditures and the size of our operations which will have an adverse impact on the financial condition and growth of Our Company.

42. We are subject to restrictive covenants in certain debt facilities provided to us by our lenders

There are certain restrictive covenants in the agreements we have entered into with certain banks and non-banking financial institutions for secured loans. These restrictive covenants require us to obtain either the prior permission of such banks or financial institutions or require us to inform them of various activities, including, among others, alteration of our capital structure, raising of fresh capital or debt, payment of dividend, undertaking new projects or undertaking any merger, amalgamation, restructuring or change in management and further permit the concerned lenders to seek early repayments of, or recall the said loans or enhance the interest rates applicable thereto. Although we have received consent from our lenders for this Issue, these restrictive covenants may affect some of the rights of our shareholders, including receiving dividends. Any additional financing that we require to fund our capital expenditures, if met by way of additional debt financing, may place restrictions on us which may, among other things, increase our vulnerability to general adverse economic and industry conditions; limit our ability to pursue our growth plans; require us to dedicate a substantial portion of our cash flow from operations to make payments on our debt, thereby reducing the availability of our cash flow to fund capital expenditures, meet working capital requirements and use for other general corporate purposes; and limit our flexibility in planning for, or reacting to changes in our business and our industry, either through the imposition of restrictive financial or operational covenants or otherwise.

43. Our Promoters have given personal guarantees in relation to certain debt facilities provided to us by our lenders

The debt facilities that have been provided to our Company by our lenders contain certain restrictive conditions wherein our Promoters provide personal guarantees, to guarantee the obligations undertaken by our Company. In the event that there is any default in any of these obligations, the personal guarantees given by our Promoters may be invoked. In the event that the Promoters are not able to meet their guarantee requirements, then legal proceedings may be initiated against our Promoters and they may not be able to effectively manage the operations of our Company.

44. We may not be able to continue to use the properties currently utilised by us on favourable terms or at all

We operate from various properties all over India, which are used by us on a lease or license basis. Our transhipment hubs are crucial for the functioning of our business, and, if we fail to have the duration of the relevant lease or license extended in time, on favorable terms, or at all, our operations and profitability could adversely be hampered. Some of our leases have expired, and we are in the process of renewing them. The lessors in such cases may ask us to vacate the premises and/or demand more deposits and/or rent, which would adversely impact us.

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

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

46. Our industry is experiencing consolidation that may intensify competition

The transportation industry, both domestically and internationally, is undergoing change that has resulted in increasing consolidation and a proliferation of strategic transactions. This consolidation among our competitors could put us at a competitive disadvantage, which could cause us to lose customers, revenue and market share. They could force us to expand greater resources to meet new or additional competitive threats, which could harm our financial condition and operating results.

47. Our contingent liabilities could adversely affect our financial condition.

As of September 30, 2007, we have contingent liabilities of Rs. 6778.92 Lacs. If these contingent liabilities were to materialise, our financial condition could be adversely affected. For further details about our contingent liabilities, refer to the section titled “Financial Information” beginning on page [●] of this Draft Red Herring Prospectus.

48. Our risk management policies, procedures and methods may leave us exposed to unidentified or unanticipated risks, which could lead to material losses.

Our risk management techniques and strategies may not be fully effective in mitigating our exposure to risks and may not cover risks that we fail to identify or anticipate. Some of our qualitative tools and metrics for managing risk are based upon our use of observed historical market behaviour. We apply statistical and other tools to these observations to arrive at quantifications of our risk exposures. These tools and metrics may fail to predict future risk exposures. These risk exposures could, for example, arise from factors we did not anticipate or correctly evaluate in our statistical models. Our losses could therefore be significantly greater than the historical measures indicate. Our more qualitative approach to managing those risks could prove insufficient, exposing us to material unanticipated losses.

49. Our Promoter will continue to own a majority of our equity shares.

After the completion of this Issue, our Promoters will own approximately 56.35% of our outstanding Equity Shares (post conversion of warrants assuming all the warrants are converted). So long as our Promoters own a majority of our Equity Shares, they will be able to elect our entire Board of Directors and control most matters affecting us, including the appointment and removal of our officers, our business strategy and policies, any decisions with respect to mergers, business combinations and acquisitions or dispositions of assets, our dividend policy and our capital structure and financing. Further, the extent of their shareholding in the Company may result in delay or prevention of a change of management or control of our company, even if such a transaction may be beneficial to our other shareholders. The interests of our Promoters as our controlling shareholder could also conflict with our interests or the interests of our other shareholders. As a result our Promoters may take actions with respect to our business that may conflict with our interests or the interests of our other investors.

50. Any future issuance of Equity Shares may dilute your shareholding and sales of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares.

Any future equity issuances by us, including in a primary offering, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

RISKS IN RELATION TO THE "OBJECTS OF THE ISSUE"

51. We require various approvals, licences etc. for the successful implementation of our proposed expansion as detailed in the "Objects of the Issue", some of which have yet to be applied for and/or received. Any delay or denial in the receipt of these approvals, licences etc. could adversely impact our timelines, operations and profitability.

The following approvals, licences etc. which are required for our proposed expansion (as detailed in the chapter "Objects of the Issue" on page [●]), have yet to be applied for, (1) amended application for change of land use from Agricultural to warehousing subsequent to acquisition of new plot of land measuring 0 acres 7.75 Gunthas in Gurgaon to the Town and Country Planning Authority, Haryana, Chandigarh; (2) application for setting up HSD consumer pumps in Gurgaon (60 KL) and Bijapur (20KL); (3) application for power supply in Gurgaon, Bijapur and Gadag; and, (4) application for construction of building at Gurgaon and Bijapur. Additionally, some approvals, licences etc. have been applied for and have yet to be received.

The following approvals, licences etc. which are required for our proposed expansion (as detailed in the "Objects of the Issue"), have been applied for and are yet to be received, namely, (1) application dated April 16, 2007 made by our Company to the Town and Country Planning Authority, Haryana, Chandigarh for the change of land use from the agricultural to warehousing under section 10 (f) of the Punjab Scheduled Road and Control Restriction of Un-regulated Development Act, 1963, (2) application dated September 5, 2007 for permission for construction of building at Solapur to the Gram Panchayat Office, Kondi Village Solapur, (3) application dated November 12, 2007 for permission for construction of Building at Gadag to the Municipal Commissioner, city Municipal council, at Gadag, and, (4) application dated February 28, 2008 to get initial approval for proposed 20 KL (2 tanks) HSD Consumer Pump installation in Solapur. This application has been made to the Joint Chief Controller of Explosives, Navi Mumbai and to District Commissioner Solapur. (5) Application dated November 31, 2007 made to Maharashtra State Electricity Board for power supply in Solapur.

Any delay or denial in the receipt of these approvals, licences etc. could adversely impact our timelines, operations and profitability.

52. **We have not placed orders the machinery and vehicles proposed to be purchased out of the proceeds of this Issue. We may face cost overruns in relation to the same.**

    We have not placed orders for machinery and vehicles amounting Rs. 5,639.41 Lacs proposed to be funded from the Issue proceeds which forms [●]% of the total issue size. We are subject to risks on account of inflation in the price of machinery and vehicles that we propose to acquire. This may require us to raise additional funds by way of additional debt or equity placement to complete our purchase of machinery and vehicles, which may impact our results of operations.

53. **The objects of the Issue have not been appraised by any bank or financial institution.**

    All the figures included under the "Objects of the Issue" are based on our own estimates, and there has been no independent appraisal of the same. Our estimation is based on quotation received from third parties and hence is subject to change at the time of placing final orders.

54. **We propose to use part of the proceeds of this issue to repay debt which was raised by us in connection with our wind powered electricity generation business and our air charter business, neither of which currently contribute more than 25% of our revenues.**

    For details of the use of proceeds, please see [●] on page [●] of this Draft Red Herring Prospectus.

External Risks

RISKS IN RELATION TO INDIA

1. **We operate in a highly unorganised industry and also face competition from several regional and national transportation providers**

    We currently operate in the transport and logistics business, which is spread across various states in India and is fragmented and competitive. The small unorganised players at a regional level in these segments may not comply with applicable statutory and regulatory requirements, including taxation norms. This may enable these unorganised players to operate at lower operating costs and consequently offer lower prices than us.

    Some of our competitors may have greater financial resources, own more or better equipment, and manage a larger volume of freight than us. Further we face competition from operators in other modes of transportation such as railways, sea and air.

    In the event of over-capacity in the industry, intense competition may result in aggressive price discounting, narrow margins and resultant business failures.

2. **A slowdown in economic growth in India could cause our business to suffer**.

    Our performance and growth are dependent on the health of the Indian economy. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalisation policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in the Indian economy may adversely impact our business and financial performance and the price of our Equity Shares.

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

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

4. **After this Issue, our Equity Shares may experience price and volume fluctuations or an active trading market for our Equity Shares may not develop.**

   The price of the Equity Shares may fluctuate after this Issue as a result of several factors, including volatility in the Indian and global securities markets, the results of our operations, the performance of our competitors, developments in the Indian transport sector and changing perceptions in the market about investments in the Indian transport sector, adverse media reports on the Company or the Indian transport sector, changes in the estimates of our performance or recommendations by financial analysts, significant developments in India's economic liberalisation and deregulation policies, and significant developments in India's fiscal regulations.

   There has been no recent public market for the Equity Shares prior to this Issue and an active trading market for the Equity Shares may not develop or be sustained after this Issue. Further, the price at which the Equity Shares are initially traded may not correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

5. **Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares**.

   The Indian securities markets are smaller than securities markets in more developed economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. The governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected.

6. **Any downgrading of India's debt rating by an independent agency may harm our ability to raise debt financing.**

   Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our capital expenditure plans, business and financial performance.

Notes to Risk Factors

1. Public Issue of 2,70,00,000 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) for cash along with one detachable warrant for every one Equity Share alloted in the Public Issue (other than on the Pre-IPO placement) aggregating Rs. [●] lacs ("issue"). The issue of Equity Shares will constitute 27.64 % of the fully diluted post-issue Equity Share capital of our Company prior to exercise of detachable warrants and the issue shall constitute [●]% of the fully diluted Post Issue equity share capital of our company after exercise of detachable warrants, assuming full exercise of the detachable warrants.
2. The net worth of our Company as of 31 March 2007 and September 30, 2007, as per the restated financial information of our Company was Rs. 9,485.06 lacs and Rs. 104,16.99 lacs respectively.
3. The book value per Equity Share as of 31 March 2007 and September 30, 2007, as per the restated financial information of our Company was Rs. 13.55 per share and Rs. 14.88 per share respectively.
4. The average cost of acquisition of the Equity Shares by our Promoters: Mr. Vijay Sankeshwar & Mr. Anand Sankeshwar were Rs. 1.27 per Equity Share and Rs. 1.75 per Equity Share respectively. For details, see chapter titled "Capital Structure" beginning on page [●] of this Draft Red Herring Prospectus.
5. Other than as disclosed under the head ''Related Parties Disclosures'' beginning on page [●] appearing in the section titled "Financial Information", none of the ventures of the promoters have business interest / other interest in our Company.
6. Other than as disclosed under the heads "Interest of Directors" beginning on page [●], "Full Particulars of the nature and extent of the Interest, if any, of our Promoters" beginning on page [●] and ''Related Parties Disclosures'' beginning on page [●], the Promoters / directors / key management personnel of Our Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits.

7. For details on Loans and Advances made to any company in which our Directors are interested please refer to "Related Parties Disclosures" appearing in Section titled "Financial Information" beginning on page [●].
8. The Issue is being made through a 100% Book Building Process wherein not more than 50% of the Issue will be allocated to Qualified Institutional Buyers (QIBs) on a proportionate basis, subject to valid bids being received at or above the Issue Price. Out of the portion available for allocation to the QIBs, 5% will be available for allocation to Mutual Funds only. Mutual Funds Bidders shall also be eligible for proportionate allocation under the balance available to QIBs. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.
9. For any complaint, clarification or information relating to the Issue, investors may contact the BRLM or the Compliance Officer, who will provide or make available such clarification or information to the investors at large. No selective or additional information would be available for a section of investors in any manner whatsoever.
10. Investors are advised to refer to the chapter "Basis of Issue Price" beginning on page [●] of this Draft Red Herring Prospectus.
11. Investors may note that in case of over-subscription in the Issue, allotment to Qualified Institutional Bidders, Non-Institutional Bidders and Retail Bidders shall be on a proportionate basis in consultation with the designated stock exchange.
12. Our Company is considering a Pre-IPO placement with certain investors, ("Pre-IPO Placement"). The Pre-IPO placement, if any will be completed before the Issue Opening Date. If the Pre-IPO Placement is completed the Issue size offered to the public would be reduced to the extent of such Pre-IPO Placement, subject to a minimum Issue of 25% of the post-Issue paid up Equity Share capital being offered to the public.
13. Our Company and the BRLM will update the Draft Red Herring Prospectus in accordance with the Companies Act and the SEBI DIP Guidelines and our Company and the BRLM will keep the public informed of any material changes relating to our Company till the listing of our shares on the stock exchanges.
14. No part of the Issue proceeds will be paid as consideration to Promoters, Directors, Key Managerial Personnel, Associate Companies or Group Companies.
15. Trading in the Equity Shares for all investors shall be in dematerialised form only

SECTION IV – INTRODUCTION

SUMMARY OF INDUSTRY AND BUSINESS OVERVIEW

Industry Overview

Healthy economic growth, rise in the production of key commodities, infrastructure investments and growth in import-export have led to growth in freight movement in the past 5 years, with roadways dominating freight movement on account of higher flexibility, reach and customer preference.

Domestic freight transportation service (DFTS) refers to transportation of goods within India; Here the mode of transportation also mainly refers to roadways and railways, as they carry nearly 90 per cent of the cargo in volume terms. ***(Source: CRISIL Research)***

The domestic freight transport services may be characterized as a large growing sector. The size of the DFTS sector in India, comprising mainly transport by roads, railways, coastal shipping and pipelines is estimated at 1,590 billion tonne kilometres (btkm) in volume terms and at Rs. 1,990-2,010 billion in value terms in 2006-07. In volume terms, as per CRISIL Research it is estimated that the sector has grown at 10.5 per cent per annum during 2001-02 to 2006-07, whereas during 2006-07 to 2011-12, it is forecast to grow at 10.1 per cent per annum, and reach a projected size of 2,569 btkm by 2011-12. (Sources: Crisil Research)

Going forward, given the buoyancy in the economy and expected completion of infrastructure projects, the overall freight movement is expected to remain strong. As a result, roadways will further gain market share, backed by its inherent advantages of flexibility and due to the growth in demand from redistribution segment. On the other hand, railways' share will decline on account of capacity constraints, until the dedicated freight corridors are completed. ***(Source: CRISIL Research)***

In 2006-07, road transport services comprised nearly 58 per cent of the total freight share, followed by rail transport at around 32 per cent and coastal shipping and pipelines with relatively smaller shares of around 5 percent each. As per CRISIL Research roadways expects to continue to dominate freight movement, with its share expected to grow to a tidy 61 per cent in 2011-12 (excluding demand from last mile). On the other hand, the share of railways, is expected to decline to 29 per cent in 2011-12, on account of capacity constraints during the same period, while the share of pipelines and coastal movements will remain small. Thus, road transport will remain the growing segment, owing to its plus points such as greater coverage, higher flexibility and door-to-door delivery. The sector will enjoy the benefits out of its inherent advantages despite higher effective cost. Other factors like lower risk of handling loss, lesser loading and unloading of goods, investments made in the NHDP and relatively higher customer orientation as perceived by users also give road freight transport an edge.

Business Overview

We are into the business of transportation and logistics service of goods and transportation of passengers by road. We have a long operating track record of more than two decades in this business. Our chairman Mr. Vijay Sankeshwar has over three decades of experience in the transportation industry. We have also recently forayed into wind power generation and air charter business.

We offer following services which are summarized below -

1. Goods Transportation
   a. Full truck Load
   b. Less than full truck Load (Parcel)
      - General Parcel
      - Express Cargo
   c. Courier
   d. Passenger Travels
2. Wind Power Generation
3. Air Charter Business

Our Goods Transportation and distribution business is carried across 17 states and 7 Union Territories i.e. Pondicherry, Daman, Silvassa, Chandigarh, Karaikal, Yanam, Mahe covering 649 cities through out India. We cover the states of Karnataka, Andhra Pradesh, Tamilnadu, Kerala, Maharashtra, Goa, Gujarat, Rajasthan, Punjab, Haryana, Delhi, Himachal Pradesh, Uttar Pradesh, Chhattisgarh, Madhya Pradesh, West Bengal (Kolkatta) and Uttarakhand under this business.

Our passenger transport business is carried on under the name of "Vijayanand Travels". We carry on this business within the state of Karnataka, Maharashtra and Tamilnadu covering 56 cities in all. We have 40 branches and 466 franchisees across the states of Karnataka, Maharashtra and Tamilnadu for our passenger transport business.

Our fleet strength as on February 29, 2008 comprises of 2,683 vehicles, all of which are owned by our Company. Our fleet comprises of 2,446 vehicles for goods transportation, 197 vehicles for passenger travels and 40 vehicles for internal use which includes fork lifts, cranes, staff buses, water tankers, diesel tanker, tractors etc.

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our standalone statement of Assets and Liabilities and Profit and Loss as restated for six months ended September 30, 2007 and five years ended March 31, 2007, 2006, 2005, 2004 and 2003. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and restated as described in the auditor's report of H.K. Veerabhadrappa & Co. dated March 17, 2008 and presented in the section titled "Financial Information" beginning on page [●]. The summary financial information presented below should be read in conjunction with our standalone restated financial statements, the notes thereto and the chapter titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page [●].

SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Rs. In lacs)

	Particulars	Six months ended September 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
I.	**Fixed Assets**						
	Gross Block	59767.39	55988.83	22977.65	17408.76	11665.45	10150.79
	Less : Depreciation	10595.21	8852.55	7540.94	6064.14	4851.29	4171.04
	Net Block	49172.18	47136.28	15436.71	11344.62	6814.16	5979.75
	Less: Revaluation Reserve	-	-	-	-	-	-
	Net block after adjustment for Revaluation Reserves	49172.18	47136.28	15436.71	11344.62	6814.16	5979.75
	Capital WIP	1857.60	1289.32	1337.87	3065.00	2299.06	335.69
	Net Fixed Assets	**51029.78**	**48425.60**	**16774.58**	**14409.62**	**9113.22**	**6315.44**
II.	**Investments**	11.11	7.87	4478.94	4477.44	2828.20	2082.31
III.	**Current Assets, Loans and Advances**						
	Inventory	999.50	960.29	869.50	651.47	300.68	320.68
	Sundry Debtors	4033.21	2371.32	1721.25	1227.15	786.80	683.88
	Cash and Bank Balances	2415.65	1515.85	708.15	513.94	392.74	386.18
	Loans and Advances	3578.91	3829.98	1292.71	1129.29	1430.51	459.17
	Total	**11027.27**	**8677.44**	**4591.61**	**3521.85**	**2910.73**	**1849.91**
IV.	**Less: Liabilities and Provisions**						
	Secured Loans	42237.33	39042.20	18249.36	15699.39	9683.08	6215.80
	Unsecured Loans	-	-	465.85	616.60	568.39	300.47
	Current Liabilities	3106.56	2802.67	2931.06	2526.97	1533.75	1046.69
	Provisions	321.46	280.43	330.86	299.5	254.23	173.8
	Deferred Tax Liability (net)	5985.82	5500.55	1322.07	1226.04	961.05	939.82
	Total	**51651.17**	**47625.85**	**23299.20**	**20368.50**	**13000.50**	**8676.58**
V.	**Net Worth (I+II+III-IV)**	**10416.99**	**9485.06**	**2545.93**	**2040.41**	**1851.65**	**1571.08**
	Net Worth represented by:						
VI.	**Equity Share Capital**	7070.00	7000.00	2000.00	2000.00	2000.00	2000.00

	Particulars	Six months ended September 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
VII.	**Share Application Money**	-	700.00	-	-	-	-
VIII	**Reserves and Surplus**						
	General Reserve	1150.00	1150.00	-	-	-	-
	Share Premium	630.00	-	-	-	-	-
	Profit and Loss Account	1566.99	635.06	545.93	40.41	(148.35)	(428.92)
	Total	**3346.99**	**1785.06**	**545.93**	**40.41**	**(148.35)**	**(428.92)**
	Less Revaluation Reserve	-	-	-	-	-	-
	Reserves (Net of Revaluation Reserves)	**3346.99**	**1785.06**	**545.93**	**40.41**	**(148.35)**	**(428.92)**
IX.	**Net Worth (VI+VII+VIII)**	**10416.99**	**9485.06**	**2545.93**	**2040.41**	**1851.65**	**1571.08**

SUMMARY OF PROFIT & LOSS ACCOUNT, AS RESTATED

(Rs in lacs)

	Particulars	Six months ended September 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
I.	**Income**						
	Operating Income	26919.23	43943.80	35532.10	27439.66	20061.68	16803.42
	Other Income	279.61	349.62	163.06	106.11	167.52	52.82
	Total Income	**27198.84**	**44293.42**	**35695.16**	**27545.77**	**20229.20**	**16856.24**
II.	**Expenditure**						
	Operating Expenses	17372.97	32538.37	27470.14	21316.12	15431.98	13294.60
	Administration expenses	620.26	1321.80	821.86	861.86	732.78	624.06
	Employee costs	3048.72	4733.64	3546.43	2142.80	1540.38	1058.77
	Financial Expenses	2669.98	2174.64	1568.22	1312.43	1056.90	851.72
	Depreciation	2046.46	2436.08	1653.24	1430.64	1000.59	836.95
	Total Expenditure	**25758.39**	**43204.53**	**35059.89**	**27063.85**	**19762.63**	**16666.10**
III.	**Profit Before Extraordinary Items and Tax**	**1440.45**	**1088.89**	**635.27**	**481.92**	**466.57**	**190.14**
	Provision for Taxation						
	- Current tax (including MAT)#	163.20	1432.93	45.27	28.17	164.77	68.34
	- Deferred tax	485.27	4178.48	96.04	264.99	21.23	29.42
	- Fringe Benefit Tax	23.25	40.42	33.71	-	-	-
	- MAT Credit Entitlement	(163.20)	(1,432.93)	(45.27)	-	-	-
IV.	**Net Profit Before Extraordinary Items**	**931.93**	**(3,130.01)**	**505.52**	**188.76**	**280.57**	**92.38**
	Profit on sale of shares*	-	11649.64	-	-	-	-
	Net Profit After Extraordinary Item as Restated	**931.93**	**8,519.63**	**505.52**	**188.76**	**280.57**	**92.38**
V	**Surplus / (Deficit) brought forward from earlier year**	635.06	545.93	40.41	(148.35)	(428.92)	(521.30)
VI	**Profit Available For Appropriation**	**1566.99**	**9065.56**	**545.93**	**40.41**	**(148.35)**	**(428.92)**
	Interim Dividend and tax thereon	-	2280.50	-	-	-	-
	Transfer to General Reserve	-	1150.00	-	-	-	-
	Utilized for Bonus issue	-	5000.00	-	-	-	-
	Balance carried forward, as restated	**1566.99**	**635.06**	**545.93**	**40.41**	**(148.35)**	**(428.92)**
	Notes:						
	*Refer Note 5 of Notes to the Financial Information, as restated, Annexure IV						
	# The Company was liable to Minimum Alternative Tax (MAT) under Section 115 JB of the Income-tax Act, 1961 for the six months ended September 30, 2007 and for the years ended March 31, 2007, March 31, 2006 and March 31, 2005.						

THE ISSUE

Equity Shares and Warrants offered:	
Issue by the Company	2,70,00,000 Equity Shares in the Issue along with [●] Warrants, that is one Warrant for every one Equity Share
Of which	
A) Qualified Institutional Buyers (QIB) portion *	Not more than [●] Equity Shares along with [●] Warrants, that is one Warrant for every one Equity Shares in the Issue, being 50% of the Issue, allocation on a proportionate basis out of which 5% of the QIB portion or [●] Equity Shares and [●] Warrants in the Issue shall be available for allocation on a proportionate basis for Mutual Funds only (Mutual Funds Portion) and the balance Equity Shares in the Issue (shall be available for allocation to all QIB bidders, including Mutual Funds).
B) Non-Institutional Portion*	Not less than [●] Equity Shares along with [●] Warrants aggregating Rs. [●] Lacs, constituting not less than 15% of the Issue that will be available for allocation on a proportionate basis to Non-Institutional Bidders.
C) Retail Portion*	Not less than [●] Equity Shares along with [●] Warrants aggregating Rs. [●] Lacs, constituting not less than 35% of the Issue that will be available for allocation on a proportionate basis to Retail Individual Bidders.
Equity Shares outstanding prior to the Issue	70,70, 00,000 Equity Shares of face value Rs.10 each
Equity Shares outstanding after the Issue, prior to the Warrant Exercise	9,77,00,000 Equity Shares of face value Rs.10 each
Equity Shares outstanding after the Issue, subsequent to the Warrant Exercise	[●] Equity Shares of face value Rs.10 each
Use of Issue Proceeds	For details refer to chapter titled 'Objects of the Issue' on page **[●]** of this Draft Red Herring Prospectus

*Under-subscription, if any, in any of the above categories would be allowed to be met with spillover inter-se from any other categories, at the sole discretion of our Company in consultation with the BRLMs.

Note:
Our Company is considering a Pre-IPO placement of upto [●] Equity Shares ("Pre-IPO Placement"). Upon the completion of the Pre-IPO placement the number of equity shares in the Issue will be reduced by the number of shares in the Pre-IPO Placement. The Issue size offered to the public will remain at least 25% of the post-Issue paid up Equity Share capital.

GENERAL INFORMATION

VRL LOGISTICS LIMITED

Our Company was incorporated in the State of Karnataka as a private limited company under part IX of the Companies Act, 1956 under the name of Vijayanand Roadlines Private Limited and a Certificate of Incorporation dated March 31, 1983 was issued by the Registrar of Companies, Bangalore, Karnataka. The Company became a deemed public Limited Company in the year 1994 and an endorsement to this effect was made by the Registrar of Companies, Bangalore, Karnataka on July 1, 1994, on the Original Certificate of Incorporation dated March31, 1983. Pursuant to a special resolution passed by the Shareholders in the Extraordinary General Meeting held on February 14, 1997 the status of our Company was subsequently changed from a deemed public Limited Company to a public limited company. The name of our Company was changed to VRL Logistics Limited and a fresh certificate of incorporation, consequent on change of name, was granted to our Company on August 25, 2006 by the RoC Karnataka.

Registered Office

VRL Logistics Limited
R.S no. 351/1, NH-4
Bangalore Road, Varur
Hubli 581 207
Karnataka
India
Contact Person: Mr. R.P. Raichur, Company Secretary & Compliance Officer
TEL: (91 836) 2237 607-09
Fax: (91 836) 2237 614
Email: investors@vrllogistics.com
Website: www.vrllogistics.com
CIN: U60210KA1983PLC005247

Address of Registrar of Companies

The Registrar of Companies, Karnataka at Bangalore
'E' wing, 2nd floor
Kendriya Sadana
Koramangala
Bangalore 560034
India

Board of Directors (as on date of filing of this Draft Red Herring Prospectus)

Name, Designation, Occupation	Age	Address
Mr. Vijay Sankeshwar Chairman and Managing Director Business	56	House No. 120 to 125, Lalith Mahal, Naveen Park, Kusugal Road, Hubli 580 023
Mr. Anand Sankeshwar Managing Director Business	32	House No. 120 to 125, Lalith Mahal, Naveen Park, Kusugal Road, Hubli 580 023
Mr. R.P. Raichur Executive Director Service	51	No.83/1, Vijay Nagar, Near Tirupati Bazar, Hubli 580 032
Mr. Sudhir Ghate Independent Director Business	49	“Needam”, Behind SDM College M.G. Road, Mangalore 575 003
Mr. C. Karunakara Shetty Independent Director Business	53	Bhagavathi, No. 100, 1st Cross, Sharadha Colony, Basaveshwara Nagar, Bangalore 560 079

Name, Designation, Occupation	Age	Address
Mr. Mallesh Budihal Independent Director Business	57	No. 12, 2nd Cross, Sripuram, Kumara Park (West), Bangalore 560 020
Mr. R.S Hugar Independent Director Professional	67	Pitambar, Kalyan Nagar 10th Cross, University Road Dharwad - 580 007 Karnataka
Mr. Suresh Angadi Independent Director Business	52	Sampige Road Vishweshwar Nagar Belgaum - 590 001Karnataka

For details of our Directors, see the chapter titled "Our Management" on page [●] of this Draft Red Herring Prospectus.

Company Secretary and Compliance Officer

Mr. R.P. Raichur
R.S no. 351/1, NH-4
Bangalore Road, Varur
Hubli 581 207
Karnataka
India
TEL: (91 836) 2237 607-09
Fax: (91 836) 2237 614
Email: investors@vrllogistics.com
Website: www.vrllogistics.com

ISSUE MANAGEMENT TEAM

Book Running Lead Manager

Edelweiss Capital Limited
14th Floor, Express Towers,
Nariman Point,
Mumbai 400 021
Maharashtra
India
Tel: (91 22) 40863535
Fax: (91 22) 2288 2119
E-mail: vrl.ipo@edelcap.com
Investor Grievance Email: edelcapredressal@edelcap.com
Website: www.edelcap.com
Contact Person: Mr. Sumeet Lath

Syndicate Member

The Syndicate Member (s) shall be finalized before filing of the RHP with ROC.

Legal Advisors to the Issue

J. Sagar Associates
Vakils House
1st Floor, 18 Sprott Road
Ballard Estate
Mumbai – 400 001
Maharashtra
India
Tel: (91 22) 6656 1500
Fax: (91 22) 6656 1515/16

Registrar to the Issue
Karvy Computershare Private Limited
"Karvy House", 46, Avenue 4, Street No.1
Banjara Hills,
Hyderabad 500 034
Andhra Pradesh
India
Tel: (91 40) 2342 0815
Fax: (91 40) 2342 0814
Email: vrl.ipo@karvy.com
Website: www.karvy.com
Contact Person: Mr. Murali Krishna

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 Allotment, credit of allotted Equity Shares in the respective beneficiary account and refund orders

Statutory Auditors
M/s. H.K. Veerabhadrappa & Co
Club Road
Hubli- 580 029
Tel: (91 836) 235- 2431
Email: hkvco@rediffmail.com
Contact Person: Mr. Arrvvind Kubsad

Independent Auditor
Grant Thornton
Engineering Centre, 6th Floor
9 Mathew Road, Opera House
Mumbai- 400004
India
Tel: (91 22) 2367 1623
Fax: (91 22) 2367 1624
Email: kpy@wc-gt.com
Website: http:www.gt-india.com
Contact Person: Mr. Khushroo B. Panthaky

IPO Grading Agency
[●]

Bankers to the Issue and Escrow Collection Banks
The Bankers to the Issue and the Issue Collection Bank will be finalised prior to filing of the RHP with the ROC.

Bankers to our Company

1.	**State Bank of India** Industrial finance branch, No 61, Residency Plaza, Residency Road, Bangalore-560 025. Tel : (91 80) – 25943501 /25943505 Fax : (91 80) – 25581853 E-mail : sbi.09077@sbi.co.in Website: www.statebankofIndia.com Contact person : Mr. R. Nadanasabapathy / Ms. Uma Krishnamoorthy	**2.**	**Kotak Mahindra Bank Ltd.** Regd office : Vinaya Bhavya Comp 1st floor ,159-A, C.S.T.Road, Kalina, Santacruz (E), Mumbai -400098 Tel : (91 22)- 66768300 Fax : (91 22)-26528360 E-mail : MilindWagle@kotak.com Website: www.kotak.com Contact person : Mr. Milind Wagle

3.	**UCO Bank** Mid Corporate Bank Branch 13/22, 1st floor, K.G. Road, Bangalore. Tel : (91 80) 41222812/14/15 & 32921709 Fax : (91 80) 41222813 E-mail : ucomcb.blr@airtelbroadband.in / ucoibb.blr@airtelbroadband.in Website:www.ucobank.com Contact person: Mr. Venkataramana	**4.**	**Union Bank of India** Cantonment Branch, 171, Devidoss building Commercial Street Bangalore-560001 Tel : (91 80) 22958203/04 Fax : (91 80) 25583835 E-mail : cantonment@unionbankofindia.com Contact person : T. M. R. Natarajan
5.	**Indusind Bank Ltd** Indusland House, No 87 2nd floor Bull temple Basavana gudi, Bangalore Bangalore-560 004. Tel : (91 80)-26604588 Fax : (91 80)-26604586 E-mail : selvakumar@indusind.com Contact person : Mr. Palani Selvakumar	**6.**	**HDFC Bank Ltd** Maruti Mansion CMH Road Indira Nagar Bangalore Tel : (91 80)-41123188 Fax : (91 80)-41990542 E-mail : shrikant.karlekar@hdfcbank.com Website: www.hdfc.com Contact person : Mr. Shrikant Karalekar
7.	**Syndicate Bank** Brindavan Complex Super market Dajibanpet Hubli-580 028 Tel : (91 836)-2362892/2266553 Contact person : Sri H .Jayaprakash	**8.**	**Centurion Bank of Punjab Ltd** R.D.Baddi Mansion, 1st floor Club Road Hubli-580 028 Tel : (91 836)- 2256960 Fax : (91 836)- 2355548 Email: basavaraj.bellakki@centurionbop.co.in Website: centurionbop.co.in Contact person : Mr. Basavaraj Bellakki
9.	**Union Bank of India** Post Box No 61, LIC Building Sir, Siddappa Kambli Road Hubli-580 028 Tel : (91 836) 2362287 /2362656 Fax : (91 836) 2365373 E-mail : hublimain@unionbankofindia.com Website: www.unionbankofindia.com Contact person : Shri A. R. Naragundkar	**10.**	**State Bank of Mysore** Deshpande Nagar Branch, Harbachan complex, Near Desai circle Hubli-580 029 Tel : (91 836)-2352578, 2352778 Fax : (91 836)- 2352578 E-mail : deshpandenagar@sbm.co.in Contact person : Shri Ravi Prakash
11.	**Shri Basaveshwar Sahakari Niyamita Bank** Main Office: Basaveshwar Bank Circle Sector - 25 Navanagar, Bagalkot - 587 103 Tel : 91 9900257450 Fax : (91 8354) – 235341 E-mail : basavabank@rediffmail.com Contact person : Shri Basavaraj Navalgi	**12.**	**The Shamrao Vithal Co-operative Bank Ltd.** Ground Floor, Satellite Space Age Complex Koppikar Road, Hubli - 580 020 Tel : (91 836) – 2366973 Fax : (91 836) – 2366972 E-mail : hubli@svcbank.com Website: www.svcbank.com Contact person : Shri C. N. Puthran
13.	**NKGSB Co-operative Bank Limited** T. B. Revankar Complex Ground Floor, TB Road Hubli - 580 029 Tel : (91 836) 2353682 Fax : (91 836) 2353681 E-mail : nkgsbank@bom3.vsnl.net.in Website: www.nkgsbank.com Contact person : Shri Sachin S. Kulkarni	**14.**	**ICICI Bank Limited** RAPG Division, Eureka Junction Travellers Bungalow Road Deshpande Nagar, Hubli-580 020 Tel: (91 836) 4265151 Fax: (91 836) 4265198 Email: hemant.pa@icicibank.com Website:www.icicibank.com Contact Person: Mr.Hemant Patil

Credit Rating

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

Broker to the Issue

All brokers registered with SEBI & members of the Recognised Stock Exchange can act as brokers to the Issue.

Monitoring Agency

Since this is an Issue of less than Rs. 50000 Lacs hence the appointment of monitoring agency is not required in terms of clause 8.17 of the SEBI (DIP) Guidelines.

Statement of Responsibilities for the Issue

Edelweiss Capital Limited is a sole Book Running Lead Manager to this Issue.

IPO Grading Agency

The grading rationale or the description furnished by the credit rating agency will be updated at the time of filing the Red Herring Prospectus with the RoC. The Issue being has been graded by [●] as (pronounced [●]), indicating [●]

Trustees

As this is an Issue of Equity Shares, the appointment of Trustees is not required.

Project Appraisal

The project has not been approved by any independent financial institution/banks.

Book Building Process

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

1. Our Company;

2. The BRLM in this case being Edelweiss Capital Limited;

3. Syndicate Member(s) who are intermediaries registered with SEBI or registered as a broker with BSE/NSE and eligible to act as Underwriters. The Syndicate Member(s) is appointed by the BRLM; and

   The SEBI DIP Guidelines has permitted an issue of securities to the Public through a 100% Book Building Process wherein not more than 50% of the Issue shall be available for allocation to QIBs on a proportionate basis, subject to valid bids being received at or above the Issue Price. Out of the portion available for allocation to the QIBs, 5% will be available for allocation to Mutual Funds only. Mutual Funds Bidders shall also be eligible for proportionate allocation under the balance available to QIBs. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. In this regard, we have appointed the BRLM to procure subscriptions to the Issue.

QIBs are not allowed to withdraw their Bids after the Bid/Issue Closing Date and required to pay 10% Margin Amount upon submission of their BID and allocation to QIB on proportionate basis. Please refer to the chapter titled "Terms of the Issue" on page [●] for more details.

We will comply with the SEBI Guidelines and any other ancillary directions issued by SEBI for this Issue. We have appointed the BRLM to manage the Issue and procure subscriptions to the Issue.

Steps to be taken by the Bidders for bidding:

1. Check whether the Bidder is eligible for bidding; (see paragraph titled "who can Bid" under the chapters "Issue Procedure" on page [●].
2. Bidder necessarily needs to have a demat account; and the demat account details are correctly mentioned in the Bid Cum Application Form
3. Ensure that in all cases, the PAN is quoted in the Bid-cum-Application Form. For details, see the chapter "Issue Procedure" of the Draft Red Herring Prospectus.
4. Ensure that the Bid-cum-Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid-cum-Application Form.
5. Bids by QIBs will only have to be submitted to the BRLM.

While the process of Book Building under the SEBI Guidelines is subject to change, investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue.

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

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book as shown below shows the demand for the shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 22 in the above example. The Issuer, in consultation with the BRLMs, 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 the respective categories.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue any time after the Bid/Issue Opening Date but before allotment without assigning any reason therefor. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment; and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

In the event of withdrawal of the Issue anytime after the Bid/Issue Opening Date, Our Company will forth repay, without interest, all monies received from the applicants on pursuance of the Draft Red Herring Prospectus. If such money is not repaid within 8 days after our Company become liable to repay it i.e. from the date of withdrawal, then our Company, and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with at least at the rate of 15% per annum on application money.

Bid/Issue Programme

BID/ISSUE OPENS ON	**[●], 2008**
BID/ISSUE CLOSES ON	**[●], 2008**

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m**. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form and uploaded until such time as permitted by the BSE and the NSE on the Bid /Issue Closing Date. 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, no later than 3 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will be accepted only on working Days.

Investors please note that as per letter no. List/smd/sm/2006 dated July 3, 2006 and letter no. NSE/IPO/25101- 6 dated July 6, 2006 issued by BSE and NSE respectively, bids and any revision in Bids shall not be accepted on Saturdays and Holidays as declared by the Exchanges.

The Price Band will be decided by us in consultation with the BRLM. The announcement of the Price Band shall also be made available in the websites of the BRLM and at the terminals of the Syndicate.

Our Company reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band advertised at least one day prior to the Bid /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 allocation of our Equity Shares but prior to the filing of the Prospectus with RoC, we will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Member (s) does not fulfil its underwriting obligations.

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

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

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. In Lacs)
[●]	[●]	[●]
[●]	[●]	[●]
Total	[●]	[●]

The above mentioned is indicative underwriting and this would be finalized after the pricing and actual allocation. The above mentioned underwriting is pursuant to the Underwriting Agreement dated [●].

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. 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).

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM and the Syndicate Member 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 equity shares to the extent of the defaulted amount as specified in the Underwriting Agreement.

CAPITAL STRUCTURE

Our Equity Share capital before the Issue and after giving effect to the Issue, as at the date of this Draft Red Herring Prospectus, is set forth below:

(In Rs. except share data)

		Aggregate Value at Face Value	Aggregate Value at Issue Price
A.	**Authorized Capital**		
	12,50,00,000 Equity Shares of face value of Rs. 10 each	1,25,00,00,000	
B.	**Issued, Subscribed And Paid-Up Equity Capital before the Issue**		
	7,07,00,000 Equity Shares of Rs. 10 each fully paid-up before the Issue	70,70,00,000	
C.	**Present Issue to public in terms of this Draft Red Herring Prospectus**		
	2,70,00,000 Equity Shares of Rs. 10 each as Issue to Public*.	27,00,00,000	[●]
	[●] Warrants.		
	Of which		
	QIB Portion – Not more than [●] Equity shares of Rs 10 each and [●] warrants		
	Non- Institutional Portion – Not less than [●] Equity shares of Rs 10 each and [●] warrants		
	Retail Portion- Not less than [●] Equity shares of Rs 10 each and [●] warrants		
E.	**Equity Capital after the Issue**		
	9,77,00,000 Equity Shares of Rs. 10 each (prior to the Warrant Exercise)	97,70,00,000	**[●]**
	[●]Equity Shares of Rs. 10 each (subsequent to the Warrant Exercise)	1,24,70,00,000	
F.	**Securities Premium Account**		
	Before the Issue	6,30,00,000	
	After the Issue	[●]	

**Including shares to be issued through Pre – IPO placement*

Our Company proposes to make a Pre-IPO Placement of up to [●] Equity Shares to certain investors prior to the Issue. The issue of such Equity Shares pursuant to the Pre-IPO Placement, if any, will be completed prior to filing the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is successfully completed, the number of Equity Shares issued for such purpose will be reduced from the Issue, subject to the Issue being not less than 25% of the post-Issue paid-up equity share capital of the Company prior to exercise of warrants.

Changes in the Authorised Share Capital of the Company since incorporation:

a) The initial authorized capital of Rs. 5 lacs comprising of 500 equity shares of Rs. 1,000 each was increased to Rs. 15 lacs comprising of 1,500 equity shares of Rs. 1,000 each pursuant to a resolution of the shareholders at the AGM held on May 20, 1988.

b) The authorized capital of Rs. 15 lacs comprising of 1,500 equity shares of Rs. 1,000 each was increased to Rs. 50 lacs comprising of 5,000 equity shares of Rs. 1,000 each pursuant to a resolution of the shareholders at an EGM held on July 8, 1995.

c) The authorized capital of Rs. 50 lacs comprising of 5,000 equity shares of Rs. 1,000 each was increased to Rs. 2,000 lacs comprising of 2,00,000 equity shares of Rs. 1,000 each pursuant to a resolution of the shareholders at an EGM held on February 14, 1997.

d) The authorized capital of Rs. 2,000 lacs comprising of 2,00,000 equity shares of Rs. 1,000 each was increased to Rs. 4000 lacs comprising of 4,00,000 Equity Shares of Rs. 1,000 each pursuant to a resolution of the shareholders at an EGM held on March 3, 2005 *(Refer Note1)*.

e) The authorized capital of Rs. 4,000 lacs comprising of 4,00,00,000 Equity Shares of Rs. 10 each was increased to Rs. 10,000 lacs comprising of 10,00,00,000 Equity Shares of Rs. 10 each pursuant to a resolution of the shareholders at an EGM held on December 2, 2006.

f) The authorized capital of Rs. 10,000 lacs comprising of 10,00,00,000 Equity Shares of Rs. 10 each was increased to Rs. 12,500 lacs comprising of 12,50,00,000 Equity Shares of Rs. 10 each pursuant to a resolution of the shareholders at an EGM held on March 24, 2007.

(Note1): Pursuant to a resolution passed at the AGM dated August 7, 2006, the equity shares of our Company were subdivided into shares having a face value of Rs. 10 each. Accordingly, the authorised capital Rs. 4000 lacs comprising of 4,00,000 Equity Shares of Rs. 1,000 each was subdivided into 4,00,00,000 Equity Shares of Rs. 10 each.

Notes to Capital Structure

1. Share Capital History of our Company

a) The following is the Equity Share Capital History of our Company

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Paid-up share capital (Rs.)	Cumulative Share Premium (Rs.)
March 31, 1983	4	1,000	1,000	Cash	Subscription to Memorandum	4	4,000	-
April 25, 1983	3	1,000	1,000	Cash	Further allotment	7	7,000	-
May 25, 1983	274	1,000	1,000	Consideration other than Cash (Note 1)	Further allotment	281	2,81,000	-
November 8, 1984	30	1,000	1,000	Cash	Further allotment	311	3,11,000	-
May 27, 1987	189	1,000	1,000	Cash	Further allotment	500	5,00,000	-
May 4, 1989	120	1,000	1,000	Cash	Further allotment	620	6,20,000	-
July 2, 1990	160	1,000	1,000	Cash	Further allotment	780	7,80,000	-
July 8, 1995	1,000	1,000	1,000	Cash	Further allotment	1,780	17,80,000	-
November 30, 1995	445	1,000	1,000	Cash	Further allotment	2,225	22,22,500	-
December 31, 1996	275	1,000	1,000	Cash	Further allotment	2,500	25,00,000	-
January 11, 1997	20	1,000	1,000	Cash	Further Allotment	2,520	25,20,000	-
February 15, 1997	1,95,000	1,000	-	Bonus	Bonus issue in the ratio of 78:1	1,97,520 (Note-2)	197,520,000	-
March 18, 1997	2,480	1,000	-	Bonus	Bonus Issue in the ratio of 0.992:1	2,00,000 (Note-2)	200,000,000	-
August 7, 2006	**Sub-division of 2,00,000 equity shares of the face value of Rs 1,000 into 2,00,00,000 Equity Shares of Rs. 10 each**							
December 9, 2006	5,00,00,000	10	-	Bonus	Bonus issue in the ratio of 5:2	7,00,00,000	70,00,00,000	-
September 29, 2007	7,00,000	10	100	Cash	Further Allotment	7,07,00,000	70,70,00,000	6,30,00,000

Note – 1: Details of Shares issued for consideration other than cash

Pursuant to a sale deed, our Company had acquired certain assets and liabilities of M/s Vijayanand Roadlines w.e.f. April 1, 1983 and, in lieu thereof, allotted 148 fully paid up shares to Mr. Vijay Sankeshwar, the proprietor of M/s Vijayanand Roadlines, on May 25, 1983. Also, our Company had allotted 126 shares to Mrs. Lalita Sankeshwar on May 25, 1983 in lieu of transfer of a truck from Mrs. Lalita Sankeshwar to the Company and remission of a loan of Rs.1,10,800 granted by Mrs. Lalita Sankeshwar to M/s Vijayanand Roadlines. Further our Company has issued bonus shares as detailed in Note – 2 below.

Note -2: Our Company has made two bonus issues of equity shares on February 15, 1997 and March 18, 1997, declaring the record date for both the bonus issues as December 31, 1996. These issues were approved by a special resolution of the members of our Company held on February 14, 1997 and March 18, 1997 respectively.

The issue of bonus shares have been made by way of capitalisation of revaluation reserves and general reserves as has been shown below:

Date of Allotment of Bonus Shares	Ratio of Bonus Issue	Number of Equity Shares issued as Bonus Shares	Face value of Shares (Rs.)	Amounts of reserves capitalized (Rs.)	Kind of Reserve Used
February 15, 1997	78:1	1,95,000	1000	19,50,00,000	Revaluation Reserves *Note-3*
March 18, 1997	0.992:1	2,480	1,000	24,80,000	Revaluation Reserves *Note-3*
December 9, 2006	5:2	5,00,00,000	10	50,00,00,000	General reserve

Note -3: Our Company had revalued all its assets as on December 31, 1996. The revaluation was done on the basis of approved valuers certificate obtained by our Company in respect of all assets inclusive of land and building, vehicles, furniture etc. The total revaluation reserve created was Rs. 20,68,90,610, out of which Rs. 19,74,80,000 was capitalised by way of issue of bonus shares to the existing shareholders on December 31, 1996.

2. Promoter Contribution and Lock-in

a) Promoter's & Promoter's Group Capital build up

Indicated below is the capital build up of the Promoter's shareholding in the Company

Name of the Promoter : Mr. Vijay Sankeshwar

Date on which the equity shares were allotted / acquired and made fully paid up or transferred	Nature of allotment	Number of Equity shares	Nature of payment of consideration	Face value Rs.	Issue Price Rs.	% of Pre-issue Capital*	% of Post-issue Capital**
March 31, 1983	Subscription to MOA	2	Cash	1000/-	1000/-	0.0003	[●]
May 25, 1983	Further Allotment	148	Cash	1000/-	1000/-	0.0209	[●]
May 27, 1987	Further Allotment	140	Cash	1000/-	1000/-	0.0198	[●]
May 4, 1989	Further Allotment	40	Cash	1000/-	1000/-	0.0057	[●]
July 2, 1990	Further Allotment	100	Cash	1000/-	1000/-	0.0141	[●]
November 30, 1995	Further Allotment	135	Cash	1000/-	1000/-	0.0191	[●]
December 31, 1996	Further Allotment	100	Cash	1000/-	1000/-	0.0141	[●]
February 15, 1997	Bonus shares	51,870	Bonus out of Revaluation Reserves	1000/-	-	7.3366	[●]
March 18, 1997	Bonus shares	660	Bonus out of Revaluation Reserves	1000/-	-	0.0934	[●]
March 29, 1997	Transferred from Mr. Anand Sankeshwar	5	Cash	1000/-	1000/-	0.0007	[●]
	Total	**53,200**				**7.5248**	[●]
August 7, 2006	Sub-division of 53,200 Equity shares of the face value of Rs 1,000 each into 53,20,000 Equity Shares of Rs. 10 each						
November 4, 2006	Transferred from Mrs. Lalita Sankeshwar	41,30,000	Cash	10/-	10/-	5.8416	[●]
December 9, 2006	Bonus shares	2,36,25,000	Bonus out of General Reserves	10/-	-	33.4158	[●]
	Total	**3,30,75,000**				**46.7822**	[●]

***% of Pre – Issue and Post Issue capital has been calculated in terms of present face value of Equity Shares of Rs. 10 each**

****% will be calculated after the completion of Pre - IPO Placement**

Name of the Promoter : Mr. Anand Sankeshwar

Date on which the equity shares were allotted / acquired and made fully paid up or transferred	Nature of allotment	Number of Equity shares	Nature of payment of consideration	Face value Rs.	Issue Price Rs.	% of Pre-issue Capital*	% of Post-issue Capital**
November 8, 1984	Further Allotment	30	Cash	1000/-	1000/-	0.0042	[●]
May 27, 1987	Transfer of shares from Mr. Kori	3	Gift	1000/-	1000/-	0.0004	[●]
May 4, 1989	Further Allotment	20	Cash	1000/-	1000/-	0.0028	[●]
July 8, 1995	Further Allotment	1000	Cash	1000/-	1000/-	0.1414	[●]
November 30, 1995	Further Allotment	140	Cash	1000/-	1000/-	0.0198	[●]
December 31, 1996	Further Allotment	150	Cash	1000/-	1000/-	0.0212	[●]
February 15, 1997	Bonus Shares	1,04,754	Bonus out of Revaluation Reserves	1000/-	-	14.8167	[●]
March 18, 1997	Bonus Shares	1332	Bonus out of Revaluation Reserves	1000/-	-	0.1884	[●]
March 29, 1997	Transferred to Mr. Vijay Sankeshwar	-5	Cash	1000/-	1000/-	-0.0007	[●]
March 29, 1997	Transferred to Mrs. Lalita Sankeshwar	-2004	Cash	1000/-	1000/-	-0.2835	[●]
	Total	**1,05,420**					[●]
August 7, 2006	Sub-division of 1,05,420 Equity shares of the face value of Rs 1,000 each into 1,05,42,000 Equity Shares of Rs. 10 each						
November 4, 2006	Transferred to Mrs.Vani Sankeshwar	-1,00,000	Cash	10/-	10/-	-0.1414	[●]
December 9, 2006	Bonus shares	2,61,05,000	Bonus out of General Reserves	10/-	-	36.9236	[●]
September 29, 2007	Further Allotment	6,50,000	Cash	10/-	100/-	0.9194	[●]
	Total	**3,71,97,000**				**52.6124**	[●]

***% of Pre – Issue and Post Issue capital has been calculated in terms of present face value of Equity Shares of Rs. 10 each**

****% will be calculated after the completion of Pre - IPO Placement**

Promoter Group:- Indicated below is the capital build up of the Promoter group shareholding in the Company

Promoter Group : Mrs. Lalita Sankeshwar

Date on which the equity shares were allotted / acquired and made fully paid up or transferred	Nature of allotment	Number of Equity Shares	Nature of payment of consideration	Face value Rs.	Issue Price Rs.	% of Pre-issue Capital*	% of Post-issue Capital**
March 31, 1983	Subscription to MOA	2	Cash	1000/-	1000/-	0.0003	[●]
May 25, 1983	Further allotment	126	Consideration other than cash	1000/-	1000/-	0.0178	[●]
May 27, 1987	Further allotment	49	Cash	1000/-	1000/-	0.0069	[●]
May 4, 1989	Further allotment	60	Cash	1000/-	1000/-	0.0085	[●]
July 2, 1990	Further allotment	60	Cash	1000/-	1000/-	0.0085	[●]
November 30, 1995	Further allotment	170	Cash	1000/-	1000/-	0.0240	[●]
December 31, 1996	Further allotment	25	Cash	1000/-	1000/-	0.0035	[●]
February 15, 1997	Further allotment	38,376	Bonus issue out of Re-valuation Reserves	1000/-	-	5.4280	[●]
March 18, 1997	Further allotment	488	Bonus issue out of Re-valuation Reserves	1000/-	-	0.0690	[●]
March 29, 1997	Transfer from Mr. Anand Sankeshwar	2004	Cash	1000/-	1000/-	0.2835	[●]
	Total	**41,360**				**5.8501**	[●]
August 7, 2006	Sub-division of 41,360 Equity Shares of Rs 1000 each into 41,36,000 Equity Shares of Rs 10 each						
November 4, 2006	Transferred to Mr. Vijay Sankeshwar	-41,30,000	Cash	10/-	10/-	-5.8416	[●]
December 9, 2006	Further allotment	15,000	Bonus issue out of General Reserves	10/-	-	0.0212	[●]
	Total	**21,000**				**0.0297**	[●]

***% of Pre – Issue and Post Issue capital has been calculated in terms of present face value of Equity**

Shares of Rs. 10 each
****% will be calculated after the completion of Pre - IPO Placement**

Promoter Group : Mrs. Vani Sankeshwar

Date on which the equity shares were allotted / acquired and made fully paid up or transferred	Nature of allotment	Number of Equity shares	Nature of payment of consideration	Face value Rs.	Issue Price Rs.	% of Pre-issue Capital	% of Post-issue Capital*
November 4, 2006	Transfer from Mr. Anand Sankeshwar	1,00,000	Cash	10/-	10/-	0.1414	[●]
December 9, 2006	Further allotment	2,50,000	Bonus issue out of General Reserves	10/-	-	0.3536	[●]
September 29, 2007	Further allotment	50,000	Cash	10/-	100/-	0.0707	[●]
	Total	**4,00,000**				**0.5658**	[●]

***% will be calculated after the completion of Pre - IPO Placement**

Promoter Group : Mrs. Bharati Holkunde

Date on which the equity shares were allotted / acquired and made fully paid up or transferred	Nature of allotment	Number of Equity shares	Nature of payment of consideration	Face value Rs.	Issue Price Rs.	% of Pre-issue Capital*	% of Post-issue Capital**
January 11, 1997	Further Allotment	5	Cash	1000/-	1000/-	0.0007	[●]
	Total	**5**				**0.0007**	[●]
August 7, 2006	Sub-division of 5 Equity Shares of Rs 1000 each into 500 Equity Shares of Rs 10 each						
December 9, 2006	Further allotment	1250	Bonus issue out of General Reserves	10/-	-	0.0018	[●]
	Total	**1750**				**0.0025**	[●]

***% of Pre – Issue and Post Issue capital has been calculated in terms of present face value of Equity Shares of Rs. 10 each**
****% will be calculated after the completion of Pre - IPO Placement**

b) Details of Promoters Contribution locked in for three years, assuming all warrants will be converted

Pursuant to the SEBI Guidelines, an aggregate of 20% of the post-Issue shareholding of the Promoters shall be locked-in for a period of three years from the date of Allotment in the Issue. Number of Equity Shares for 20% Promoter contribution have been calculated assuming allotment of 2,70,00,000 Equity Shares and 2,70,00,000 Warrants (each convertible into one Equity Share). The details of such lock-in are given below

Name of Promoters	Date of Allotment / acquisition and when made fully paid-up	Nature of Allotment	Nature of consideration	Number of Equity Shares locked in*	Face Value (Rs.) (per share)	Issue Price / Purchase Price (Rs.) (per share)	%of post Issue Paid Up Capital
Vijay Sankeshwar	December 9, 2006	Bonus shares	Bonus out of General Reserves	1,24,70,000	10/-	-	10.00
Anand Sankeshwar	December 9, 2006	Bonus shares	Bonus out of General Reserves	1,24,70,000	10/-	-	10.00
			TOTAL	2,49,40,000	10.00	-	20.00

*Commencing from the date of the Allotment of the Equity shares in the Issue.

The Equity Shares that are being locked-in are not ineligible for computation of Promoter's contribution under Clause 4.6 of the SEBI Guidelines. In this connection, as per Clause 4.6 of the SEBI Guidelines, Our Company confirms the following:

i. The Equity Shares offered for minimum 20% Promoters' contribution are not acquired (during the preceding three years) for consideration other than cash and revaluation of assets or capitalization of intangible assets or bonus shares out of revaluations reserves or reserves without accrual of cash resources or against shares which are otherwise ineligible for computation of Promoters' contribution;

ii. The minimum Promoters' contribution does not consist of Equity Shares acquired during the preceding one year, at a price lower than the price at which Equity Shares are being offered to the public in the Issue;

iii. The Equity Shares held by the Promoters and offered for minimum 20% Promoters' contribution are not subject to any pledge;

iv. The minimum Promoters' contribution does not consist of any private placement made by solicitation of subscriptions from unrelated persons either directly or through any intermediary; and

v. The minimum Promoters' contribution does not consist of 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.

vi. 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" under Explanation I of Clause 6.8.3.2 of the SEBI Guidelines.

The Promoter's have by a written undertaking consented to have such number of Equity Shares, held by them to be considered as promoter's contribution and locked-in, which should constitute 20% of the post issue Equity Shares capital of the Company for a period of three years from the date of Allotment ("**Promoter's Contribution**"). The number of such Equity Shares will be calculated post Allotment (assuming all warrants will be converted) pursuant to the Issue and locked in accordingly.

c) Details of share capital locked in for one year:

In addition to the lock-in of the Promoter's contribution specified above, the entire pre-Issue Equity Share capital, comprising 4,57,60,000 Equity Shares of the Company shall be locked in for a period of one year from the date of Allotment of Equity Shares in this Issue.

d) Other requirements in respect of lock-in.

Pursuant to Clause 4.15 of the SEBI Guidelines, 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 that (i) the pledge of shares is one of the terms of sanction of the loan; and (ii) if the shares are locked in as Promoters' contribution for three years under Clause 4.11.1 of the SEBI Guidelines, such shares may be pledged, only if, in addition to fulfilling the requirements of paragraph (i), the loan has been granted by the banks or financial institutions for the purpose of financing one or more of the objects of the Issue.

Further, pursuant to Clause 4.16.1(a) of the SEBI Guidelines, Equity Shares held by shareholders other than the Promoters may be transferred to any other person holding shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code, as applicable.

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

3. Shareholding pattern of our Company before and after the Issue is as follows:

The table below presents our shareholding pattern before the proposed Issue and as adjusted for the Issue.

Shareholder Category	Equity Shares owned before the Issue		Equity Shares owned after the Issue, prior to the Warrant Exercise		Equity Shares owned after the Issue, subsequent to the Warrant Exercise	
	No. of shares	%	No. of shares	%	No. of shares	%**
Promoters						
Mr. Vijay Sankeshwar	3,30,75,000	46.7822	3,30,75,000	33.8536	3,30,75,000	[●]
Mr. Anand Sankeshwar	3,71,97,000	52.6124	3,71,97,000	38.0727	3,71,97,000	[●]
Sub-total (A)	**7,02,72,000**	**99.3946**	**7,02,72,000**	71.9263	**7,02,72,000**	[●]
Promoter Group						[●]
Mrs. Lalita Sankeshwar	21,000	0.0297	21,000	0.0215	21,000	[●]
Mrs. Vani Sankeshwar	4,00,000	0.5658	4,00,000	0.4094	4,00,000	[●]
Mrs. Bharati Holkunde	1,750	0.0025	1,750	0.0018	1,750	[●]
Sub Total (B)	**4,22,750**	**0.5979**	**4,22,750**	0.4327	**4,22,750**	[●]
Employees (C)						[●]
K.N Umesh	1,750	0.0025	1,750	0.0018	1,750	[●]
L. Ramanand Bhat	1,750	0.0025	1,750	0.0018	1,750	[●]
Y.M Honnalli	1,750	0.0025	1,750	0.0018	1,750	[●]
Sub Total (C)	**5,250**	**0.0074**	**5,250**	0.0054	**5,250**	[●]
Public (D)	**NIL**	**NIL**	**2,70,00,000***	27.6356	**[●]****	[●]

Shareholder Category	Equity Shares owned before the Issue		Equity Shares owned after the Issue, prior to the Warrant Exercise		Equity Shares owned after the Issue, subsequent to the Warrant Exercise	
	No. of shares	%	No. of shares	%	No. of shares	%**
Total share capital (A+B+C + D)	**7,07,00,000**	**100.00**	**9,77,00,000**	**100.0000**	**[●]****	[●]

**Our Company proposes to make a Pre-IPO Placement of up to [●] Equity Shares to certain investors prior to the Issue. The issue of such Equity Shares pursuant to the Pre-IPO Placement, if any, will be completed prior to filing the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is successfully completed, the number of Equity Shares issued for such purpose will be reduced from the Issue, subject to the Issue being not less than 25% of the post-Issue paid-up equity share capital of the Company prior to exercise of warrants.*
*** % will be calculated after the completion of Pre - IPO Placement*

4. The list of the top ten shareholders of our Company and the number of Equity Shares held by them is as follows:

a) Our shareholders and the number of Equity Shares of Rs.10 each held by them as of the date of filing this Draft Red Herring Prospectus with SEBI are as follows:

S.No.	Name of the Shareholder	No. of Equity Shares	Percentage Shareholding (%)
1.	Mr. Anand Sankeshwar	3,71,97,000	52.6124
2.	Mr. Vijay Sankeshwar	3,30,75,000	46.7822
3.	Mrs. Vani Sankeshwar	4,00,000	0.5658
4.	Mrs. Lalita Sankeshwar	21,000	0.0297
5.	Mrs. Bharati Holkunde	1,750	0.0025
6.	Mr. K. N. Umesh	1,750	0.0025
7.	Mr. L. Ramanand Bhat	1,750	0.0025
8.	Mr. Y. M. Honnalli	1,750	0.0025
TOTAL		**7,07,00,000**	**100.00**

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

S.No.	Name of the Shareholder	No. of Equity Shares	Percentage Shareholding (%)
1.	Mr. Anand Sankeshwar	3,71,97,000	52.6124
2.	Mr. Vijay Sankeshwar	3,30,75,000	46.7822
3.	Mrs. Vani Sankeshwar	4,00,000	0.5658
4.	Mrs. Lalita Sankeshwar	21,000	0.0297
5.	Mrs. Bharati Holkunde	1,750	0.0025
6.	Mr. K. N. Umesh	1,750	0.0025
7.	Mr. L. Ramanand Bhat	1,750	0.0025
8.	Mr. Y. M. Honnalli	1,750	0.0025
TOTAL		**7,07,00,000**	**100.00**

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

	Name of the Shareholder	No. of Equity Shares (Face Value Rs. 1000 each)	Percentage Shareholding (%)
1.	Mr. Anand Sankeshwar	1,05,420	52.7100
2.	Mr. Vijay Sankeshwar	53,200	26.6000
3.	Mrs. Lalita Sankeshwar	41,360	20.6800
4.	Mrs. Bharati Holkunde	5	0.0025
5.	Mr. K. N. Umesh	5	0.0025
6.	Mr. L. Ramanand Bhat	5	0.0025
7.	Mr. Y. M. Honnalli	5	0.0025
TOTAL		**2,00,000**	**100.00**

5. Our Company, our Directors, our Promoters and the BRLM have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares of our Company from any person.

6. The Company has issued Equity Shares to the following persons in the year preceding the date on which this Draft Red Herring Prospectus, which may be at a price lower than the Issue price:

Name of the Shareholder	Date of Issue	Whether Belongs to Promoter Group	Number of Equity Shares	Issue Price (Rs.)	Reasons for Issue
Mr. Anand Sankeshwar	September 29, 2007	Yes	6,50,000	100	Further Allotment
Mrs. Vani Sankeshwar	September 29, 2007	Yes	50,000	100	Further Allotment

7. In case of oversubscription in all categories, upto 50% of the Issue shall be allocated to QIBs on a proportionate basis of which 5% of the QIB Portion shall be available for allocation only to Mutual Funds. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation to Retail Individual Bidders, subject to valid Bids being received from them at or above the Price.

8. Under-subscription, if any, of the categories would be allowed to be met with spill over from any other category at the discretion of the Company and the BRLM.

9. Our Promoters, Directors, and the promoter Group Entities have not purchased or sold any Equity Shares during a period of six months proceeding the date on which this Draft Red Herring Prospectus has been filed with SEBI.

10. As on the date of filing the DRHP there are no outstanding warrants, options or rights to convert debentures, loans or other instruments which are convertible into Equity Shares.

11. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of Bidder.

12. We have not raised any bridge loan against the proceeds of the Issue.

13. An oversubscription to the extent of 10% of the Issue can be retained for the purposes of rounding off to the nearer multiple of minimum allotment lot while finalizing the Basis of Allotment.

14. Our Promoters and members of our promoter group will not participate in this Issue.

15. We presently do not intend or propose to alter our capital structure for a period of six months from the date of filing of this Draft Red Herring Prospectus, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise except that if we enter into acquisitions or joint ventures, we may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.

16. Other than the Pre-IPO Placement and the IPO, there will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, or rights issue or in any other manner during the period commencing from the date of filing of this Draft Red Herring Prospectus with SEBI until the Equity Shares offered through the Red Herring Prospectus have been listed.

17. The Equity Shares held by the Promoters are not subject to any pledge. Our Promoters, Mr. Vijay Sankeshwar and Mr. Anand Sankeshwar, have issued personal guarantee in favour of certain banks and financial institutions for the loan availed by the Company. For further information, see "Financial Indebtedness" on page [●] of this Draft Red Herring Prospectus.

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

19. As of the date of filing of this Draft Red Herring Prospectus, the total number of holders of Equity Shares is eight.

20. Our Company or our Promoters shall not make any payments direct or indirect, discounts, commission allowances or otherwise under this Issue.

21. We have not granted any options or issued any shares under any employee stock option or employees stock purchase scheme and we do not intend to allot any Equity Shares to our Employees under ESOS/ESOP scheme from proposed issue.

22. As per RBI regulations OCBs are not allowed to participate in this Issue.

23. The Equity Shares are fully paid up and there are no partly paid up Equity Shares as on the date of filing of this Draft Red Herring Prospectus.

24. There are certain restrictive covenants in the agreements that we have entered into with our lenders. These restrictive covenants require us to seek the prior permission of the said banks / NBFCs for various activities, including amongst others, entering into any scheme of expansion, taking any new activity, invest or lend money except in the normal course of business, confining our Company's entire banking with the lender, investing by way of share capital, change in the management, change in capital structure etc. In this regards, our company has received our lenders consent for this Issue.

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SECTION V

OBJECTS OF THE ISSUE

The objects of the Issue are to:
- Fund setting up of Transhipment Hubs at Gurgaon, Solapur and Bijapur;
- Fund setting up of booking and delivery office at Gadag;
- Purchase of Vehicles;
- Repay a part of secured loans;
- Utilize funds for General corporate purposes
- Meet Issue Expenses and
- Create a public market for equity shares by listing securities of our Company on the stock exchanges

The main object clause of the Memorandum of Association of our Company enable us to undertake our existing activities and the activities for which we are raising funds through the Issue.

The net proceeds from the Issue, which would not include amounts received pursuant to exercise of the warrants as such amount is not determinable now and can only be determined upon exercise of such warrants as described in the chapter titled "Terms of the Issue" on page [●] of this DRHP after deducting Issue expenses are estimated at Rs. [●] lacs.

Use of Issue Proceeds

The details of the utilization of Net Proceeds of this Issue will be as per the table set forth below:

(Rupees in Lacs)

Particulars	Amount
Setting up of Transhipment Hubs at Gurgaon, Solapur and Bijapur	5,396.44
Setting up of Booking and Delivery Office at Gadag	401.23
Purchase of Vehicles	5,365.06
Total (A)	**11,162.73**
Repayment of part of Secured Loans	[●]
General Corporate Purpose*	[●]
Issue Expenses (1)	[●]
Total (B)	[●]

* General corporate purposes shall not exceed 25% of the Net Proceeds
(1) Will be incorporated after finalization of the Issue Price

The fund requirements are based on internal management estimates, quotations received from the third parties and have not been appraised by any bank or financial institution or any other independent agency.

We intend to utilize the proceeds of the Issue, after deducting underwriting and management fees, selling commissions and other expenses associated with the Issue ("Net Proceeds"), which is estimated at Rs. [●] Lacs, to meet the objects of the Issue as mentioned above.

Means of Finance:

The above-mentioned fund requirement will be met from the proceeds of the Issue. We intend to fund the shortfall, if any, from our cash internal accruals and / or debt. Set forth below are the means of finance for the above-mentioned fund requirement:

(Rupees in Lacs)

Particulars	Amount
Issue Proceeds	**[●]**
Pre-IPO Placement	**[●]**
Total	**[●]**

In the event of variations in the actual utilisation of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in the Issue. If surplus funds are unavailable, the required financing will be done through internal accruals through cash flow from our operations and debt, as required.

DETAILS OF THE OBJECTS OF THE ISSUE

1. TO FUND SETTING UP OF TRANSHIPMENT HUBS AT GURGAON, SOLAPUR AND BIJAPUR

Our goods transportation business has been set-up to work on a "Hub and Spoke" model. To improve vehicle utility and increase efficiency under the "Hub and Spoke" system, the Transhipment Hubs located in the major cities act as hubs and various booking points as spokes. Once, consignments are booked at the spoke, they are unloaded at the nearest Hub based on destination of the consignment. Once the unloading of a certain number of trucks is complete, all the parcels meant for a particular destination are aggregated and loaded into a truck for further transportation. This ensures that every truck is filled to capacity and its utility is improved. In case a hub does not have enough consignments for a particular destination, the goods are unloaded onto the next nearest hub to be further aggregated at that hub en-route to the destination.

Our company has 43 Transhipment Hubs spread across India. In view of inherent advantages of having hubs, the company would establish three more Transhipment Hubs at Gurgaon in the state of Haryana, Solapur in the state of Maharashtra and Bijapur in the state of Karnataka.

The cost of establishment of Transhipment Hubs at these locations is estimated as detailed below:

(Rupees in Lacs)

Particulars	**Transshipment Hubs**			**Total**	**Funds Deployed Till February 29, 2008**
	Gurgaon	**Solapur**	**Bijapur**		
Land	1153.39	28.83	276.95	**1459.17**	1252.22
Site, Development, civil work & Building Construction	1757.66	854.11	622.15	**3233.92**	50.99
Installation of HSD Consumer Pump	80.03	80.97	80.97	**241.97**	-
Machinery & Other Ancillaries	279.25	126.28	55.85	**461.38**	0.87
Grand Total	**3270.33**	**1090.19**	**1035.92**	**5396.44**	**1304.08**

Land

We have already acquired land in Gurgaon and Solapur and are in the process of acquiring land at Bijapur. These sites are at various stages of development, details of which are as set forth below:-

Location of Land & Address of Property	Land Area (in Acres)	Total Cost (including Stamp Duty & Regn. Charges (Rs in Lacs)	Amount Deployed till February 29, 2008 (Rs in Lacs)	Name, Address and Occupation of the Vendor	Status of Acquisition	Date of Agreement
Gurgaon (Note1) Khewat No. 240 min & 259 min, Rect No 12, Revenue Estate of village Sidhrawali Tehsil, Dist Gurgaon	2 acres 29.37 Gunthas	399.60	399.60	Mr. Om Prakash Village Sidravali Tehsil, Dist:Gurgaon, Haryana Farmer	Sale Deed signed	5.02.2007
Khewat No. 240 min & 259 min, Rect No 12, Revenue Estate of village Sidhrawali Tehsil, Dist Gurgaon	0 acres 31 Gunthas	192.00	192.00	Mrs. Kamalesh Devi Village Sidravali Tehsil, Dist: Gurgaon, Haryana Hosuewife	Sale Deed signed	5.02.2007
Khewat No. 152 min & 163 min, Rect No 12, Revenue Estate of villageSidhrawali Tehsil, Dist Gurgaon	2 acres	212.20	212.20	Mr.Hans Raj Village Sidravali Tehsil, Dist:Gurgaon, Haryanan Farmer	Sale Deed signed	5.02.2007
Khewat No. 219 min & 235 min, Rect No 12, Revenue Estate of village Sidhrawali Tehsil, Dist Gurgaon	2 acres 13.25 Gunthas	278.60	278.60	Mr. Raj Kumar Banta A-3/98, Paschim Virar, New Delhi, Farmer	Sale Deed signed	5.02.2007
Khewat No. 240 min & 259 min, Rect No 12, Kill no. 3/1(1-	0 acres 7.75 Gunthas	63.70	63.70	Mr. Krishnan Village Sidravali Tehsil, Dist:Gurgaon, Haryanan Farmer	Sale Deed signed	6.11.2007

Location of Land & Address of Property	Land Area (in Acres)	Total Cost (including Stamp Duty & Regn. Charges (Rs in Lacs)	Amount Deployed till February 29, 2008 (Rs in Lacs)	Name, Address and Occupation of the Vendor	Status of Acquisition	Date of Agreement
11),Revenue Estate of village Sidhrawali Tehsil, Dist Gurgaon						
Other Charges		7.29	7.29			
Total Cost of Gurgaon Land (A)	**8 acres 1 Gunthas**	**1153.39**	**1153.39**			
Solapur Gat No. 299,300/1,301,301/2B and 304, Village: Kondi, Tal. North Solapur	4 acres 36 Gunthas	15.19	15.19	Mr. Vijay Dattatray Navale, 14, North Kasaba, Solapur Business	Sale Deed signed	4.10.2006
Gat No. 301/2A/(1+2), Village: Kondi, North Solapur	1 acre 17 Gunthas	4.80	4.80	Mr. Ashok Kumar Shankarlal Mehta 112, Sakhar Peth, Solapur Agriculturist	Sale Deed signed	22.12.2006
Gat No. 301/2A(1+2), 201/1+2, 299/1 & 300, Village: Kondi, North Solapur	1 acre 17 Gunthas	4.69	4.69	Mrs. Laxmi Dashrath Savant, Housewife Ms. Sunita Dashrath Savant, Student Mr. Jyotiram Dashrath Savant, Student and Ms. Anita Dashrath Savant, Student resident of Kondi Village, Taluka: North Solapur Mrs. Urmila Rajendra	Sale Deed signed	22.08.2007

Location of Land & Address of Property	Land Area (in Acres)	Total Cost (including Stamp Duty & Regn. Charges (Rs in Lacs)	Amount Deployed till February 29, 2008 (Rs in Lacs)	Name, Address and Occupation of the Vendor	Status of Acquisition	Date of Agreement
				Kalunkhe, Housewife, Mrs. Surekha Dhanaji, House wife resident of Turk Pimpri, Taluk Barsi, Dist: Solapur Mrs. Rukhmini Vishnu, Housewife resident of Kamati Khurd Taluk Mohol, Dist Solapur		
Other Charges		4.15	4.15			
Total Cost of Solapur Land (B)	**7 acres 30 Gunthas**	**28.83**	**28.83**			
Bijapur Note 2 R.S.No. 917/1A, Vill: Mahalbagayat, Taluka Bijapur	2 acres 12.74 Gunthas	276.95	70.00	Mr. Manikant Tejasi Shah APMC Yard, Bijapur Business	Agreement for Sale	30.04.2007
Total Cost of Bijapur Land (C)	**2 acres 12.74 Gunthas**	**276.95**	**70.00**			
Total Land Cost (A+B+C)		**1459.17**	**1252.22**			

Note:

1. Our Company has applied vide letter dated April 16, 2007 to Town and Country Planning Authority, Haryana, Chandigarh, for the change of agricultural land into warehousing land except land admeasuring 0 Acres 7.75 Gunthas. For further details please refer chapter "Government / Statutory and Business Approvals" on page [●] of this Draft Red Herring Prospectus.
2. Our Company has paid advance of Rs. 70 Lacs towards the purchase of Land at Bijapur.

None of the above mentioned lands have been or are being purchased or obtained from our Promoters or our Promoter Group.

Site Development, Civil Work and Building Construction

We propose to deploy part of the net proceeds of the Issue towards the site development, civil work and building construction amounting to Rs. 3233.92 Lacs, for our Transhipment Hub project in Gurgaon, Solapur and Bijapur.

The break up of cost is as given in the table below. The same has been certified by Vaishnavi Consultants, Architects & Structural Engineers, having its office at 37, 38, 2nd Floor, Eureka Junction, Travellers Bungalow Road, Hubli – 580020 vide their letter dated February 28, 2008.

Towards the development of site at Solapur we have also received architect's certificate from Disha Consultant No.2, L.V. Complex, Ramlal Chowk, Solapur and Kalpman Engineers & Creators, 24/11, Murarji, Solapur vide their letter dated July 18, 2007 and October 07, 2007.

(Rupees in Lacs)

Sr. No.	Description	Name of the Architect	Amount			Grand Total	Funds deployed till February 29, 2008
			Gurgaon	**Solapur**	**Bijapur**		
1	**Civil Work and Building Construction**						
a)	Construction of Ground Floor	Vaishnavi Consultants	1401.93	616.47	458	2476.40	
2	**Development Sites**						
a)	Site Development	Vaishnavi Consultants	204.01	81.29	100.05	385.35	**30.10
		Disha Consultant and Kalpman Engineers & Creators	0	20.89	0	20.89	**20.89
b)	Compound Wall & Electrical Fencing Work	Vaishnavi Consultants	76.80	57.71	30.46	164.97	
c)	Asphalt Road Works	Vaishnavi Consultants	74.92	77.75	33.64	186.31	
	Total		**1757.66**	**854.11**	**622.15**	**3233.92**	**50.99**

** We have deployed Rs 50.99 Lacs towards the Site Development at Solapur out of internal accruals.

Installation of HSD Consumer Pumps

Since we operate mainly through our own vehicles, fuel expense forms one of the major operating costs for our Company. To economize on the fuel expenses, we are setting up HSD Consumer Pumps at our proposed Gurgaon, Solapur and Bijapur Transhipment Hubs. For setting up of HSD Consumer Pump facility within the transhipment Hub at Solapur we have already applied to the Joint Chief Controller of Explosives, Belapur CBD, Navi Mumbai. This HSD Consumer Pump will cater to captive fuel requirement for our vehicles. Simultaneously, we have also applied to all the concerned authorities at Solapur for the No

Objection Certificate to set up HSD Consumer Pump.

We are yet to apply to the concerned authorities for setting up of HSD Consumer Pump facility within the transhipment Hub at Gurgaon and Bijapur.
The installation of HSD consumer pump includes basically two cost components and these are as follows:

1. Equipments for the HSD pump, its fabrications and installation charges
2. Construction of under ground tank and other civil work

The break up of the total amount to be incurred for setting up of HSD Consumer Pump at various locations:-

(Rupees in Lacs)

Sr. No.	Particulars	Gurgaon	Solapur	Bijapur	Total
1	Equipments for the HSD Consumer Pump, fabrication & installation charges	33.49	27.30	27.30	88.09
2	Construction of under ground tank and other civil work	46.54	53.67	53.67	153.88
	Total	**80.03**	**80.97**	**80.97**	**241.97**

1. Equipments for the HSD pump, its fabrications and installation charges:

Equipment for the HSD pump contains MS Cylinder tank, Dispensing mono pumps and other ancillary parts required for the installation and fabrication of the tanks. The cost of the MS cylinder tank depends on the size and capacity of storage of fuel in the tanks. The company proposes to install two tanks of 50 KL capacity tanks in Gurgaon Project and two tanks of 20KL capacity tanks in Solapur & Bijapur Projects.

We have received quotation dated February 25, 2008 from the Hi-Q Engineering, Civil & fabrication Contractors, 406, Mahalaxmi Arcade, 2nd Cross, Bhagyanagar, Belgaum-590006 for all the three Hubs.

2. Construction of under ground tank and other civil work

This cost mainly consists of the earth evacuation, earth filling, RCC walls for under ground tank, boulder soiling, construction of office room, compound wall to the pump etc. We have received the architect's certificates dated March 06, 2008 from Vaishnavi Consultants, Architects & Structural Engineers, having its office at 37, 38, 2nd Floor, Eureka Junction, Travellers Bungalow Road, Hubli – 580020 for all the three Hubs.

Machinery and other Ancillaries

We are proposing to purchase the following machineries for our Transhipment Hubs. The details of Machineries and other Ancillaries required at each Transhipment Hub are as follows:-

Sr. No.	Details of Machineries and other ancillaries	Gurgaon		Sholapur		Bijapur		Total Qty	Total Amount (Rs in Lacs)	Funds deployed till February 29, 2008
		Qty	Amt (Rs. in Lacs)	Qty	Amt (Rs. in Lacs)	Qty	Amt (Rs. in Lacs)			
1	3 ton Diesel Fork Lifts	6	61.20	4	40.80	1	10.20	11	112.20	
2	Fire Extinguishers	-	152.65		32.23		11.31		196.19	

Sr. No.	Details of Machineries and other ancillaries	Gurgaon		Sholapur		Bijapur		Total Qty	Total Amount (Rs in Lacs)	Funds deployed till February 29, 2008
		Qty	Amt (Rs. in Lacs)	Qty	Amt (Rs. in Lacs)	Qty	Amt (Rs. in Lacs)			
3	Bore well	1	1.59	1	0.87	1	1.04	3	3.50	0.87
4	Weigh Bridge 60T	1	15.34	1	15.34	1	15.34	3	46.02	
5	125 KVA DG Sets along with CPCB	3	20.64	3	20.64	1	6.88	7	48.16	
6	Furniture & Fixtures	162	13.76	32	4.02	46	3.17	240	20.95	
7	Computers Periphals, UPS, Printers etc	49	9.07	37	7.38	13	2.91	99	19.36	
8	Temporary Power Connection and other Miscellaneous work**	-	5.00	-	5.00		5.00	-	15.00	
	Grand Total		**279.25**		**126.28**		**55.85**		**461.38**	**0.87**

** Based on our internal estimates

We have received quotations from various suppliers for the above mentioned machineries, details of which are as follows:

(Rupees in Lacs)

Sr. No.	Description of Machineries	Qty	Quotation No. & date	Name of the Vendor	Total Amount*
1	3 Ton Diesel Forklifts	11	GRS/VRL/3TD/1200 20.02.2008	Godrej & Boyce Mfg Co. Ltd, Bangalore	112.20
2	Fire Extinguishers	-	12.03.2008	Ceasefire Industries Limited	196.19
3	Bore Well	2	29.02.2008, No. 80 06.03.2008, 180 06.03.2008	Jayshree Borewells, New Delhi, Balamurugan Borewells, and Patil Engineering, Bijapur.	2.63
4	Weigh Bridge 60T	3	KG/VRL/07-08/NG-01, 20.02.2008	Avery India Limited	46.02
5	125 KVA DG Sets along with CPCB	7	JJPL:QIV:K174:2007-08, 20.02.2008	Jakson Generations Pvt Ltd	48.16
6	Furniture & Fixtures	240	RTC/Godrej/3458-59,3462,3466-67 05.03.2008	Ranjeet Trading Corporation, Hubli	20.95
7	Computers, Printers, UPS etc	99	TIN No# 29640473408 20.02.2008	GIGA Technologies	19.36
	Total				**445. 51**

* All amounts are inclusive of freight charges, VAT, excise duty etc

We have already incurred Rs. 0.87 Lacs for the Borewell at Solapur. The fund deployed towards the borewell is out of internal accruals. The same has been certified by M/s H.K. Veerabhadrappa & Co, Chartered Accountants vide their certificate dated March 17, 2008. The funds would be replenished from the issue proceeds.

We will not purchase any second hand machineries.

Deployment of Funds

We have incurred the following expenditure on the project till February 29, 2008. The same has been certified by M/s H.K. Veerabhadrappa & Co, Chartered Accountants vide their certificate dated March 17, 2008.

(Rupees in Lacs)

Project	Expenditure Head	Amount
Transhipment Hub at Gurgaon	Purchase of Land	1153.39
	Sub Total (A)	**1153.39**
Transhipment Hub at Solapur	Purchase of Land	28.83
	Site Development & civil work partly done	50.99
	Machineries & Other Ancillaries(Bore Well)	0.87
	Sub Total (B)	**80.69**
Transhipment Hub at Bijapur	Advance paid towards the acquisition of Land	70.00
	Sub Total (C)	**70.00**
	Grand Total (A+B+C)	**1304.08**

Sources of Funds:-

(Rupees in Lacs)

Particulars	Amount
Internal Accruals*	1304.08
Total	**1304.08**

* The funds deployed through the internal accruals for our project would be replenished from the IPO proceeds.

2. TO FUND SETTING UP OF BOOKING AND DELIVERY OFFICE AT GADAG

We also transport parcels wherein we do not provide door to door service to our customers. In this case most of our bookings are done at booking offices of our Company. Substantial part of our revenue comes from our parcel business. In order to further expand our parcel business we propose to set up a booking and delivery office at Gadag at an estimated cost of Rs. 401.23 Lacs as detailed below:

(Rupees in Lacs)

Particulars	Amount	Funds deployed till February 29, 2008
Land	160.33	160.33
Site Development, Civil Work & Building Construction	216.00	-
Machinery & Other Ancillaries	24.90	-
Total	**401.23**	**160.33**

Land

Our Company has entered into Sale Deed dated August 21, 2007 with Mr. Siddaramappa Shivappa Manvi (Business),Mrs. Padmalatha S. Manvi(Housewife), Mr. Amarnath Kashappa Manvi (Business), Mr. Shivakumar Kashappa Manvi (Business), Mr. Vinayak Kashappa Manvi (Business), Mr. Andanesh Dandappa Manvi (Business), Mr. Ashok Dandappa Manvi (Business), Mr. Ravindra Dandappa Manvi (Business), Mr. Tontesh Virupakshappa Manvi (Business) and Mr. Mahesh Virupakshappa Manvi (Business) resident of Mulgund road, Gadag for purchase of land admeasuring 40,613 sq. feet located at Gadag-Betageri Municipal Ward No.26, Pala Badami Road, Gadag for consideration of Rs. 160.33 Lacs including stamp duty and registration charges.

Site Development, Civil Work and Building Construction

We propose to deploy part of the net proceeds of the Issue towards the civil work and Building construction amounting to Rs. 216.00 Lacs, for our proposed booking and delivery Office in Gadag.

The cost break for setting up the booking and delivery office is as given in the table below. The same has been certified by Vaishnavi Consultants, Architects & Structural Engineers, having its office at 37, 38, 2nd Floor, Eureka Junction, Travellers Bungalow Road, Hubli – 580020 vide his letter dated February 28, 2008.

(Rupees in Lacs)

Sr.No.	Description	Amount
1	**Civil Work and Building Construction**	
a)	Construction of Ground Floor	176.85
2	**Development Sites**	
a)	Site Development	12.34
b)	Compound Wall & Electrical Fencing Work	20.50
c)	Asphalt Road Works	6.31
	Total	**216.00**

Machineries & Other Ancillaries

We propose to purchase the following machineries and other Ancillary equipments for our Booking and Delivery Office as detailed below:

(Rupees in Lacs)

Sr. No.	Details of Machineries	Qty	Quotation No. and Date	Name of the Vendor	Total Amount *
1	Fire Extinguishers		12.03.2008	CeaseFire Industries Limited	6.01
2	Bore Well	1	07.03.2008 & 12.03.2008	Sri Manjunath Electrical Works, Shri Gajanan Borewell Service Gadag	1.02
3	125 KVA DG Sets along with CPCB	2	JJPL:QIV:K174:2007-08, 20.02.2008	Jakson Generations Pvt Ltd	13.76
4	Furniture & fixtures	23	RTC/Godrej/3471 05.03.2008	Ranjeet Trading Corporation, Hubli	1.34
5	Computers, Printers, UPS etc	4	TIN No# 29640473408 20.02.2008	GIGA Technologies	0.77
6	Temporary Power connection & other Miscellaneous work**				2.00
	Total				**24.90**

* Amounts are inclusive of freight charges, VAT, Excise duty etc
** Based on our internal estimates

We will not purchase any second hand machineries.

Deployment of Funds

We have incurred the following expenditure on the project till February 29, 2008. The same has been certified by M/s H.K. Veerabhadrappa & Co, Chartered Accountants vide their certificate dated March 17, 2008.

(Rupees in Lacs)

Particulars	Amount
Purchase of Land	160.33
Total	**160.33**

Sources of Funds:-

(Rupees in Lacs)

Particulars	Amount
Internal Accruals*	160.33
Total	**160.33**

* The funds deployed through the internal accruals for our project would be replenished from the IPO proceeds.

3. PURCHASE OF VEHICLES

Presently we own 2446 vehicles for goods transportation. We use our vehicles for the transportation of various kinds of goods including textiles, agricultural products, pharmaceutical products, etc. We are now planning also to transport iron ore from the state of Karnataka. For transporting iron ore and other goods, we require 300 trucks with higher tonnage capacity (more than 15 tonnes).

The body of the trucks purchased will be designed in our own body designing unit at Varur. The estimated total cost of 300 trucks is Rs. 5,365.06 Lacs. The break up of the total cost is as follows:-

(Rupees in Lacs)

Sr.No	Description	Amount
1	Purchase of chassis, engine & tyres*	4,386.00
2	Cabin, Load Body (Half), Spare Parts, Hardware's & Other Miscellaneous**	
a)	Cabin	237.00
b)	Load Body (Half)	378.00
c)	Spare Parts & Other hardwares	63.00
d)	Other Miscellaneous	90.00
3	RTO Registration Charges**	105.00
4	Insurance charges**	106.06
	Total Cost	**5,365.06**

*We have received the quotation from the Bellad & Co. Private Limited, dealer of Ashok Leyland, W.B. Plaza, New Cotton Market, Hubli-580029 dated 25. 02.2008 for purchase of chassis, engine and tyres.

** Based on our internal estimates

We will not purchase any second hand vehicles from the issue proceeds.

SCHEDULE OF IMPLEMENTATION

Sr. No.	Activities	Location	Commencement	Completion
1.	**Setting up of Transhipment Hubs & Booking & Delivery Office**			
a)	Land Purchase Agreement			
		Gurgaon	Completed	-
		Solapur	Completed	-
		Bijapur	April 2007	July 2008
		Gadag	Completed	-
b)	Site Development, Civil Work & Building Construction			
		Gurgaon	October 2008	December 2009
		Solapur	July 2007	September 2009
		Bijapur	October 2008	August 2009
		Gadag	July 2008	June 2009
c)	Machinery Selection, Order placing & Delivery			
		Gurgaon	July 2009	September 2009
		Solapur	July 2009	September 2009
		Bijapur	July 2009	September 2009
		Gadag	April 2009	May 2009
d)	Machinery Installation			
		Gurgaon	September 2009	September 2009
		Solapur	September 2009	September 2009
		Bijapur	September 2009	September 2009
		Gadag	June 2009	June 2009
e)	Installation of HSD Consumer Pump			
		Gurgaon	June 2009	December 2009
		Solapur	April 2009	September 2009
		Bijapur	April 2009	September 2009
f)	Operational			
		Gurgaon	December 2009	
		Solapur	October 2009	
		Bijapur	October 2009	
		Gadag	July 2009	

Purchase of Vehicles

Sr.No.	Activities	No. of Trucks	Commencement	Completion
a)	Placing Order & Delivery of chassis, engine with the tyres			
		100 Trucks	July 2008	August 2008
		100 Trucks	September 2008	November 2008
		100 Trucks	December 2008	February 2009
b)	Placing order & Delivery of Cabin, Load Body, spare parts, other hardwares & Miscellaneous			
		100 Trucks	July 2008	August 2008

Sr.No.	Activities	No. of Trucks	Commencement	Completion
		100 Trucks	September 2008	November 2008
		100 Trucks	December 2008	February 2009
c)	RTO Registration charges			
		100 Trucks	August 2008	September 2008
		100 Trucks	November 2008	December 2008
		100 Trucks	February 2009	March 2009
d)	Insurance charges			
		100 Trucks	August 2008	September 2008
		100 Trucks	November 2008	December 2008
		100 Trucks	February 2009	March 2009

Details of Balance Funds Deployment

(Rupees in Lacs)

Sr. No.	Activities	Already Deployed till February 29, 2008	March 2008 – March 2009	April 2009-March 2010	Total Amount
1	**Setting up of Transhipment Hubs & Booking & Delivery Office**				
a)	Land Purchase Agreement				
	Gurgaon	1153.39	-	-	1153.39
	Solapur	28.83			28.83
	Bijapur	70.00	206.95		276.95
	Gadag	160.33			160.33
b)	Site Development, Civil Work & Building Construction				
	Gurgaon		843.68	913.98	1757.66
	Solapur	50.99	344.85	458.27	854.11
	Bijapur		298.63	323.52	622.15
	Gadag		151.20	64.8	216.00
c)	Installation of HSD Consumer Pump				
	Gurgaon			80.03	80.03
	Solapur			80.97	80.97
	Bijapur			80.97	80.97
d)	Machinery and other Ancillaries				
	Gurgaon			279.25	279.25
	Solapur	0.87		125.41	126.28
	Bijapur			55.85	55.85
	Gadag			24.90	24.90
	Sub Total (A)	**1464.41**	**1845.31**	**2487.95**	**5797.67**
2	**Purchase of Vehicles**				
a)	Placing Order & Delivery of chassis, engine with the tyres		4386.00		4386.00
b)	Placing order & Delivery of Cabin, Load Body, spare parts, other hardwares & Miscellaneous		768.00		768.00
c)	RTO Registration charges		105.00		105.00
d)	Insurance charges		106.06		106.06
	Sub Total (B)	**0**	**5365.06**		**5365.06**

Sr. No.	Activities	Already Deployed till February 29, 2008	March 2008 – March 2009	April 2009- March 2010	Total Amount
	Grand Total (A+B)	**1464.41**	**7210.37**	**2487.95**	**11162.73**

4. Repayment of Part of Secured Loans

We have currently availed term loan facilities from various banks under multiple banking arrangements and also from non – banking financial institutions. Working capital facilities are granted by The Shamrao Vithal Co-operative Bank. As on December 31, 2007, we have outstanding working capital facilities of Rs. 2554.39 Lacs and term loans of Rs. 37563.37 Lacs. The Company proposes to utilize a part of the proceeds to repay (including pre-payment) part of the term loans. Repayment of loan will reduce burden of interest and thereby improve profitability. It would also result into more cash generation and further improve overall debt equity ratio of the Company.

The details of outstanding loans, as on December 31, 2007 which we intend to repay are as follows:

Name of the Institutions	Nature of Loans	Amount of Sanction (Rs in Lacs)	Rate of interest	Amount Outstanding as on December 31, 2007 (Rs in Lacs)	Purpose & Utilisation of Loan*
UCO Bank	Term Loan	12000.00	13.50%	3000.00	24 Wind Mills
Srei Infrastructure Ltd	Term Loan	2092.00	13.00%	-	Purchase of Aircraft
Union Bank of India	Term Loan	300.00	15.75%	172.17	Purchase of Furniture & Fixtures
Basaveshwar Sahakari Bank Ltd.	Term Loan	200.00	15.00%	98.12	Machineries & Spare Parts
Srei Infrastructure finance Ltd	Term Loan	2034.55	13.50%	1748.81	Vehicles
Srei Infrastructure finance Ltd	Term Loan	1447.92	13.50%	1244.57	Vehicles
Srei Infrastructure finance Ltd	Term Loan	3355.54	13.50%	2876.12	Vehicles
Total		**21430.01**		**9139.78**	

* Neelakari Mahindrakar & Associates, Chartered Accountant, have issued four certificates all dated March 14, 2008, certifying the purpose and utilisation of loan.

Our Company intends to utilise an amount of Rs. [●] lacs out of the issue proceeds towards the part repayment of our term loans. The company will give preference to repaying high cost debts. Some of the company's financing arrangements contain provisions relating to pre payment penalties. The company will take these provisions into consideration in prepaying its debt from the proceeds of the Issue. Further, in some cases, the prepayment is subject to prior approval of the lenders.

In addition to the above, in case we enter into further financing arrangements by way of new loans and draw down funds there under before the availability of proceeds of this Issue, we may utilise the funds earmarked for repayment of above mentioned loans to repay such new loans.

5. General Corporate Purposes

Out of the issue proceeds, amounts, if any, remaining after meeting the funds required for various objects mentioned under (1), (2) & (3) above may be utilised for repayment of loans or for General Corporate Purposes. The Company will have the flexibility in applying a part of the Net Proceeds for general corporate purposes, including (i) increasing our network facilities, which includes location (with a focus on properties located in major cities), infrastructure, the skill and unskilled labours; (ii) initial implementation expenses; (iii) brand building and other marketing efforts; (iv) meeting exigencies in ordinary course of business, and any other purpose as may be approved by our Board of Directors from time to time.

Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time, and consequently, our funding requirement and deployment of funds may also change. This may also include rescheduling the proposed utilisation of net proceeds of the Issue and increasing or decreasing expenditure for a particular object vis-à-vis the utilisation of net proceeds of the Issue. In case of a shortfall in the net proceeds of the Issue, our management may explore a range of options including utilising our internal accruals or seeking debt from future lenders. Our management expects that such alternate arrangements would be available to fund any such shortfall. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

6. Expenses Of The Issue

The total expenses of the Issue are estimated to be approximately Rs. [●] Lacs. The Issue related expenses include, among others, Issue management fees, registrar fees, printing and distribution expenses, fees of the legal counsels, advertisement and road show expenses, stamp duty, depository charges, listing fees to the Stock exchanges etc. The break - up of the total expenses for the Issue estimated at approximately [●] % of the Issue Size is as follows[(1)]:

Activity	Expenses (Rupees in Lacs)	As a % of Total Issue Expenses	As a % of Issue Size
Listing and annual fees and expenses of the SEBI registered,	[●]	[●]	[●]
Lead management fees, underwriting and selling commissions	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Printing and stationery	[●]	[●]	[●]
Other (Registrar's fees, legal fees, grading Expenses, etc.)	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

(1) Will be incorporated after finalization of the Issue Price

Appraisal Report

None of the projects for which the Net Proceeds will be utilised have been financially appraised by any financial institutions/banks.

Interim use of funds

Pending utilization for the purposes described above, we intend to temporarily invest the funds in quality interest bearing liquid instruments including money market mutual funds, deposit with banks for necessary duration and other interest bearing securities as may be approved the Board of Directors or a Committee thereof.

Working Capital Requirement

The Net Proceeds of this issue will not be used to meet our working capital requirements as we expect sufficient internal accruals to meet our existing working capital requirements.

Monitoring of Utilisation of Funds

Proposed size of the issue is Rs. [●] Lacs i.e. less than Rs.50000.00 Lacs. Therefore, in terms of Clause 8.17 of the SEBI Guidelines, appointment of a monitoring agency for the purposes of this Issue is not mandatory and hence no Monitoring Agency is being appointed for this Issue.

As required under the listing agreements with the stock exchanges, the audit committee appointed by our Board of Directors will be monitoring the utilisation of the Issue Proceeds. We will disclose the utilisation of the Net Proceeds, including interim use of funds under a separate head in our quarterly financial disclosures and annual audited financial statements until the issue proceeds remain unutilised, to the extent required under the applicable law and regulation. In connection with the utilization of the proceeds of the issue, the company shall comply with the requirements of the listing agreements with the stock exchanges, including clauses 43A and 49 of the listing agreement as amended from time to time

No part of the Net Proceeds will be paid by the Company as consideration to the Promoters, members of the Promoter Group, Directors or key management personnel of the Company.

BASIC TERMS OF THE ISSUE

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

Authority for the Issue

The Issue has been authorized by a resolution of our Board dated July 28, 2007 and by special resolution adopted pursuant to Section 81(1A) of the Companies Act, at an Annual General Meeting of the shareholders of our Company held on August 25, 2007.

We have made an application dated March 14, 2008 to the FIPB seeking their permission to allot shares to non residents.

Ranking of Equity Shares

The Equity Shares being offered under the Issue and the Equity Shares allotted pursuant to the exercise of Warrants issued shall be subject to the provisions of our Memorandum and Articles and shall rank pari-passu with the existing Equity Shares of our Company including rights in respect of dividends. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends or any other corporate benefits, if any, declared by the Company after the date of Allotment. For description of association please refer to the chapter "Main Provisions of the Articles of Association" beginning on page [●] of this Draft Red Herring Prospectus.

The Warrant-holders shall not be entitled to any dividend or any other corporate benefits, which may be declared or announced by our Company from time to time, till such time that Warrants are exercised into the underlying equity shares of our Company in accordance with the terms contained herein and full payment of the exercise price.

The Warrants shall not confer upon the holders thereof any right to receive any notice of the meeting of the Shareholders of our Company or Annual Report of our Company and or to attend/vote at any of the General Meetings of the shareholders of our Company.

Mode of Payment of Dividend

We shall pay dividends to our shareholders as per the provisions of the Companies Act, 1956.

Face Value and Issue Price

The Equity Shares of Rs 10 each along with the warrant will be issued in terms of the Red Herring Prospectus to be filed with the RoC. The Issue Price is Rs. [●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares, subject to applicable laws.

Rights of the Equity Shareholder

Subject to applicable laws, the Equity Shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;

- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreement executed with the Stock Exchanges, and our Company's Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to the chapter titled "Main Provisions of Articles of Association" on page [●].

Compliance with SEBI Guidelines

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares and Warrants shall be allotted only in dematerialised form. As per the SEBI Guidelines, the trading of our Equity Shares shall only be in dematerialised form for all investors. Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share and one Warrant. Allotment in this Issue will be only in electronic form in multiples of [•] Equity Share and [•] Warrant subject to a minimum Allotment of [•] Equity Shares in the Issue. For details of Allotment please refer to the chapter titled "Issue Procedure" beginning on page [•] of this Draft Red Herring Prospectus.

BASIS OF ISSUE PRICE

The Issue Price will be determined by us in consultation with the BRLM on the basis of the demand from investors for the Equity Shares through the Book-Building Process. The face value of the Equity Shares is Rs. 10 and the Issue Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Qualitative Factors

For some of the qualitative factors, which form the basis for computing the price refer to "Our Business-Competitive Strengths" on page [●].

Quantitative Factors

Some of the quantitative factors, which form the basis for computing the price, are as follows:

1. Weighted Average Earning Per Share ("EPS")

EPS - Basic

Year ended	EPS (Rs.)	EPS (Rs.)	Weight
	Including Extra Ordinary Item	Excluding Extra Ordinary Item	
March 31, 2005	0.27	0.27	1
March 31, 2006	0.72	0.72	2
March 31, 2007	12.17	(4.47)	3
Weighted Average	**6.37**	**(1.95)**	
Six Month Ended September 30, 2007	1.33	1.33	

EPS - Diluted

Year ended	EPS (Rs.)	EPS (Rs.)	Weight
	Including Extra Ordinary Item	Excluding Extra Ordinary Item	
March 31, 2005	0.27	0.27	1
March 31, 2006	0.72	0.72	2
March 31, 2007	12.05	(4.47)	3
Weighted Average	**6.31**	**(1.95)**	
Six Month Ended September 30, 2007	1.33	1.33	

Note:

- The earning per share has been computed by dividing net profit after taxes restated, attributable to equity shareholders by restated weighted average number of equity shares outstanding during the year.
- The face value of each Equity Share is Rs. 10/-

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

Particulars	P/E at the lower end of the Price Band (No of times)	P/E at the higher end of the Price Band (No of times)
P/E based on EPS - Basic for the year ended March 31, 2007	[●]	[●]
P/E based on EPS – Diluted for the year ended March 31, 2007	[●]	[●]
P/E based on Weighted average EPS - Basic	[●]	[●]
P/E based on Weighted average EPS - Diluted	[●]	[●]

3. *Return on Net Worth ("RoNW")*

Year ended	RoNW (%) Including Extra Ordinary Item	RoNW (%) Excluding Extra Ordinary Item	Weight
March 31, 2005	9.25	9.25	1
March 31, 2006	19.86	19.86	2
March 31, 2007	89.82	(33.00)	3
Weighted Average	**53.08**	**(8.34)**	
Six Months ended September 30, 2007	8.95	8.95	

Note: The RoNW has been computed by dividing net profit after tax as restated, by Net Worth as at the end of the year.

4. ***Minimum Return on Total Net Worth after Issue needed to maintain Pre-Issue EPS for the year ended March 31, 2007 is*** [●]

5. *Net Asset Value ("NAV") (Rs)*

Particulars	At the lower end of the Price Band	At the higher end of the Price Band
As on March 31, 2007	13.55	13.55
Six Month Ended September 30, 2007	14.88	14.88
After the Issue	[●]	[●]
Issue Price	[●]	[●]

NAV per equity share has been calculated as Net worth divided by restated weighted average number of equity shares

6. *Comparison with Industry Peers*

	EPS (Rs.)* (TTM)	P/E Ratio	RoNW (%)	NAV (Rs.)	Sales (Rs. in Lacs)
VRL Logistics Limited (Including Extra Ordinary Items for March 31, 2007)	12.05	[●]	89.82	13.55	44293.42
VRL Logistics Limited (Excluding Extra Ordinary Items for March 31, 2007)	(4.47)	[●]	(33.00)	13.55	44293.42
Peer Groups**					
Gati	3.30	29.70	14.50	28.20	45740.00
Transport Corporation of India	3.00	28.20	25.90	25.60	1,08,620.00

** TTM – Trailing Twelve Months ended except for VRL Logistics Limited*

***All figures for peer group are from Source: Capital Market, Vol XXIII/02 dated March 24 – April 06 2008*

Strictly, our Company cannot be compared with the other listed companies as our Company doesn't have a fully comparable competitor operating in all our business segments. However the companies mentioned above have some elements of our main business. Further Capital Market magazine does not have an industry classification which matches our business activities.

7. The face value of our shares is Rs.10/- per share and the Issue Price of Rs. [●]/- is [●] times of the face value of our Equity Shares. The final price would be determined on the basis of the demand from the investors.
8. The BRLM believes that the Issue Price of Rs. [●]/- per share is justified in view of the above qualitative and quantitative parameters. The investors may also want to peruse the risk factors and our financials as set out in the Auditors Report in the Draft Red Herring Prospectus to have a more informed view about the investment proposition.

9. The final issue price would be determined based on the demand from the investors.

STATEMENT OF TAX BENEFITS

To,
The Board of Directors
VRL Logistics Limited
RS No. 351/1, Varur
Post Chabbi,
Taluk Hubli – 581 207
Dist: Dharwad
Karnataka

Dear Sir(s),

We hereby report that the enclosed annexure states the possible tax benefits available to VRL Logistics Limited (The Company) and its shareholders under the current tax laws in force in India. The benefits as stated are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions.

The benefits discussed in the enclosed annexure are not exhaustive. This statement is intended to provide only general information to the investors and is neither designed nor intended to be a substitute for professional 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 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:

- The company or its shareholders will continue to obtain these benefits in the future; or
- The conditions prescribed for availing the benefits have been / would be met with.

The contents of this annexure are based on the information explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and our interpretation of current laws.

Yours faithfully,

For H.K.VEERBHADDRAPPA & CO.,
CHARTERED ACCOUNTANT

ARRVVIND KUBSAD
Partner
Membership No. 85618
Date: March 17, 2008

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO VRL LOGISTICS LIMITED AND ITS SHAREHOLDERS

1. BENEFITS AVAILABLE TO THE COMPANY UNDER THE SERVICE TAX RULES, 1994

Special benefits available to the company

1.1 Service Tax Exemptions on Goods Transport Agency Service:

As per the notifications issued under the Service Tax Rules the Company is eligible for the following exemptions on Goods Transport Agency Service:

Notification No. 32/2004 dated 03.12.2004- Abatement of 75% on the gross amount charged for providing the service.

Notification No.33/2004 dated 03.12.2004- Exemption to transport services rendered by an agency in relation to vegetables, fruits, eggs and milk.

Notification No. 34/2004 dated 03.12.2004- Exemption to Goods Transport Agency service subject to condition that amount charged is Rs. 750/ Rs. 1500

2. BENEFITS AVAILABLE TO THE COMPANY UNDER THE INCOME TAX ACT, 1961 ('IT Act')

Special benefits available to the company

2.1 Tax benefit under Section 80IA of the Act

According to the provisions of Section 80 IA of the Act, the Company while computing the total income is eligible to claim 100 per cent deduction in respect of profits derived by its business of Wind Power Generation for a period of 10 years commencing from initial assessment year. Initial assessment year means the assessment year specified by the assessee company at his option to be the initial year not falling beyond the fifteenth assessment year starting from the previous year in which the undertaking generates power or commences transmission or distribution of power.

General tax benefits available to the company

2.2 Dividend income

Dividend income, if any, received by the Company from its investment in shares of another domestic company will be exempt from tax under Section 10(34) read with Section 115O of the IT Act. Income, if any, received on units of a Mutual Funds specified under Section 10(23D) of the IT Act will also be exempt from tax under Section 10(35) of the IT Act.

2.3 Computation of capital gains

Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for12 months or less are considered as "short term capital gains".

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 in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, 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 from time to time.

According to Section 10(38) of the IT Act, long-term capital gains on sale of equity shares or units of an equity-oriented fund where the transaction of sale is chargeable to Securities Transaction Tax (STT) shall be exempt from tax.

As per the provisions of Section 112 of the IT Act, long term gains as computed above that are not exempt under Section 10(38) of the IT Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

According to the provisions of Section 54EC of the IT Act and subject to the conditions specified therein, capital gains not exempt under Section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

As per the Minimum Alternate Tax (MAT) Provision governed by Section 115JB of the IT Act, long term capital gains realized on sale of securities of the company (irrespective of whether the securities are listed on a recognized stock exchange in India) will be taxed at the rate of 10% (plus applicable surcharge and education cess).

As per the provisions of Section 111A of the IT Act, short-term capital gains on sale of equity shares or units of an equity oriented fund where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and education cess).

2.4 Credit for Minimum Alternate Taxes ("MAT")

Under section 115JAA (2A) of the IT Act, tax credit shall be allowed in respect of any tax paid (MAT) under section 115JB of the IT Act for any Assessment Year commencing on or after April 1, 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the IT Act. Such MAT credit shall not be available for set-off beyond 7 years immediately succeeding the year in which the MAT credit initially arose.

3. BENEFITS AVAILABLE TO SHAREHOLDERS

BENEFITS AVAILABLE TO RESIDENT SHAREHOLDERS

3.1 Dividends exempt under Section 10(34)

Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.

3.2 Computation of capital gains

Under 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 (i.e. shares held for a period exceeding 12 months) from transfer of shares of Indian Company, it permits 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 from time to time.

Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to STT.

Under section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under section 10(38) of the IT Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.

Under section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

(a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;

(b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the IT Act for any assessment year beginning on or after April 1, 2006.

Under section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those 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 subject to certain conditions, if the net consideration 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.

Under section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 10 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 STT. 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.

3.3 Rebate under Section 88E

In terms of section 88E of the IT Act, the STT paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax on such income. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of STT.

4. BENEFITS AVAILABLE TO NON-RESIDENTS/ NON-RESIDENT INDIAN SHAREHOLDERS

4.1 Dividends exempt under Section 10(34)

Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.

4.2 Computation of capital gains

Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to STT.

Under the first proviso to section 48 of the IT Act, in case of a non resident shareholder, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations) (in cases not covered by section 115E of the IT Act-discussed hereunder), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/ loss in such a case is 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 in the purchase of the shares.

Under section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under section 10(38) of the IT Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.

Under section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

(a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
(b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion.

Under section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those 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 subject to certain conditions, if the net consideration 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.

Under section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 10 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 STT. 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.

As per Section 90(2) of the IT Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the Non-Resident/ Non- Resident India would prevail over the provisions of the IT Act to the extent they are more beneficial to the Non-Resident/ Non-Resident India.

4.3 Option of taxation under Chapter XII-A of the Act:

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 of the IT Act, where the total income of a non-resident Indian includes any income from investment or income from long term capital gains of an asset other than a specified asset, such income shall be taxed at a concessional rate of 20 per cent (plus applicable surcharge and education cess). Also, where shares in the company are subscribed for in convertible foreign exchange by a Non-Resident India, long term capital gains arising to the non-resident Indian shall be taxed at a concessional rate of 10 percent (plus applicable surcharge and education cess). The benefit of indexation of cost and the protection against risk of foreign exchange fluctuation would not be available.

• Under provisions of section 115F of the IT Act, long term capital gains (in cases not covered under section 10(38) of the IT Act) arising to a non-resident Indian from the transfer of shares of the Company subscribed to in convertible Foreign Exchange (in cases not covered under section 115E of the IT Act) shall be exempt from Income tax, if the net consideration is reinvested in specified assets or in any savings certificates referred to in section 10(4B), within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

• Under provisions of 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 consists of only investment income or long term capital gains or both; arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from as per the provisions of Chapter XVII-B of the IT Act.

4.4 Rebate under Section 88E

In terms of section 88E of the IT Act, the STT paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax on such income. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of STT.

5. BENEFITS AVAILABLE TO FIIs

5.1 Dividends exempt under Section 10(34)

Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.

5.2 Taxability of capital gains

Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to STT.

Under section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

(a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
(b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion.

Under section 115AD (1) (ii) of the IT Act short term capital gains on transfer of securities shall be chargeable @ 30% and 10% (where such transaction of sale is entered on a recognized stock exchange in India and is liable to STT). The above rates are to be increased by applicable surcharge and education cess.

Under section 115AD(1)(iii) of the IT Act income by way of long term capital gain arising from the transfer of shares (in cases not covered under section 10(38) of the IT Act) held in the company will be taxable @10% (plus applicable surcharge and education cess). It is to be noted that the benefits of indexation and foreign currency fluctuations are not available to FIIs.

However, where the equity shares form a part of its stock-in-trade, any income realised in the disposition of such equity shares may be treated as business profits, taxable in accordance with the DTAA's between India and the country of tax residence of the FII. The nature of the equity shares held by the FII is usually determined on the basis of the substantial nature of the transactions, the manner of maintaining books of account, the magnitude of purchases, sales and the ratio between purchases and sales and the holding etc. If the income realised from the disposition of equity shares is chargeable to tax in India as business income, FIIs could claim rebate from tax payable on such income with respect to STT paid on purchase/sale of equity shares. Business profits may be subject to tax at the rate of 20 / 40% (plus applicable surcharge and education cess).

As per section 90(2) of the IT Act, 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 to the extent they are more beneficial to the FII.

5.3 Exemption of capital gain from income tax

According to Section 10(38) of the IT Act, long-term capital gains on sale of shares where the transaction of sale is chargeable to STT shall be exempt from tax. According to the provisions of Section 54EC of the IT Act and subject to the conditions specified therein, capital gains not exempt under Section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

5.4 Rebate under Section 88E

In terms of section 88E of the IT Act, the STT paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax on such income. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of STT.

5.5 Tax Deduction at Source

Generally, tax, surcharge and education cess on the capital gains, if any, are withheld at the source by the purchaser/person paying for the equity shares in accordance with the relevant provisions of the IT Act. However, no deduction of tax shall be made from any income by way of capital gains arising from the transfer of securities referred to in Section 115AD of the IT Act payable to FIIs.

6. BENEFITS AVAILABLE TO MUTUAL FUNDS

As per the provisions of Section 10(23D) of the IT Act, 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, would be eligible for exemption from income tax on their income.

7. BENEFITS AVAILABLE TO VENTURE CAPITAL COMPANIES / FUNDS

Under section 10(23FB) of the IT Act, any income of Venture Capital companies/ Funds (set up to raise funds for investment in venture capital undertaking notified in this behalf) registered with the Securities and Exchange Board of India would be exempt from income tax, subject to conditions specified therein. As per section 115U of the IT Act, any income derived by a person from his investment in venture capital companies/ funds would be taxable in the hands of the person making an investment in the same manner as if it were the income received by such person had the investments been made directly in the venture capital undertaking.

SECTION VI: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

The information in this section is derived from various government publications and other industry sources. Neither we nor any other person connected with the Issue has verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and, accordingly, investment decisions should not be based on such information. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current.

INTRODUCTION

Transportation is the process of moving goods and passengers from origin to destination in the timely and cost efficient manner possible with the available modes of transportation.

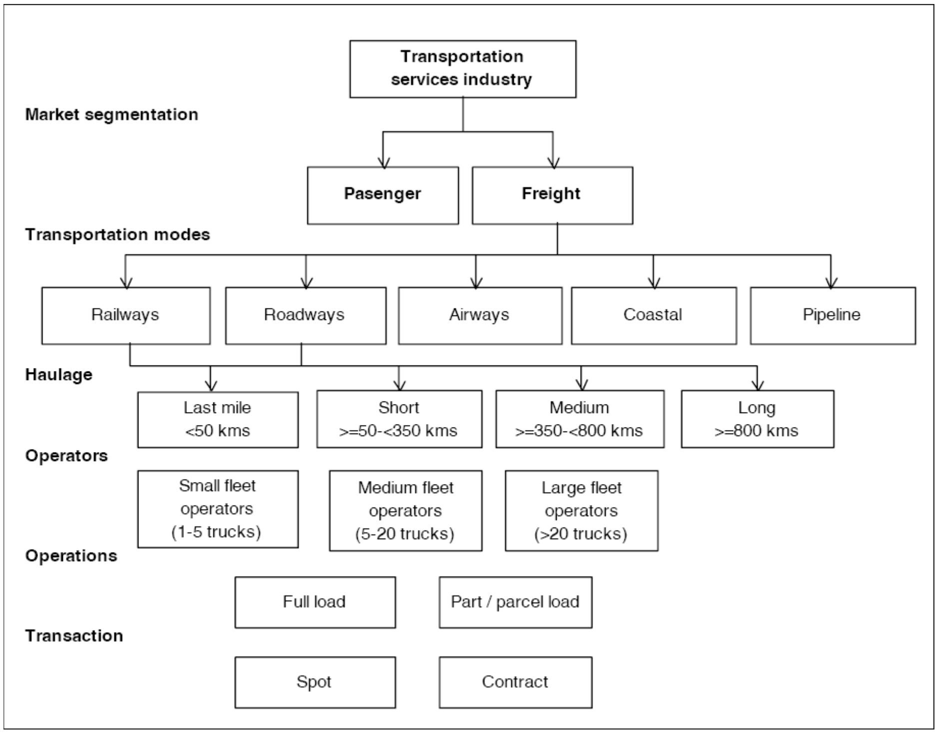
MODES OF TRANSPORTATION:

In order to transport material from one place to another transporters have to use Rail, Road, Air, Water and Pipe Line as the modes of Transportation. A brier introduction to the various mode of transportation are as follows

Rail: Used for delivery of a wide range of goods including coal, iron ore, cement, food grains, fertilizers, steel, petroleum products and other heavy goods. Road: Used by suppliers to deliver goods in a cost effective manner. Many transport companies have expertise for fast delivery, packaging etc. for making scheduled delivery. Air: Used mostly for delivery of high value and low volume goods from distant suppliers, usually not connected by any other mode of Transportation. It is also suitable for emergent item to be imported for some specific requirement.

Water: Used by firms for delivery of goods from distant suppliers, mostly conducted in containers of varied size. This mode is ideal for transportation of heavy and bulky goods and suitable for products with long lead times. Pipe Line: Used by oil sector companies for mass movement of Petroleum products including gases. Due to quite low operating cost it is one of the preferred mode of transportation.

INDUSTRY CLASSIFICATION



Source: CRISIL Research

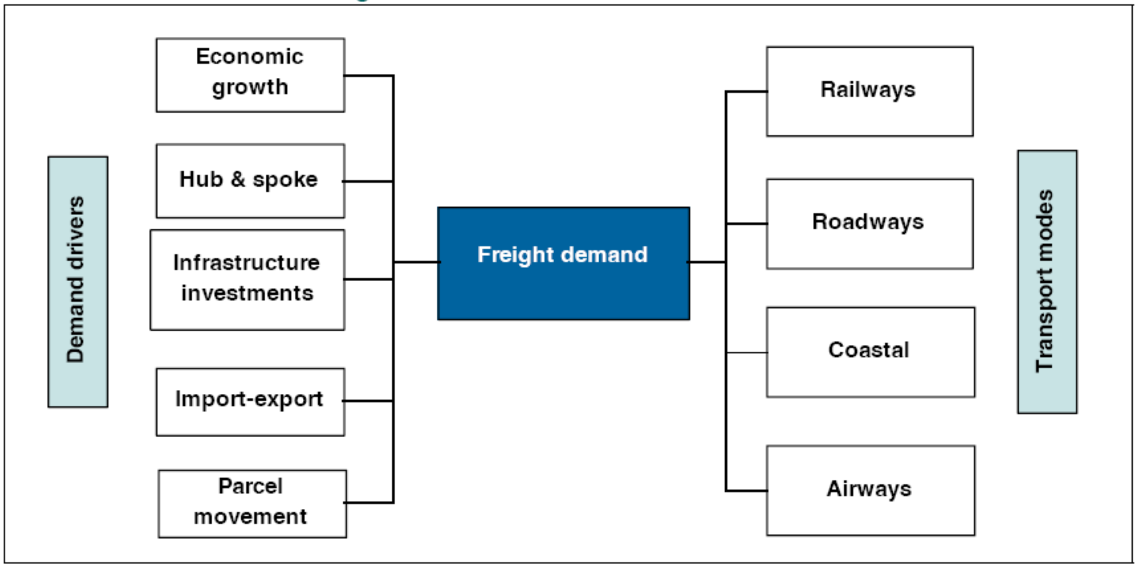
FREIGHT:

Healthy economic growth, rise in the production of key commodities, infrastructure investments and growth in import-export have led to growth in freight movement in the past 5 years, with roadways dominating freight movement on account of higher flexibility, reach and customer preference.

Domestic freight transportation service (DFTS) refers to transportation of goods within India; Here the mode of transportation also mainly refers to roadways and railways, as they carry nearly 90 per cent of the cargo in volume terms. (Source: CRISIL Research)

The domestic freight transport services may be characterized as a large growing sector. The size of the DFTS sector in India, comprising mainly transport by roads, railways, coastal shipping and pipelines is estimated at 1,590 billion tonne kilometres (btkm) in volume terms and at Rs. 1,990-2,010 billion in value terms in 2006-07. In volume terms, as per CRISIL Research it is estimated that the sector has grown at 10.5 per cent per annum during 2001-02 to 2006-07, whereas during 2006-07 to 2011-12, it is forecast to grow at 10.1 per cent per annum, and reach a projected size of 2,569 btkm by 2011-12. (Sources: Crisil Research)

Framework for Freight demand Determination



Source: CRISIL Research

Drivers that influence freight movement

The overall freight movement in the country depends significantly on the growth in industrial, agricultural production and imports. This is also reflected in the high degree of correlation (>0.99) between GDP (industrial plus agriculture) and imports (called adjusted GDP) versus freight movement during 1971-72 to 2006-07.Besides economic growth, the investments made in infrastructure of transport segments also are an important driver of freight movement in a particular mode of transportation.*(Source:CRISIL Reaserach)*

Even though economic growth is the most significant driver for freight movement in a broad sense, the extent of influence specific demand drivers will have on a particular mode of transport may vary. For instance, freight movement in coastal shipping mainly depends on the extent of import-export in the country, while, rail and road freight movement has been significantly influenced by the hub and spoke model of freight distribution.

Review of freight movement

During 1991-92 to 2006-07, the total freight movement is estimated to have increased at a CAGR of around 7.2 per cent, to 1,590 btkm in volume terms and at Rs 1,990-2,010 billion in value terms in 2006-07, in line with the CAGR of 5.9 per cent in adjusted GDP during the same period. Further, when the adjusted GDP growth declined from 7.3 per cent in 1996-97 to 2.3 per cent in 1997-98, demand for freight movement also declined from 5.2 per cent to 4.4 per cent. Similarly, over the past years, while adjusted GDP growth increased at a CAGR of 7.3 per cent, freight movement during the same period has increased at a CAGR of about 10.5 per cent.

Figure 1: Estimated freight movement

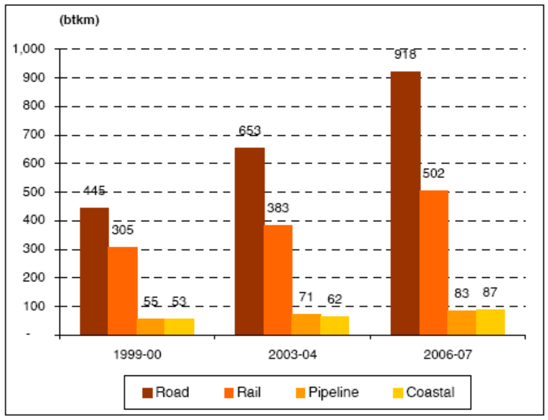
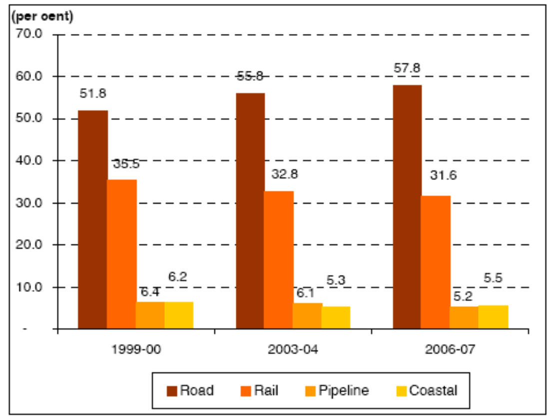


Figure 2: Estimated share of transport modes



(Sources: CRISIL Research)
Note: 1. Road share does not include last mile freight movement.
2. Figure 2 - % are in terms of btkm

DOMESTIC ROAD FREIGHT TRANSPORTATION SERVICE:

Overview

Going forward, given the buoyancy in the economy and expected completion of infrastructure projects, the overall freight movement is expected to remain strong. As a result, roadways will further gain market share, backed by its inherent advantages of flexibility and due to the growth in demand from redistribution segment. On the other hand, railways' share will decline on account of capacity constraints, until the dedicated freight corridors are completed.

In 2006-07, road transport services comprised nearly 58 per cent of the total freight share, followed by rail transport at around 32 per cent and coastal shipping and pipelines with relatively smaller shares of around 5 percent each. As per CRISIL Research roadways expects to continue to dominate freight movement, with its share expected to grow to a tidy 61 per cent in 2011-12 (excluding demand from last mile). On the other hand, the share of railways is expected to decline to 29 per cent in 2011-12, on account of capacity constraints during the same period, while the share of pipelines and coastal movements will remain small. Thus, road transport will remain the growing segment, owing to its plus points such as greater coverage, higher flexibility and door-to-door delivery. The sector will enjoy the benefits out of its inherent advantages despite higher effective cost. Other factors like lower risk of handling loss, lesser loading and unloading of goods, investments made in the NHDP and relatively higher customer orientation as perceived by users also give road freight transport an edge.

Freight movement: Bulk versus non-bulk

Freight movement can be divided into bulk and non-bulk freight. Bulk freight includes commodities like cement, fertilizer, food grains, POL, iron ore etc and non-bulk freight includes general cargo (increasingly containerized). In 2006-07, bulk commodities are estimated to have constituted about 70 per cent of the total freight movement. While 90-95 per cent of the railways' freight constitutes bulk commodities, roadways' freight is evenly balanced between bulk and non-bulk commodities, with the non-bulk commodities contributing 45-50 per cent of its total freight movement. Coastal shipping and pipelines largely move bulk commodities. *(Source:CRISIL Research)*

Over the next 5 years, the share of non-bulk freight movement is expected to increase to 40 per cent of the overall freight movement, largely supported by road transport. While 60 per cent of the road freight transport is expected to be constituted by non-bulk commodities, the railways' freight mix will continue to be dominated by bulk commodities at 90 per cent. (Estimations are on btkm terms.) *(Source:CRISIL Research)*

Road freight movement: Haulage-wise

The road transport sector can be broadly divided into two areas, primary transportation that is, long haul (>800 km), medium haul (350-800 km) and short haul (50-350 km)] and secondary transportation (referred to as last mile distribution with <50 km). In 2006-07, out of the total primary road freight movement (estimated in btkm terms), long haul contributed close to 20 per cent, medium haul contributed over 55 per cent and short haul around 25 per cent. *(Source:CRISIL Research)*

Railways have an upper hand over roadways in long haul movement of commodities mainly on account of its favourable cost economics (lower freight rates) and tie up with government undertakings for freight movement. On the other hand, road transport has been a favoured mode of transport in the medium haul, due to competitive and effective freight cost, fuel efficient vehicles, improved highway infrastructure etc.

Inherent advantages, infrastructure support give an edge to road transport

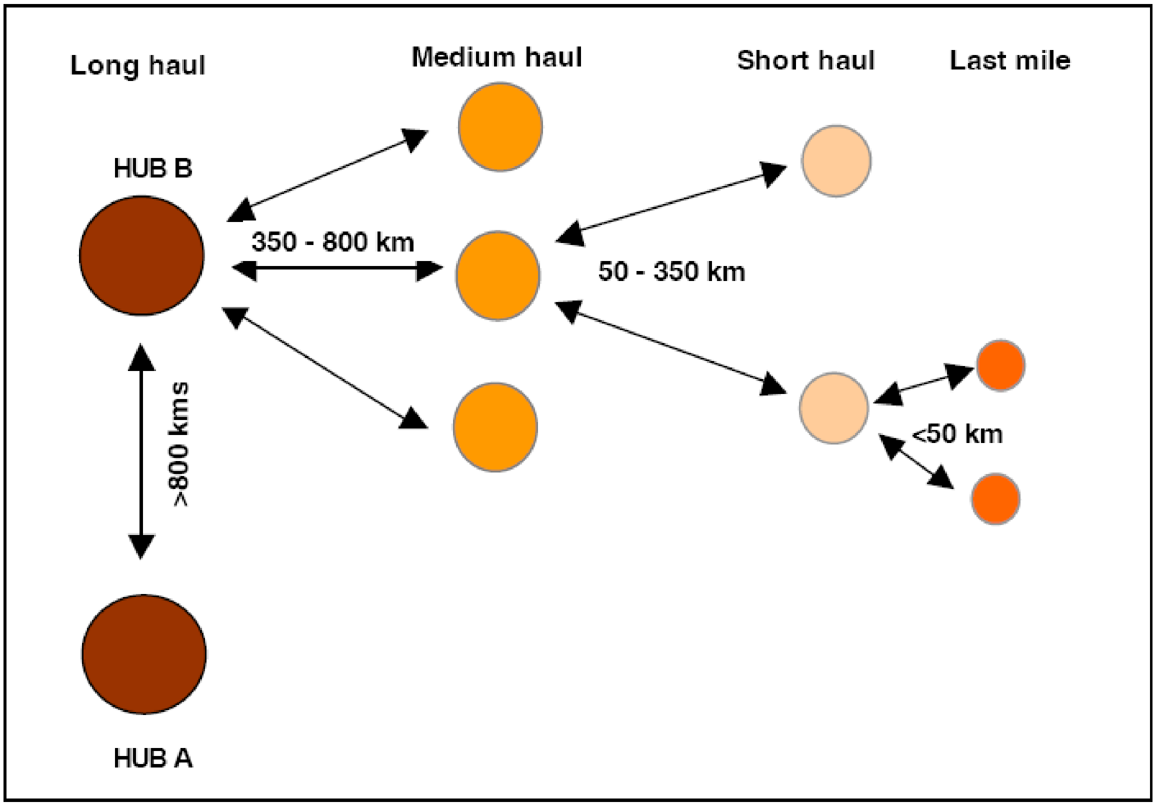
Historically, railways has remained a dominant mode of transport in India, over the past few decades, roadways has gained a significant share in the overall traffic movement, while railways has lost its market share.

The reasons that have helped roadways gain market share are as follows:
• Greater coverage as compared to any other mode of transport
• Higher flexibility in terms of door-to-door delivery, giving it an edge despite higher effective cost
• Lower risk of handling loss, due to lesser loading and unloading of goods
• Investments made by the government in the NHDP.

Given the above-mentioned advantages and growth in road infrastructure, the road transport network has acquired a considerable advantage over a period of time. This is evident from the fact that during 2001-02 to 2006-07, while freight demand in road transportation sector is estimated to have grown by 12.3 per cent, the growth in the overall road freight movement was about 10.5 per cent, and the growth in rail freight movement was just about 8.5 per cent. *(Source:CRISIL Research)*

Consequently, over the past few decades, the share of road transport in the total freight movement has also been increasing; this share has been estimated to increase from 53.3 per cent in 2001-02 to around 57.8 per cent in 2006-07, supported by strong economic growth, inherent advantages of roadways and initiatives in infrastructure development. (It may be noted that this share of road excludes last mile freight movement). *(Source:CRISIL Research)*

Hub and Spoke model of freight distribution



(Source: CRISIL Research)

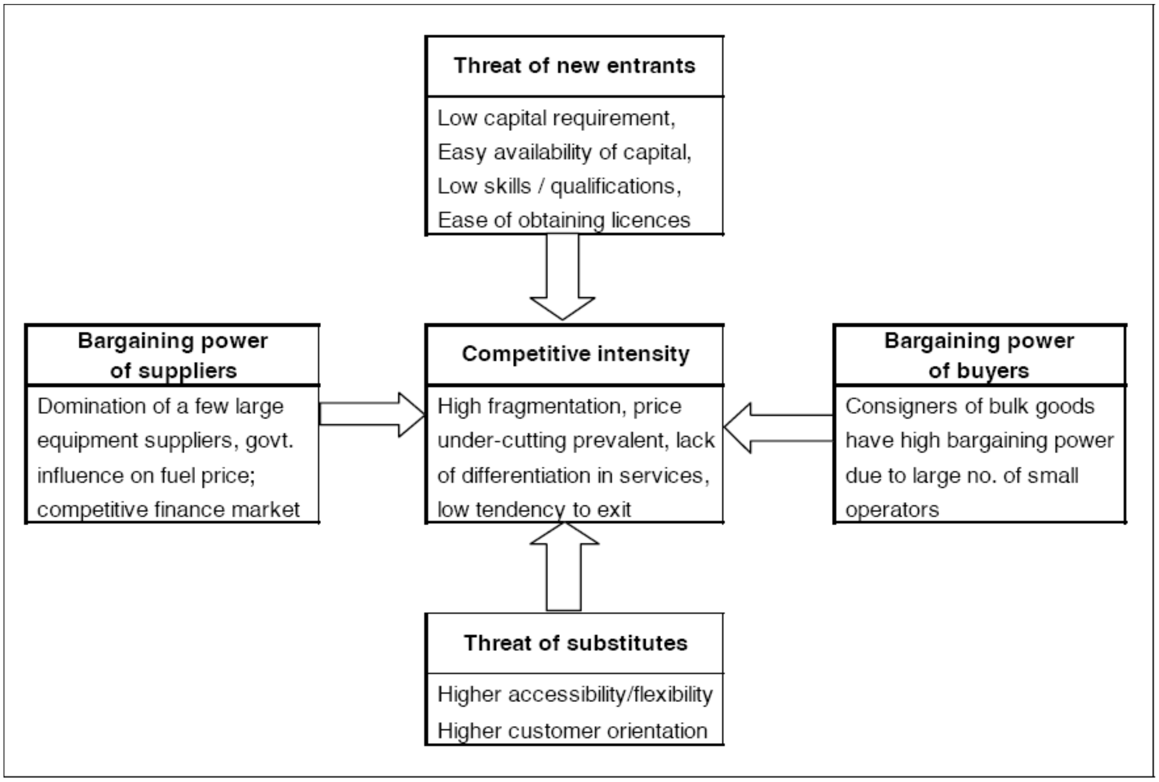
Under the Hub and Spoke system, our transhipment yards act as hubs and the various booking and delivery offices act as spokes. The hub acts as a connector between the booking office and the delivery office. The hub receives the booking consignments from various branches, which are segregated based on the destination and then dispatched directly to our delivery office or to the other hub, which connects to the delivery office.

Once consignments are booked at the spoke they are unloaded at the nearest hub based on the destination of the consignment. Once the unloading of a certain number of trucks is complete, all the consignments meant for a particular destination are aggregated and loaded into a truck for further transportation. This ensures that every truck is filled to capacity and its utility is improved. In case a hub does not have enough consignments for a particular destination, the goods are unloaded onto the next nearest hub to be further aggregated at that hub en-route to the destination.

As there has been a strong rise in the medium haul segment demand in 2006-07, the use of multi-utility vehicles (MAVs) and intermediate commercial vehicles (ICVs) have also gone up, thereby pushing up the overall medium haul capacity at a CAGR of 15.5 per cent from 2001-02 to 2006-07. *(Source:CRISIL Research)*

The short haul freight movement mainly comprises intra-city movement, where the commodity is collected in one destination after being brought from a long haul or medium haul distance and is later disbursed or redistributed in the adjacent cities. With freight demand in both the long haul and medium haul segments expected to be healthy, and with the emergence of the hub and spoke model of distribution, the demand for short haul will be firm. To meet the rise in demand, more sub-one tonners, pick-ups, LCVs and ICVs are being used, which has pushed up the capacity in short haul freight movement at a CAGR of 9.8 per cent during 2001-02 to 2006-07. *(Source:CRISIL Research)*

Industry structure and participants



Source: CRISIL Research

Freight consignors usually prefer roadways over railways due to its inherent advantage of higher accessibility and reach, and customer orientation unlike other modes of transport. Moreover, the customers get an edge in bargaining power, as the roadways is highly fragmented and there is intense competition even among the large transporters. However, the large organised players who provide value-added services such as warehousing, containerised movement, supply chain management etc are also able to influence the terms and conditions of the freight contract, as not many transport operators provide such services.

Also, while the bargaining power of suppliers seems strong, given that there were only a few equipment suppliers catering to a large customer base of transporters, more players showing interest in entering the equipment manufacturing space, bargaining power of suppliers is set to come down in future.

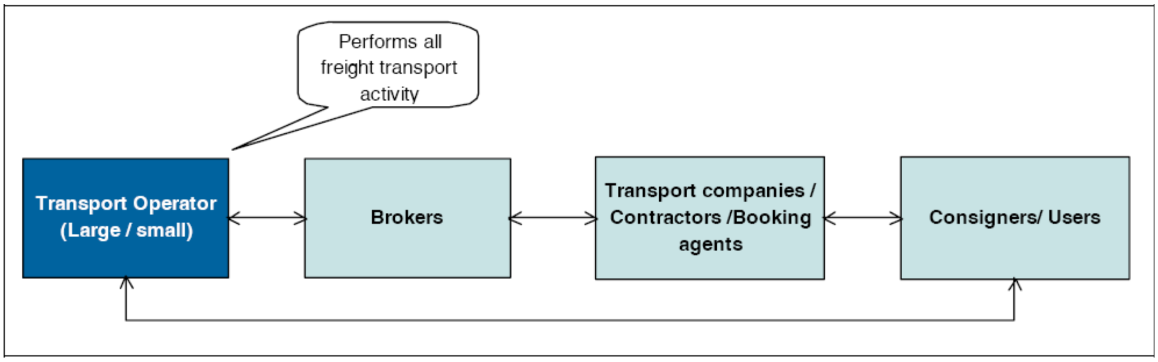
Industry participants in road freight transportation sector

The structure of the road freight transport industry in India has always been and continues to be highly fragmented. It comprises many players who provide transportation services, intermediaries – transport contractors / booking agents who can provide haulage services, brokers who fetch equipment and drivers for a commission, and the consignors / users who constitute the ultimate demand for the services.

Transport operator

Transport operator is the one who provides transportation in the entire transportation services value chain. These operators can be broadly classified into single truck or small fleet operators (those who own up to 1-5 trucks) and fleet operators (those who own more than 5 trucks). Fleet operators can be further segmented into medium fleet operators who have a fleet of 6-20 trucks and large fleet operators who own more than 20 trucks.

Role of Transport Operator



Source: CRISIL Research

Small truck operators

Single truck or small fleet operators are operators who own up to 5 trucks. While in certain cases, the single truck operator is both the owner and the driver of the truck, the truck may be operated by the operator's family members, relatives etc.

Truck ownership (%)	1979	1990	1994	1998	2004
Operators own up to 5 trucks	98	95	85	77	70
Operators own 6 to 20 trucks	2	5	13	17	23
Operators own more than 20 trucks	0	0	2	6	7
Total	**100**	**100**	**100**	**100**	**100**

Source: CRISIL Research

Following are some of the typical characteristics of a small fleet operator:

- Ownership: Ownership of up to 5 trucks
- Broker dependence: Significant dependence on brokers for business
- Haulage: Mainly ply on last mile and short haul routes not exceeding 150-200 km
- Operations: Operate mostly in the full truck load business
- Attachment of vehicles: Small operators are usually attached to the large fleet operators.

Large fleet operator

Following are some of the typical characteristics of large fleet operators are:

- Ownership: They own or control a relatively larger fleet size, typically over 20 trucks
- Broker dependence: They directly bid for contracts with consignors / users without the support of any intermediary
- Haulage: They operate predominantly on long haul on a hub and spoke distribution model

- Operations: They operate in both the fully loaded and partly loaded truck businesses
- Attachment of vehicles: They use the services of smaller operators when they need to have additional vehicles.

Large fleet operators dominate road transport

In terms of structure, the road transport services segment is highly fragmented, while the Railways are owned by the government. Coastal ships are either captively owned by end users or by several small fleet operators, while pipelines are owned by a few organizations mainly in the public sector. While road freight transport is generally described as highly fragmented, large fleet operators control a significant portion of both the stock of commercial vehicles and freight. According to estimates the large fleet operators (defined as owning more than 20 trucks each) cumulatively own about 50 per cent of the total stock of commercial vehicles and control about 65 per cent of the total stock of commercial vehicles. Similarly, freight carrying capacity of vehicles owned by large fleet operators is estimated to be over 70 per cent and the same for vehicles controlled by them is estimated to be close to 85 per cent of the total road freight capacity. Apart from the vehicles that are owned, controlled vehicles also include vehicles attached by small fleet operators. *(Source:CRISIL Research)*

Domination on stock and load carrying capacity

The organised large fleet operators of the industry are relatively small in number and have varying payloads; but, these large fleet operators carry a significant portion of both the stock of commercial vehicles and freight. CRISIL Research estimates large fleet operators to own over 50 per cent of the total stock of commercial vehicles (commercial vehicles includes light, medium and heavy commercial vehicles excluding three-wheelers goods) and control about 65-70 per cent of the total stock of commercial vehicles. Controlled vehicles are vehicles owned and net of vehicles attached with the fleet operator. Net of vehicles attached means vehicles received on attachment less vehicles given on attachment.

According to CRISIL Research estimates, large fleet operators' load carrying capacity with owned vehicles is over 70 per cent and with controlled vehicles is close to 85 per cent for the year 2006 -07. The fleet is primarily used for general goods transportation, with the operators working on a hub and spoke distribution model. Our industry interactions with operators and users also revealed that apart from their broad-based transport stock, large fleet operators are able to generate business on account of goodwill, assurance of timely delivery and quality, distribution network and necessary infrastructure.

Transport operation and haulage

Large fleet operators operate on all haulage segments — short, medium and long. However, as they are dominant in the medium and long haul operations, they operate on a hub and spoke system of distribution. As the large operators cover a wide geographical area, ranging from 200-1,500 km or even more, they typically have a wide network of branches throughout the country, apart from the necessary infrastructure to support their network. This enables them to attract users and get business on a continuous basis.

Owned cargo capacity (tonnage)	Short haul	Medium & long haul
Small fleet operators (1--5 vehicles)	30%	8%
Medium fleet operators (6--20 vehicles)	31%	17%
Large fleet operators (> 20 vehicles)	39%	76%
Total	**100%**	**100%**

Controlled cargo capacity (tonnage)	Short haul	Medium & long haul
Small fleet operators (1--5 vehicles)	26%	1%
Medium fleet operators (6--20 vehicles)	26%	12%
Large fleet operators (> 20 vehicles)	48%	87%
Total	**100%**	**100%**

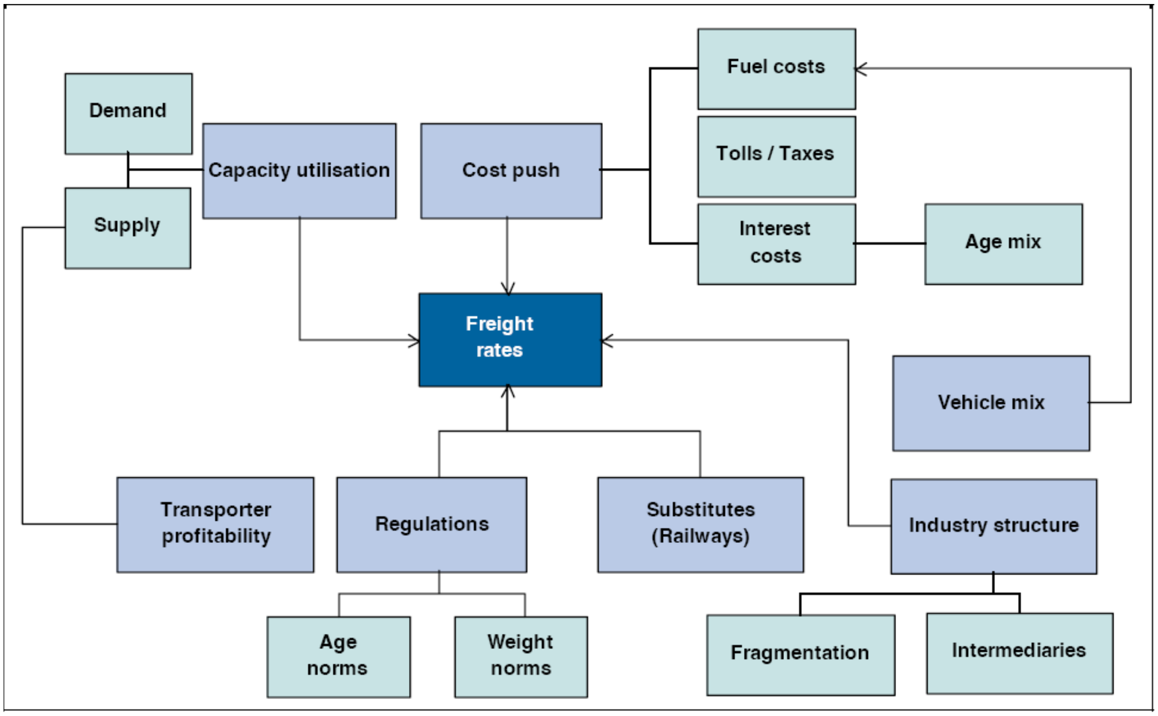
Source: CRISIL Research

Unlike small fleet operators / single truck owners, large fleet operators operate on both the full truckload and parcel truck load operations. Parcel truck load refers to small packages booked by consignors that occupy only a part of the entire truck space. Large fleet operators are able to operate in both the segments due to their wide range of distribution network and clientele, the consignors' perception of higher reliability and quality assurance.

Freight Rates

As per CRISIL research, demand-supply and cost factors emerge as the two key determinants of freight rates; however, regulations and industry structure also have a role to play in influencing freight rates. These factors explain why freight rates have risen continuously over the past five years, despite significant fragmentation of the road transport sector. Over the next 5 years, the cost of transport operations may reduce structurally and this will reduce freight rates (adjusting for inflation); however, the rates may continue to remain firm over the next 1 year, due to continuation of healthy economic growth as well as cost pressures.

Freight rate determinants



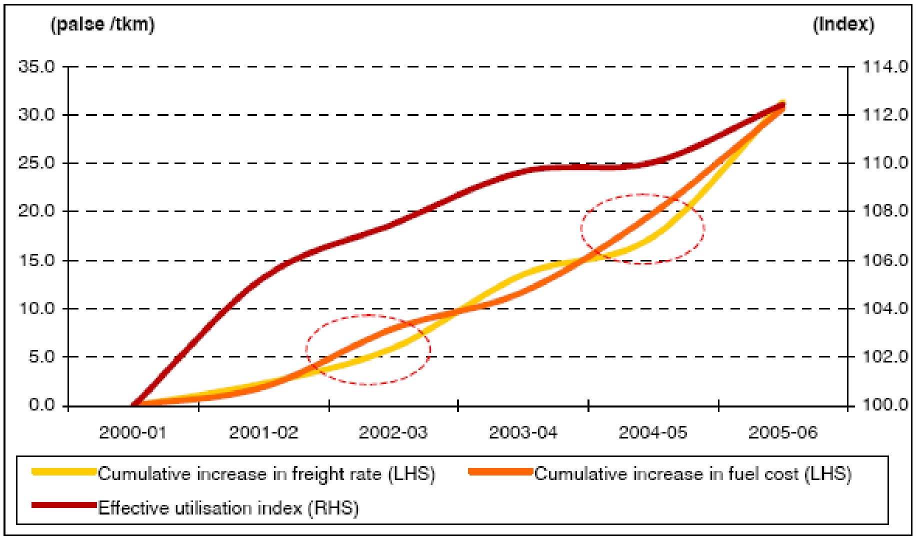
Source: CRISIL Research

Demand-supply dynamics

Freight rates have a direct impact on the distribution costs of the manufacturing sector and therefore have indirect implications for the economy as well. A recent World Bank study states that, "despite many impediments, mainly related to the existing infrastructure, India has achieved a highly competitive, low-cost road freight transport for basic services, with its highway freight rates being the lowest in the world". However, it should be noted that the costs of delay and uncertainty in transportation do push up the effective cost of the users significantly. (Sources: Crisil Research)

Fuel price and capital cost

Fuel costs typically constitute more than 50 per cent of the transport operator's total costs; accordingly, any increase in diesel prices may reduce the player's operating margins. However, empirically, it has been observed that while the transport operators have been able to pass on the fuel cost increase through higher freight rates when freight availability was at its peak, the same has not been the case during recessionary periods, when they had to absorb the small changes in diesel prices, and take a toll on their profitability. The following graph will show the trends in freight rates and diesel prices



Note

Diesel prices adjusted for fuel efficiency, capacity utilisation adjusted for over loading

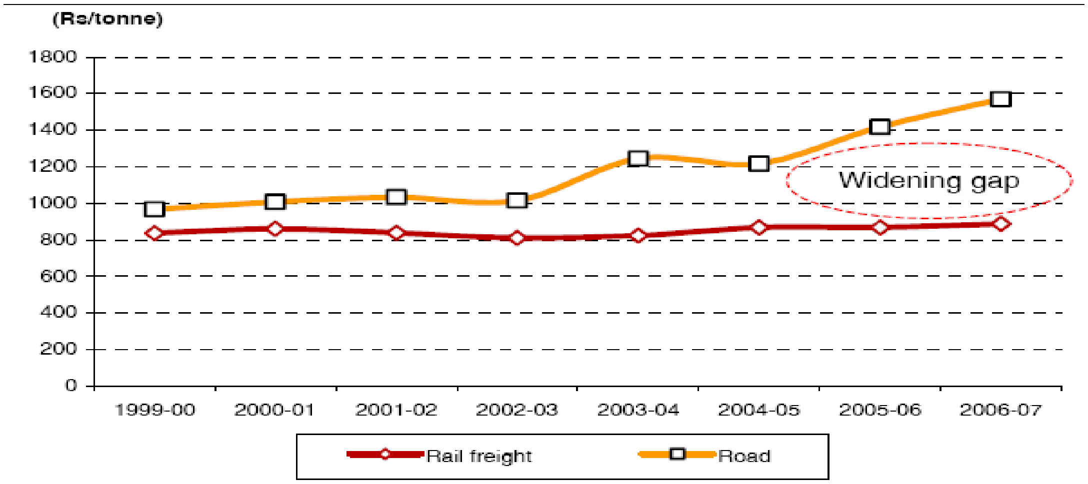
Source : CRISIL research

Capital costs (interest and depreciation): also constitute as a major cost for transport operators; in fact these costs constitute 6-10 per cent of their freight income. Moreover, considering the 95 per cent penetration of finance in new truck sales and over 85 per cent penetration in second hand sales, interest cost have gained significant importance in the cost structure of transport operators over the past few years.

Likewise, as the number of commercial vehicles that are 0-4 years old is as much as 40 per cent — usually 0-4 years is the period during which the finance for new commercial vehicles has to be repaid — the influence of any change in interest cost may affect the freight rates. Hence, hardening of interest rates may lead to postponement of truck purchases and in a scenario of good freight availability this may lead to a further rise in freight rates.

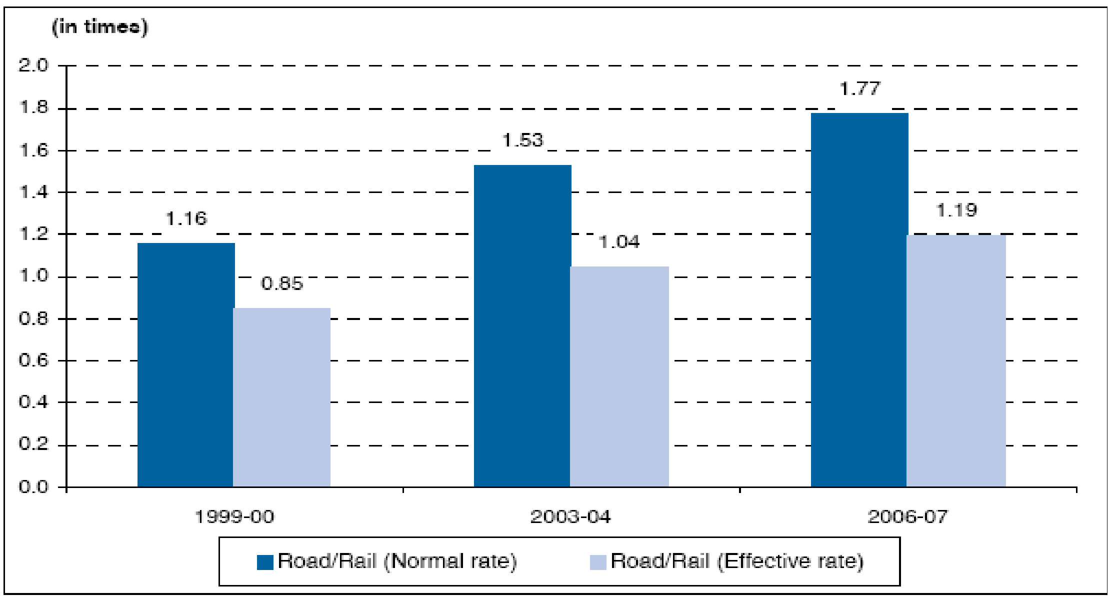
Comparison with Railway as mode of transport

An analysis of the normal freight rates of roadways versus railways revealed that while the railway freight has risen marginally during 2002-03 to 2006-07, the road freight has continued to grow. Moreover, during the same period, while the market share of roadways (excluding last mile) increased from 54.0 per cent in 2002-03 to 58.0 per cent in 2006-07, that of railways declined from 34.0 per cent to 31.5 per cent. This point of view is evident from the following graph:



Source : CRISIL research

However, if we consider the effective freight rate, which is the normal freight rate plus freight cost for last mile transportation and loading and unloading cost, the rail and road freight rates are relatively comparable. This shows that even though the effective freight rate of railways is competitive, the share of roadways is higher in the total freight movement, due to its inherent advantages such as door to door delivery, higher accessibility and customer orientation.



Note: Freight rates apply to cement movement for a distance slab of 1,000 Km
Source: CRISIL Research

Other Factors affecting Road Transportation

Road development

India has a road network of 3.3 million km, one of the largest in the world, of which national highways and state highways together contribute only about 6 per cent. But they carry about 80 per cent of the total road traffic. Given that roads occupy a crucial position in the growth and development of the transportation industry in general and specifically the road transportation segment, the government undertook several projects to expand the road network nationwide to provide connectivity and mobility in both the rural and urban areas.

Vehicle utilization

Vehicle utilisation is measured in terms of the distance covered by the operator during the year. Changes in vehicle utilisation significantly affect the cash flows of an operator. A 10 per cent improvement in equipment speed, leads to a 5-7 per cent increase in distance covered during the year, thereby resulting in a 15 per cent improvement in cash flows.

Consequently, the efficiency of the transporters goes up, as the average turnaround time decreases, and the business expands by 5-7 per cent (number of trips). Monetarily also the transporter is benefited, as the fixed costs gets spread over a higher base, thus improving the cash flows. Given the good freight availability, if another driver is added, the vehicle utilisation will go up, as the vehicle halting time will come down — when one driver rests the other will utilise the vehicle. Additional revenues from increased vehicle usage may more than offset higher costs like fuel and labour. Variables that affect vehicle utilisation include the type of commercial vehicle, road infrastructure / traffic, time spent at check posts and rest time.

Fuel cost

Fuel cost constitutes a major part of the cost structure of a transport operator; it constitutes between 55-60 per cent of the total costs. Moreover, fuel costs are variable in nature; hence, a small movement in fuel price or fuel efficiency significantly affects the cash flows of the transport operator. A 10 per cent increase in fuel costs, for instance, increases the total cost by 4 per cent.

Vehicle-mix and fuel efficiency

Transport operators can maximise their profitability by maintaining a suitable vehicle mix, given the existing freight availability, its range of operations, type of freight carried and contracts with customers. Since the late nineties, the preference for higher gross vehicle weight commercial vehicles has been increasing, as they are more profitable with their higher payload capacity and relatively better fuel cost economics.

Commission to intermediaries

As the small fleet operators depend on intermediaries to procure business, a substantial part of their income is pocketed by the intermediaries as commission. For instance, a 25 per cent fall in broker dependence (from 100 per cent to 75 per cent) results in a rise in cash flows by 135 per cent.

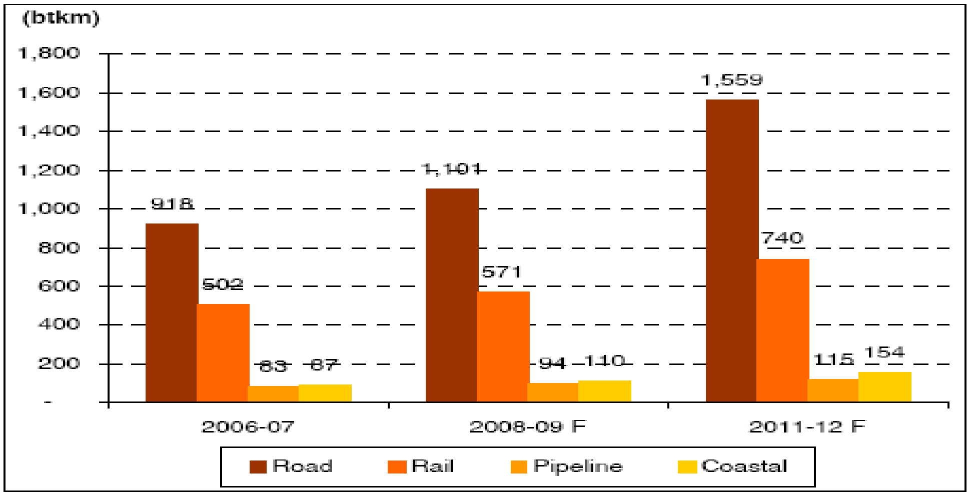
Outlook of Road Freight Transportation Sector

We expect the overall freight movement to grow at a CAGR of 10.1 per cent over the next 5 years and reach a projected size of 2,569 btkm. Healthy economic growth, increase in production of key commodities, likely completion of infrastructure projects and rise in infrastructure investments are expected to bring about this growth.

In terms of proportion, CRISIL Research expects roadways to continue to dominate the freight movement with its share expected to grow from 57.8 per cent in 2006-07 to 60.7 per cent in 2011-12 (excluding demand from last mile). Share of railways, on the other hand, is expected to decline from 31.6 per cent in 2006-07 to 28.8 per cent in 2011-12, on account of capacity constraints during the same period. While the share of air and coastal freight movement will continue to remain small, the coastal freight movement will rise due to rise in export and import in the country, albeit, on a small base.

Over the next 5 years, CRISIL Research expects roadways to continue to move majority of its freight in the medium and short haul segments; however, as capacity constraints will crop up at the railways' end, the roads will gain in the long haul segment as well (till dedicated freight corridors by railways is completed; expected to be completed post-2011-12). Growth in the last mile segment will soar to double digits in value terms over the next 5 years, as the redistribution movement from retail consumption will continue to maintain buoyant.

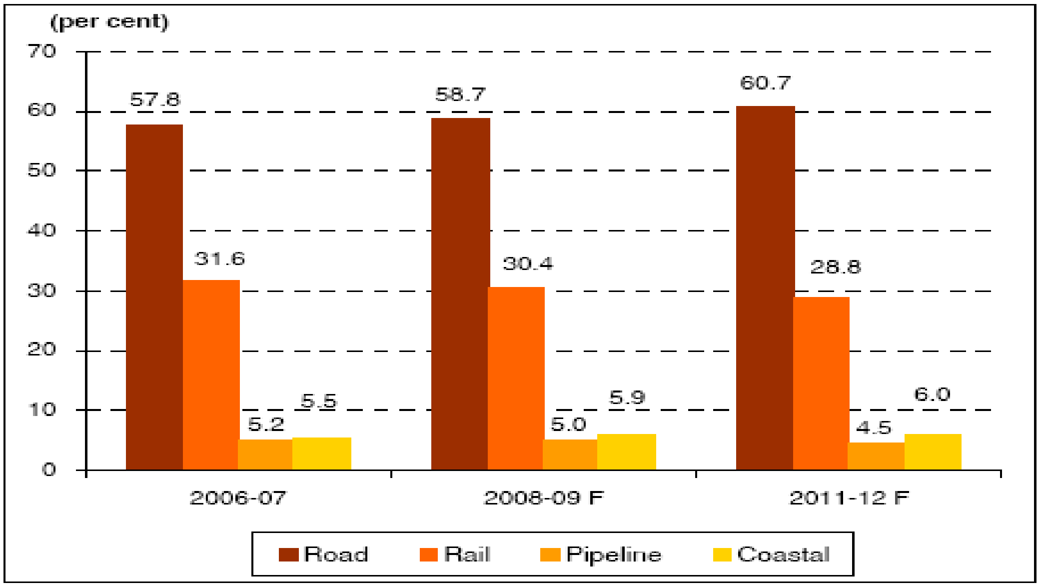
Projected freight movement



F - Forecast

Source: CRISIL Research

Projected share of transport modes



F - Forecast

Source: CRISIL Research

PASSENGER TRANSPORT

Passenger transport services are provided both by the State Road Transport Undertakings (SRTUs) and private operators. Following liberalization, with the entry of private operators to meet the incremental passenger traffic demand the share of SRTUs has declined. The share of the private sector as far as concerned with total number of buses has increased from 57 per cent in 1980-81 to 85 per cent in 2003-04. Over the years the modal split in passenger movement between rail and road (by bus mode) has skewed in favour of the latter. The share of bus transport in passenger movement which was around 15% in 1950-51 has increased to around 87% in 2003-04, while that of railways has fallen from around 85 % to barely 13 % over the same period. Taking into account the traffic carried by other commercial vehicles, the share of the private sector in total passenger traffic is estimated at about 85 per cent. (Source: Working group Report by Government of India, Planning Commission)

State Road Transport Undertaking

At present there are 53 State Road Transport Undertakings (SRTUS) having a total number of 1.13 Lakh buses of varying fleet size. The reporting SRTUs carry more than 6 Crore passengers per day and cover about 449 billion passenger Kms. As at the end of fiscal year 2003-04, the country had about 73 million registered automobiles of which two wheelers and cars constituted over 81 per cent of the vehicles in the country. The share of buses in total registered vehicles has declined from 11.1 % in 1951 to 1.1% in 2003-04 even though they accounted for about 50% of all journeys performed by road. The erosion in the role of buses in public transport system is also reflected in the fact that while the vehicle population grew at a compound annual growth rate (CAGR) of close to 10 % number of buses grew by less than 7 per cent and buses owned by the SRTUs by less than 1 per cent during 1991 to 2004. As a result there has been a rapid erosion of share of SRTUs buses in the total number of buses from more than 45 % in 1976 to around 20 % in 2005. (Source: Working group Report by Government of India, Planning Commission)
As per the analysis by Department of Road Transport & Highways, the total no. of registered vehicles in India during 1951 – 2004 is as follows:

(In Thousand)

Year		**All**	**Two**	**Cars, Jeeps**	**Buses**		**Goods**	**Others***
(As on		**Vehicles**	**Wheelers**	**and Taxis**			**Vehicles**	
March 31)								
1		**2**	**3**	**4**	**5**		**6**	**7**
1951		306	27	159	34		82	4
1956		426	41	203	47		119	16
1961		665	88	310	57		168	42
1966		1099	226	456	73		259	85
1971		1865	576	682	94		343	170
1976		2700	1057	779	115		351	398
1981		5391	2618	1160	162		554	897
1986		10577	6245	1780	227		863	1462
1991		21374	14200	2954	331		1356	2533
1996		33786	23252	4204	449		2031	3850
1997		37332	25729	4672	484		2343	4104
1998		41368	28642	5138	538	@	2536	4514
1999		44875	31328	5556	540	@	2554	4897
2000		48857	34118	6143	562	@	2715	5319
2001		54991	38556	7058	634	@	2948	5795

Year		All	Two	Cars, Jeeps	Buses		Goods	Others*
(As on		Vehicles	Wheelers	and Taxis			Vehicles	
March 31)								
1		2	3	4	5		6	7
2002		58924	41581	7613	635	@	2974	6121
2003	(R)	67007	47519	8599	721	@	3492	6676
2004	(P)	72718	51922	9451	768	@	3749	6828

* : Others include tractors, trailors, three wheelers (passenger vehicles) and other miscellaneous vehicles which are not separately classified.

@ : Includes Omni buses. (P) : Provisional (R) : Revised

WIND POWER GENERATION

Wind power is the conversion of wind energy into useful form, such as electricity, using wind turbines. Wind power is produced in large scale wind farms connected to electrical grids, as well as in individual turbines for providing electricity to isolated locations.

Energy Requirement Projections

The Expert Committee on Integrated Energy Policy constituted by the Planning Commission has in its report (IEPR) estimated the requirement of primary energy supply to increase 3-4 times the 2003-04 level for an economy growing at around 8-9 per cent per annum over the next 25 years. In this context, the country's electricity generation capacity / supply would need to go up 6-7 fold from the current installed capacity of around 1.15 Lakh MW during 2003-04 to between 7.8-9.6 Lakh MW by 2031-32. (Source: Annual Report 2006 -07, Ministry of New and Renewable Energy)

Grid – Interactive Renewable Power

The total power generation capacity addition in the country from different sources-conventional as well as renewable- targeted for the 10th & 11th Plans is around 1 Lakh MW, of which 10%, i.e., 10,000 MW was aimed as the share of renewable such as wind, biomass and small hydro. The break-down of this share among different sources is: 5 per cent from wind power (5,000 MW); 3 per cent from bio power (3,000 MW); and 2 per cent from small hydro power (2,000 MW). The estimated medium-term potential for power generation from renewable energy sources is about 84,000 MWs (Source: Annual Report 2006 -07, Ministry of New and Renewable Energy)

Progress during the 10th Plan (upto 31.1.2007) has been encouraging as the country is today one among the top rankers in grid-interactive renewable power installations which aggregate 9373 MW, corresponding to over 7.0 per cent of the total power generating installed capacity in the country. Of this, 6315 MW is the share of wind power placing the country at 4th rank world-wide, 1905 MW of small-hydro power and 1152 MW of bio-power. About 5923 MW capacity has been added during the first 4 years and 10 months of the 10th Plan (upto 31.1.2007) against a target of 3075 MW for the 10th Plan. Accordingly the share of renewables in 10th Plan power generating capacity addition is 20 per cent, i.e., double the initial aim of 10 per cent. Capacity addition during 2006-07 (upto 31.1.2007) has been 1191MW: wind power-933 MW; bio-power-199 MW; small hydro power -69 MW. As per currents trends, renewable power capacity addition during the year should reach 2000 MW. (Source: Annual Report 2006 -07, Ministry of New and Renewable Energy)

Grid interactive renewable power from wind, small hydro and biomass supplements conventional power. Against the 10th Plan target for grid-interactive renewable power installed capacity of 3075 MW from renewables, the actual achievement is likely to exceed 6500 MW. Of this, about three-fourths is wind power and the balance one-fourth comes from bio-power and small hydro power. Against an aim that 10 per cent power generation installed capacity in the country should come from renewables during the 10th Plan, the achievement is about 20 per cent, i.e., over double the initial aim, and the trend is likely to continue during the 11th Plan.

Grid interactive renewable power projects are essentially private investment driven and almost all the renewable power capacity addition is coming through this route. Eventually, since renewable power would need to compete with conventional electricity, the challenge is to align it in terms of reliability, quality and cost. Accordingly, the focus is towards reducing the capital cost of projects and increasing their capacity factors, with the eventual aim of reducing the unit cost of renewable power generation.
Estimated Potential and cumulative achievement of New and renewable energy as on January 31, 2007.

No.	Sources / Systems	Estimated Potential	Cumulative Achievements
I. Power From Renewables			
A. Grid-interactive renewable power			
1.	Bio Power (Agro residues)	16,8811 MWe	510.00 MW
2.	Wind Power	45,1952 MWe	6315.00 MW
3.	Small Hydro Power (up to 25 MW)	15,0003 MWe	1905.00 MW
4.	Cogeneration-bagasse	5,0004 MWe	602.00 MW
5.	Waste to Energy	2,7005 MWe	40.95 MW
	Sub Total (in MW) (A)	**84,7766 MWe**	**9372.95 MW**
B. Distributed renewable power			
6.	Solar Power	-	2.92 MW
7	Biomass Power / Cogen.(non-bagasse)	-	34.30 MW
8.	Biomass Gasifier	-	75.85 MW
9.	Waste-to- Energy	-	11.03 MW
	Sub Total (B)	**-**	**124.10 MW**
	Total (A + B)	**-**	**9497.05 MW**
II.	**Remote Village Electrification**	-	2501 villages + 830 hamlets
III. Decentralised Energy Systems			
10.	Family Type Biogas Plants	120 Lakh	38.90 Lakh
11.	Solar Photovoltaic Programme	20 MW/sq.km.	
	i. Solar Street Lighting System	-	54659 nos.
	ii. Home Lighting System	-	301603 nos.
	iii. Solar Lantern	-	463058 nos.
	iv. Solar Power Plants	-	1859.80 kWp
12.	Solar Thermal Programme	-	
	i. Solar Water Heating Systems	-	16.6 million sq.m. collector area
	ii. Solar Cookers	-	6.03 Lakh
13.	Wind Pumps	-	1141 nos.
14.	Aero-generator /Hybrid Systems	-	572 kW
15.	Solar Photovoltaic Pumps	-	7068 nos.
IV. Other Programmes			

16.	Energy Parks	-	493 nos.
17.	Akshay Urja Shops	-	104 nos.
18.	Battery Operated Vehicle	-	255 nos.
MWe = Megawatt equivalent; MW = Megawatt; kW = kilowatt; kWp = kilowatt peak; sq. m. = square meter			

(Source: Annual Report 2006 -07, Ministry of New and Renewable Energy)

Grid – Interactive wind Power

Potential

India's wind power potential has been assessed at 45,000 MW for sites having wind power density (wpd) greater than 200 W/m2 at 50 m hub-height, assuming land availability in potential area @ 1 per cent and requirement of wind farms @ 12 ha/MW. Further, preliminary surveys do not at this juncture suggest a sizeable grid-interactive off-shore wind power potential.

Capacity Installed

The cumulative installed capacity of grid-interactive wind power projects up to 31.3.2006 was 5382 MW. During 2006-07 888 MW have been installed up to 31.12.2006 and as per trends it is likely that a total of 1700 MW would be added during the year. With this, the capacity addition of wind power during the 10th Plan would be 5415 MW. State-wise wind power installed capacity as on 31.12.2006 is given in below table

State	**Cumulative Installed Capacity (MW)**
Andhra Pradesh	121.60
Gujarat	401.40
Karnataka	745.60
Kerala	2.00
Madhya Pradesh	54.90
Maharashtra	1283.70
Rajasthan	440.80
Tamil Nadu	3216.10
West Bengal	1.10
Others	3.20
Total	**6270.40**

(Source: Annual Report 2006 -07, Ministry of New and Renewable Energy)

Exports

During 2006-07 (up to 30.09.2006), indigenously produced wind turbines valued at US$ 250 million have been exported to USA, Europe, China, Brazil and Australia. This apart, wind turbines blades valued at US$ 25 million have been exported to Germany, China, Spain and USA, till December 2006. The export of wind turbines and components is likely to touch about US$ 500 million during the year. (Source: Annual Report 2006 -07, Ministry of New and Renewable Energy)

Incentives

A package of incentives which includes fiscal concessions such as 80 per cent accelerated depreciation, concessional custom duty, excise duty exemption, sales tax exemption, income tax exemption on profits from power generation for 10 years, etc. are available to wind power projects. Intra-state open access regulations have been notified in Andhra Pradesh, Gujarat, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Rajasthan, Orissa, Tamil Nadu and West Bengal. The State Electricity Regulatory Commissions (SERC) in Andhra Pradesh, Gujarat, Karnataka, Madhya Pradesh and Tamil Nadu have announced preferential tariffs for wind power. SERCs in Maharashtra, Orissa, Rajasthan, Kerala and West Bengal have issued tariff orders.

The Ministry provides subsidy for setting up of grid-interactive wind power demonstration projects in states where commercial activity has not yet been initiated/taken off or where not more than 1% of technical potential of the state has been exploited. (Source: Annual Report 2006 -07, Ministry of New and Renewable Energy)

AIR CHARTING

The Civil Aviation sector has undergone dramatic expansion during the Tenth Five Year Plan period. The rapid growth of the economy especially during the last four years has been accompanied by a sharp increase in the volume of air traffic. The number of domestic and international air passengers (combined) has almost doubled between 2004 and 2007. Cargo traffic has increased by more than 45 per cent between 2003- 04 and 2006-07. As per the provisional figures available, international and domestic passengers recorded growth of 15.6 per cent and 32.51 per cent, respectively, during 2007. During April-October 2007, international and domestic cargo recorded growth of 13 per cent and 9.8 per cent, respectively. (Source: Ministry of finance - Economic Survey 2007 -2008]

As of now, there are 14 scheduled airline operators having 334 aircraft. During 2007, the scheduled operators have been given permission for import of 72 aircraft. The Ministry of Civil Aviation has given "in-principle" approval for import of 496 aircraft and, in the next five years, more than 250 aircraft are likely to be acquired by the scheduled operators. There are also 65 non-scheduled airlines operators who have 201 aircraft in their inventory. The explosive growth in air traffic has made it imperative to rapidly expand the air infrastructure to ensure safe and efficient handling of air traffic. (Source: Ministry of finance - Economic Survey 2007 -2008]

OUR BUSINESS

Overview

We are into the business of transportation and logistics service of goods and transportation of passengers by road. We have a long operating track record of more than two decades in this business. Our chairman Mr. Vijay Sankeshwar has over three decades of experience in the transportation industry. We have also recently forayed into wind power generation and air charter business.

We offer following services which are summarized below -

1. Goods Transportation
    a. Full truck Load
    b. Less than full truck Load (Parcel)
        - General Parcel
        - Express Cargo
    c. Courier
    d. Passenger Travels
2. Wind Power Generation
3. Air Charter Business

Our Goods Transportation and distribution business is carried across 17 states and 7 Union Territories i.e. Pondicherry, Daman, Silvassa, Chandigarh, Karaikal, Yanam, Mahe covering 649 cities through out India. We cover the states of Karnataka, Andhra Pradesh, Tamilnadu, Kerala, Maharashtra, Goa, Gujarat, Rajasthan, Punjab, Haryana, Delhi, Himachal Pradesh, Uttar Pradesh, Chhattisgarh, Madhya Pradesh, West Bengal (Kolkatta) and Uttarakhand under this business.

Our passenger transport business is carried on under the name of "Vijayanand Travels". We carry on this business within the state of Karnataka, Maharashtra and Tamilnadu covering 56 cities in all. We have 40 branches and 466 franchisees across the states of Karnataka, Maharashtra and Tamilnadu for our passenger transport business.

Our fleet strength as on February 29, 2008 comprises of 2,683 vehicles, all of which are owned by our Company. Our fleet comprises of 2,446 vehicles for goods transportation, 197 vehicles for passenger travels and 40 vehicles for internal use which includes fork lifts, cranes, staff buses, water tankers, diesel tanker, tractors etc.

Our Company's network of Transhipments/branches/offices for our goods transport business covers 17 states and 7 Union Territories in India. We have our Head Office at Varur, Corporate Office at Hubli, 5 Administrative Offices, 43 transhipments hubs, 799 owned branches and 1387 franchisees, which enables the smooth flow of goods and services. The Booking and delivery is transacted through our transhipment hubs which are connected to our respective branches.

We also possess key in-house competencies in body designing for trucks, vehicle repair and maintenance. We also have a dedicated research and development unit and a software development centre, which enables us in cutting cost and increase vehicle efficiency and performance.

In September 2006, we commenced our wind energy business in southern India at Kappatgudda, Gadag district in the state of Karnataka. We had issued various purchase and work orders to various Suzlon entities for the supply, commissioning and erection of 34 Wind Turbine Generators (WTGs). We have also entered into power purchase agreements with Hubli Electricity Supply Company Limited ("**HESCOM**"), for sale of entire power generated by us.

We have also entered into air charter business for providing services to individuals and corporate passengers. Recently, the Company has purchased premier 1A aircraft from Hawker Beechcraft

Incorporation, USA. Premier 1A is a 2 pilot and 6 passenger seat aircraft (with 4 club configuration seats). We will operate on an all India basis subject to necessary government approvals. We have also entered into an Operation & Maintenance agreement with M/s Indamer Company Private Limited.

Our Competitive Strengths

An established brand having a good reputation

We have built a brand over two decades, owing to our commitment to quality service standards, reliability and timeliness of services offered and our long-standing presence in the industry. We have a long operating track record in the industry. We have expanded our service offerings over the years; having commenced operations with parcel cargo transportation, we presently offer other services such as express cargo, courier and passenger transportation. We provide several luxury offerings in our passenger transportation business. We also share good relationships with our business associates such as truck manufacturers and equipment manufacturers who are very critical to our business.

Large and established size and scale of operations

We are a multi-service transport and logistics provider with our presence in 17 states and 7 Union Territories in India. We offer a wide range of services such as parcel cargo, express cargo, full truck load and courier services in addition to passenger transportation. We have an extensive network of operations which enables us to provide connectivity even to certain remote locations.

As on February 29, 2008 we have a fleet strength of 2683 owned vehicles for carrying on the goods transportation and passenger transportation business. We have presented below a summary of the size of our operations in the goods transportation and passenger transportation business:

Details	Goods Transportation	Passenger Travels
No. of vehicles owned	2446	197
No. of States covered	17	3
No. of Union Territories	7	-
No. of cities covered	649	56
No. of transhipment hubs	43	-
No. of branches (owned)	799	40
No. of Franchisees	1387	466

Our large fleet size provides us multiple benefits like ability to provide our services in larger number of routes, better margins on consignments, less dependence on hired vehicles, and reputation for reliable delivery of the consignment / passengers in a timely manner. Also the variety of vehicles in our fleet enables us to service the diverse nature of consignments of our customers and requirements of our passengers.

Long operating history in the transport and logistics business

We have an operating track record of over 24 years in the transport and logistics business. Our chairman Mr. Vijay Sankeshwar, who has been actively involved in the business and management of our Company enjoys over three decades of experience in the transport industry. Our extensive experience in the transport and logistics industry enables us to gauge and understand the changing trends and growth prospects in the industry. We have always believed that there is a growth potential in the transport and logistics industry. During 1991-92 to 2006-07, the total freight movement is estimated to have increased at a CAGR of around 7.2 per cent, to 1,590 btkm in volume terms and at Rs 1,990-2,010 billion in value terms in 2006-07, in line with the CAGR of 5.9 per cent in adjusted GDP during the same period. *(Source :CRISIL Report ,Annual Review August 2007)*

We gradually enlarged both the range of our services and our geographic reach. We introduced value-added services such as express cargo and courier in the goods transportation segment and forayed into passenger transportation with a focus on luxury transport in the states of Karnataka Maharashtra and Tamil Nadu.

Strong In-house capabilities

We have developed strong in-house capabilities over a period of time which enables us to improve the efficiency of our vehicles and improve our delivery model. Our in-house body designing facility enables us to build the structures for our vehicles based on our specifications, thereby maximizing utilisation of space and minimising the body weight by using light metals like aluminium along with the steel, rather than steel alone. Our in-house competency also includes vehicle repair and maintenance facility at Varur where we focus on carrying on preventive maintenance measures to minimize the events of breakdown or damage to vehicles.

We have a dedicated research and development team that works on the design and re-engineering of vehicle components with an aim to reduce operating cost of our fleet and enhance performance thereof. We thereby benefit from better utilization of our vehicle capacities for each trip undertaken, which leads to a more efficient delivery model, enhanced revenue generation besides improved operating life of the vehicle, better scrap value realization etc. We also benefit from the cost advantage of internalizing these activities.

Our information technology division located at Varur oversees the information technology requirements of our Company including computerization of our branches, hubs and offices. We have developed our own GPS based tracking device which we have installed in selected vehicles. In addition to helping us keep track of the movement of the vehicles, the GPS system also tracks the time spent by the vehicle when not in motion, the location it has stopped in addition to tracking pre assigned route to be followed by the vehicle. We also have online cargo tracking www.vrllogistics.com, which helps customers in locating movement of cargo and also for booking of tickets for passenger travels.

Long serving and experienced management team coupled with continued access to talent pool

We believe that employing and retaining individuals with experienced backgrounds has enabled us to capitalize on their collective expertise in understanding this business and ensuring its growth. We are led by a management team with sound experience and expertise in the transport and logistics industry. Our promoters are actively involved in management of our business operations. Our Chairman and Managing Director, Mr. Vijay Sankeshwar, has over 3 decades of experience in the industry and provides the strategic direction to our operations. For further details on the experience of our management, please refer to the chapter "Our Management" on page [●] of this Draft Red Herring Prospectus.

While we rely extensively on operational staff, we believe that we have not faced any severe shortage in the past and will continue to have access to such labour. We have an in-house training programme for technical training of potential future employees. This provides us access to an internally generated talent pool equipped with requisite technical skills. We also provide training to our drivers and cleaners to apprise them of the road safety requirements. We also provide various types of incentive schemes to our truck drivers based on their performance besides the fixed amount paid to them for their services.

Integrated Business model

We offer a range of services that are complementary to each other and thus constitute a unique business framework. We have adopted a hub and spoke distribution model for delivery of our consignments, which entails establishment of several transhipment hubs and re-distribution of consignments there from to the respective destinations. This ensures significant cost savings, rationalization of routes covered by our vehicles and optimum utilization of resources including vehicles, manpower etc. We have 43 transhipments hubs, 799 owned branches and 1387 franchisees, which enables the smooth flow of goods and services.

We are an integrated transport solution provider with the variety of services that we offer. Our service offerings enable us to access a diversified customer base comprising both institutional and retail customers. This enhances our brand visibility among different customer segments.

Our Strategy

Improving operating efficiency

We have developed a good reputation for the efficiency and quality of transportation services that we offer. While we presently invest in several in-house capabilities to increase efficiency, we also intend to further improve our service standards as we remain committed to providing timely and reliable transportation and logistics services. In order to increase our efficiency levels, we propose to add more transhipment hubs that serve as re-distribution points. This will ensure better utilization of our vehicles, rationalization of routes covered by our vehicles resulting in cost efficiencies. The Issue proceeds will be partly utilized towards set up of additional transhipment hubs. For further details on the same, refer to the chapter titled "Objects of the Issue" on page [●] of this Draft Red Herring Prospectus.

Less dependence on hiring the Trucks

We prefer to operate our owned trucks and hire trucks only in cases of emergency or in seasons where we see very high demand. The advantages of operating our own trucks are many. Hiring trucks involves a higher cost of operation because we are required to pay for the operation of the truck and also are required to pay the owner for using the truck. Therefore, operating our own trucks enables us to eliminate the cost payable to the owner of the truck and thus operate at a lower cost. In light of the same, we are not required to pass on the increased costs to our customers and thus are not forced to operate at a high cost. Secondly, there is also no guarantee that vehicles will be available for hire whenever we need the same. In times of scarcity of trucks, the cost of hiring the trucks increases making it non profitable to hire the same. Thirdly we may not get higher volume / higher pay load vehicles from the market. We may also not get the exact number of trucks which we require and therefore timely delivery of goods may be affected.

Using our own fleet of vehicles provides us the flexibility to use the right kind of truck, depending on the nature of the goods and also the operation of the vehicle and all other aspects are under our control.

Expansion of consignment transportation into East and North East states in India

Our passenger transport business currently covers the states of Karnataka, Maharashtra and Tamil Nadu while our goods transport business covers 17 states and 7 Union Territories in India. However except Kolkatta we presently do not have any presence in the eastern and north eastern states of India. With the vast expertise in the transport sector, we plan to expand our consignment transport business into Eastern and North Eastern states of India. We have identified growing opportunities in this geographic area. Our expansion into this new geographic zone will establish us as a Pan India integrated transport and logistics service provider.

Maintain our commitment to time bound delivery.

We have developed a reputation for ensuring timely transport of our passengers and have also maintained our commitment towards timely and safe delivery of the consignment in relation to our goods business. As we seek to expand the goods business, our reputation of ensuring timely deliver is very essential and we intend to continue to focus on ensuring timeliness and efficiency. For example we ensure that there are two drivers in a vehicle carrying express cargo or covering a distance of more than 1,000 kilometres. . The same is done to avoid excessive stress on one single driver and the chances of accidents due to stress on drivers is greatly reduced. Also the stoppage time is reduced. We shall continue this practise so as to ensure that neither our passengers nor the goods delivered are affected in any manner.

Increase more corporate clients particularly in the Industrial goods

Till now we had clients who are into non industrial products. From now we have decided to increase more corporate clients who are into industrial products. Over a period of last one year we have bought handling equipments like cranes, folk lifts etc. which are capable of handling heavy machineries. There is a huge scope in carrying these kinds of industrial goods and we have a network to cater to these kinds of services. In order to augment business for this sector we have started appointing people in all major industrial centres.

Intra State Transportation of Goods

Till now transportation of non industrial goods within the state was concentrated in the states of Karnataka and Andhra Pradesh. We have already initiated steps to offer these services to intra state transportation of goods within Maharashtra, Tamil Nadu, Kerala, Gujarat and others. Since we have increased the network of branches and franchises throughout India we are now in a position to offer intra state transportation of goods to our customers.

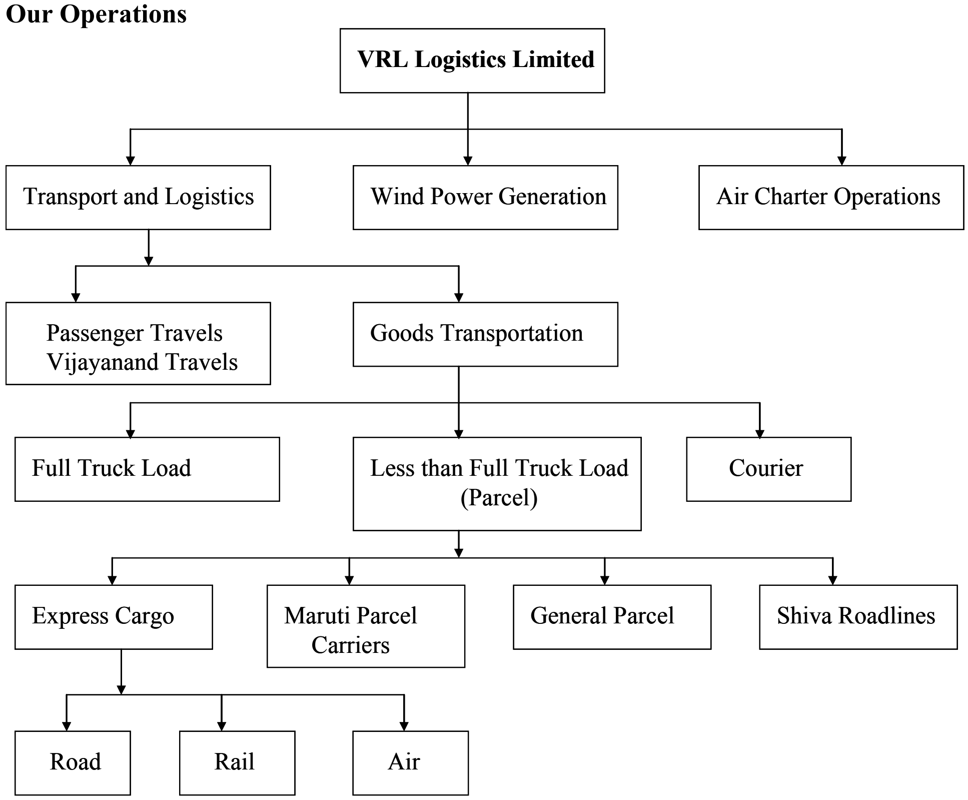
Renting out space on vehicles to corporate for advertisement

We provide space to corporate for advertising their products on our trucks. Since we cover many states and cities through out India providing this kind of service to the corporate will help them in displaying their products in cities as well as remote areas.

Our operations are divided into the following three segments:

(i) Transport and logistics Business;
(ii) Wind Power Generation Business; and
(iii) Air charter business.

Our Operations



Transport and Logistics Business

Our Transport and logistics Business is divided into two segments:-

1. Goods Transportation
2. Passenger Transportation

Goods Transportation

Our goods and logistics services include Full Truck Load, Less than full truck load (Parcel) and courier service. Our Less than full truck load is further divided into express cargo and general parcel service.

We have a fleet strength of 2446 vehicles, which includes:

- Light Commercial Vehicles ("LCV") with a gross vehicle weight of upto 7500 Kg,
- Medium Commercial Vehicles ("MCV') with a gross vehicle weight between 7500 Kg and 12,000 Kg,
- Heavy Commercial Vehicles ("HCV") with a gross vehicle weight of more than 12,000 Kg,
- Trailers with carrying capacity upto 49 tonnes
- Small vehicles for internal use like collection and delivery of goods in the cities and towns.

All these 2446 vehicles are owned by us. However, in peak seasons we also take vehicles on hire for transporting goods. This ensures that our customers are not put to any inconvenience. Therefore, last minute bookings are usually not turned away.

Our offering in the goods transport business are as follows:

Full Truck Load

Under full truck load, we provide door to door service to our customer, wherein the goods are loaded at the premises of the customer and are delivered to a certain delivery point as specified by the customer. Here the customer hires full truck for transport of goods from one location to another.

This service is used by customers / manufactures who have large quantities of goods to be transported. This service is offered to the customer at a pre determined price.

Less than Full Truckload (Parcel)

Our *Less than Full Truckload* service is categorised into two categories; parcel and express cargo. Under *Less than Full Truckload* the customers do not hire the entire truck.

General Parcel

We provide our general parcel services in 17 states, 7 Union Territories covering 649 cities in India. The parcel business is not a time bound service. However our Company aims at faster deliveries to enhance customer satisfaction.

Booking of the parcel is done at our booking office, and then sent through one or more transhipment hubs. At each of the transhipment hubs the goods are segregated and finally delivered to our delivery office. The customer then collects it from our delivery office. However in case customers demand, we provide door to door also on extra charges.

If the parcel is not collected by the consignees from our branches within the specified period we collect demurrages charges and also send reminders to the consignor and the consignee. In case such reminders are not responded to within the specified period we intimate the customer that the consignment is sent back to our head office at Varur. If the parcel is still not collected within the time specified in the intimation letter, a notice of auction is sent to the consignor and consignee, after which the consignment is disposed off in accordance with the notice.

Maruti Parcel Carriers

Maruti Parcel Carriers (MPC) is one of the goods carrier division which operates independently under its own name “Maruti Parcel Carriers”. Under this we provide services from booking office to delivery office without routing it through our transhipment hubs. MPC offers its services in the state of Karnataka covering 17 cities in all.

MPC has a total network of 25 branches. Currently it has two booking centres one at Bangalore and other at Hubli. Rest of the 23 branches act as delivery offices. Parcels are collected from the booking centres and transported to various delivery offices.

Shiva Roadlines

Shiva Roadlines was started in the year 2003 as a separate division by our Company. Shiva Roadlines provides service only in the state of Karnataka covering 6 cities. Shiva Roadlines has 6 owned branches. It provides door to door services without routing it through our transhipment hubs. It carries goods weighing more than two tonnes only.

Express Cargo

The express cargo business of our Company is done on a door to door basis and in a time bound manner using road/rail/air as a mode of transport. The express cargo business was initially started for booking and delivery of goods within Karnataka; however today our express cargo service is available in 17 states, 7 Union Territories covering 649 cities in India. Express cargo mainly focuses on the requirements of our corporate customers who want time bound deliveries of goods to their various locations. The company charges higher freight amount towards the transportation of goods under this service. We transport a substantial part of our express cargo using roads as mode of transport. In certain instances we may transport express cargo using roads and the services of railways or airlines.

Courier

Our Company also offers courier services in the state of Karnataka, covering 27 districts and 164 cities. Under this service, we receive non-bulky parcels which include small articles/documents from consignors to be delivered to the consignees in a time bound manner and on a door-to-door basis.

The price charged by our Company for transporting parcel through courier service is determined on the basis of the weight or volume of the goods and the distance of the delivery at customer’s place.

Mode of Payment Options for our Customers

The price charged by our Company for transporting parcels is determined on the basis of the weight or volume of the goods and the distance of the delivery point. We have three types of payment mechanisms in our parcel and courier business:

(i) Paid:
Under this system, the consignor pays the charges to our Company at the time of booking the consignment. This is the most common mechanism of payment and this enables us to receive our revenues immediately.

(ii) To Pay:
Under this system, the consignor does not pay the charges at the time of booking the consignment but the consignee is required to pay the same upon collecting the consignment from our office.

(iii) Running Account:
Under this mechanism, the consignor does not pay the charges to our Company at the time of booking the consignment, nor is the consignee is required to pay the same upon collecting the consignment. Our Company provides its services on credit and keeps a running account of the charges the consignor / consignee is liable to pay, and the consignor / consignee is required to

make payment against the running account on a weekly / monthly basis. This facility is only extended to selected high-volume regular customers.

Passenger Transport Business.

Vijayanand Travels

Our passengers transport business currently operates within the state of Karnataka, Maharashtra and Tamilnadu and covers 56 cities. Presently, we have 197 buses forming part of our passenger transport business. These passenger buses are categorised into:-

Sl. No.	Particulars	Nos
1	Volvo- Seater	31
2	Hitech- Sleeper/Seater	100
3	AC-Semi sleeper	4
4	Non AC-Semi Sleeper	4
5	Seater (2+2)	49
6	Seater (2+3)	9
	Total	**197**

We facilitate the booking of tickets for our passengers by having a wide network of agents. We have in total 40 branches and 466 franchises in the states of Karnataka, Maharashtra and Tamilnadu. Tickets for travelling in our buses can also be purchased at any of the branches and franchises. In addition to the above, tickets can also be purchased from our website www.vrllogistics.com. Some of the agents at our franchises operate on an exclusive basis and are remunerated on a commission basis.

Some of the services that we provide through the passenger business:-

1. **Relief buses in case of en-route breakdown:** We have relief buses for en route breakdowns and accidents. These relief buses are available at the route of Hubli, Mumbai, Bagalkot, Bijapur, Gulbarga, Chitradurga, Sirsi, Bangalore and Pune. The relief busses are kept across the routes to ensure fast arrangement of alternate bus in case of en-route breakdowns / accidents.

2. **Online reservation:** Our Company provides online reservation facility. Passengers can book their ticket through our website i.e. www.vrllogistics.com. It has also integrated its software with the agents so as to ensure availability of booking facility throughout India.

We also conduct surprise checks to ensure that their operations are carried out in an appropriate manner and as per the principles of our Company. Our bus drivers are provided with a trip sheet for all the points of stoppage, which are pre-determined for fuel, refreshments etc.

Infrastructure Facilities and Utilities

Our network of Transhipments/branches/offices covers 17 states and 7 Union Territories in India. We have our Head Office at Varur and Corporate office at Hubli, 5 Administrative Offices, 43 transhipments hubs, 839 branches (goods transportation & passenger) and 1853 franchisees, (goods transportation & passenger) which enables the smooth flow of goods and services. The booking and delivering is transacted through the transhipment hubs which are connected to the respective branches.

We offer the services of express cargo, parcel and courier. This business has been set up to work on a “Hub and Spoke Model” to improve vehicle utility and increase efficiency.

Depending on the quantum of material handled by each hub, the hubs are classified as major, mid and small size hubs.

a. Major Hubs

There are nine major hubs and more than 500 MT materials per day are handled by these hubs. These nine hubs are located at Hubli, Sidrawali (Delhi), Salem, Vijaywada, Hyderabad, Pune and

Bangalore (three hubs).

b. Midsize Hubs

There are nineteen midsize hubs, which handle from 100 MT to 500 MT materials per day. These hubs are located at Mangalore, Gangavati, Mysore, Shimoga, Bijapur, Harihar, Goa, Ernakulam, Coimbatore, Madurai, Chennai, Aurangabad, Shiroli (MH), Solapur, Anantpur, Chittoor, Vishakhapattanam, Hyderabad Local and Ahmedabad.

c. Small Hubs

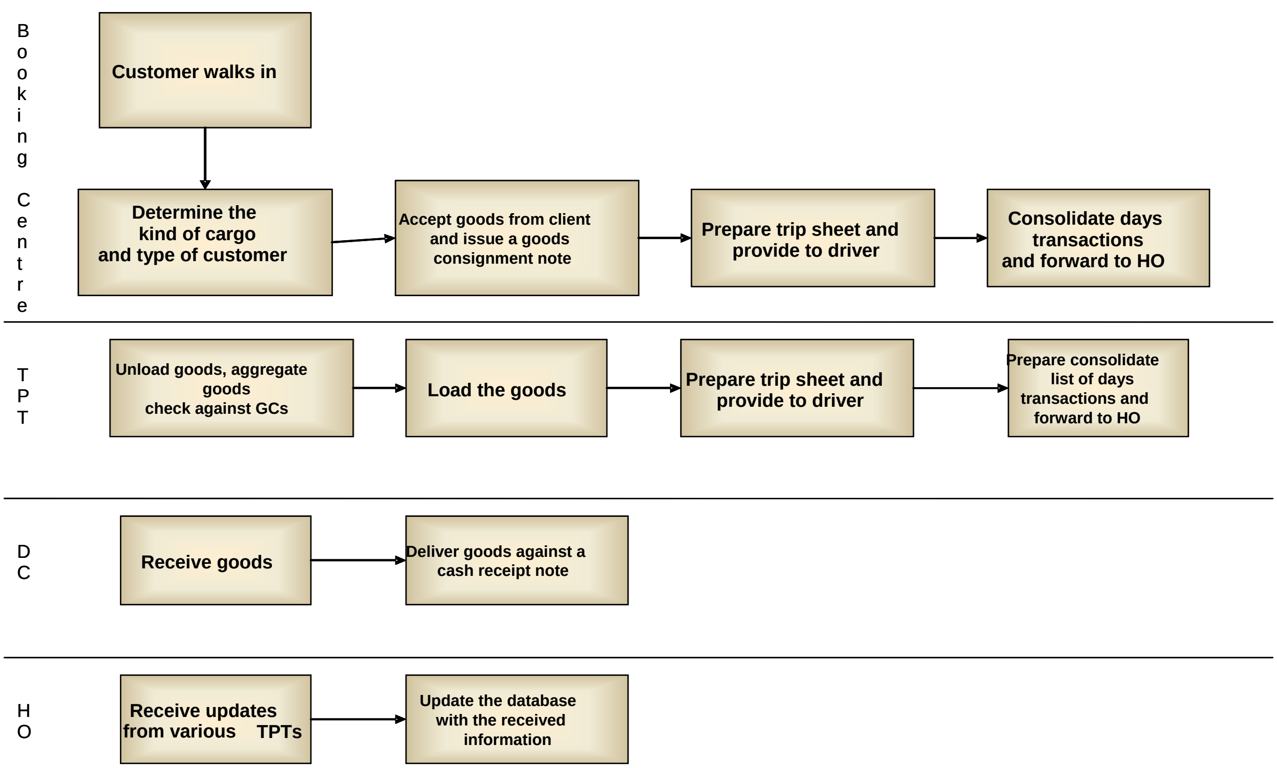
There are fifteen small hubs handling less than 100 MT materials per day. These hubs are located at Vapi, Prodattor, Nellore, Kurnool, Rajahmundry, Kozhikode, Bagalkot, Gadag, Gokak, Bellary, Gulbarga, Kolkatta, Nagpur, Trichy, and Indore.

Hub and Spoke Model

Under the Hub and Spoke system, our transhipment yards act as hubs and the various booking and delivery offices act as spokes. The hub acts as a connector between the booking office and the delivery office. The hub receives the booking consignments from various branches, which are segregated, based on the destination and then dispatched directly to our delivery office or to the other hub, which connects to the delivery office.

Once consignments are booked at the spoke they are unloaded at the nearest hub based on the destination of the consignment. Once the unloading of a certain number of trucks is complete, all the consignments meant for a particular destination are aggregated and loaded into a truck for further transportation. This ensures that every truck is filled to capacity and its utility is improved. In case a hub does not have enough consignments for a particular destination, the goods are unloaded onto the next nearest hub to be further aggregated at that hub en-route to the destination.

The processes followed by our Company are designed to meet the various business objectives such as simplicity in understanding and implementation, effective information capture of a particular transaction, traceability of goods, automatic internal controls, etc. A brief overview of order fulfilment process is given below:



As soon as the customer agrees to the terms and conditions of the contract, the goods are booked and the customer is issued a Goods Consignment Note ('GCN'). The GCN contains all relevant details such as the type of consignment (i.e. express, full load, parcel, etc), type of customer (to pay, paid, account paying), volume of goods, rate, and estimated value of goods. At the time of loading the goods at the branches, a "trip sheet" is prepared and handed over to the driver. If the customer pays at the time of booking, cash is received based on a "Cash Receipt Note" which records the details about the cash received like amount of cash, and corresponding GCN.

At the Transhipment yard (TPT) the goods are unloaded and an unloading report is prepared which needs to tally with the trip sheet. The goods to a particular destination are aggregated and are loaded onto a truck wherein a fresh trip sheet is prepared. At the delivery point, the goods are unloaded (and an unloading report is prepared). The goods are released to the receiver and acknowledgement obtained. If the goods to be delivered were of "to pay" type, goods are released after cash is received and a Cash Receipt Note is generated. All branches (booking or delivery) deposit the cash receipts of each day to pre-designated bank accounts.

In case of computerized branches, where the database is prepared for all the bookings made on these branches and sent to the Head Office. In case of non-computerized branches, copies of documents are sent directly to the Head Office. Each branch and Transshipment yard also sends Daily Reports on the activities to the Head Office.

As the location and the extent of these transshipment hubs are essential for the smooth functioning and success of our business, we try to ensure that these hubs are strategically located and the consignments that are booked to the various destinations are within a radius of 200-250 km of the destination.

Our transshipments hubs are overseen by a Vice President – Operations (TPT) and the employees work on a shift basis to ensure that there is no stoppage in the activities. The operation team personnel deployed at our hubs include managers/incharge, shift incharge, supervisors, clerks, traffic incharge, data entry clerks and skilled labourers.

All our hubs are interlinked to each other, which provides us with the opportunity to ensure effective delivery of the goods and also track the consignment. This also enables the hubs to be aware of the goods, which are being transported. The loading and unloading activities take place with the help of cranes, forklifts and trolleys, which are equipped to handle heavy goods in a safe and smooth manner.

Branches

Currently, we have 839 branches in 17 states and 7 Union Territories in India. In all the branches we provide booking and delivery services.

Particulars	No. of Branches
Goods Transportation	
General Parcel	347
Express cargo	342
Courier	79
Maruti Parcel Carriers	25
Shiva Roadlines	6
Total Branches for goods Transportation	**799**
Passenger Transportation	**40**
Total Branches	**839**

Fleet

Our fleet strength as on February 29, 2008 comprises of 2683 vehicles, all of which are owned by our Company. Our fleet comprises of 2446 vehicles for goods transportation, 197 vehicles for passenger travels and 40 vehicles for internal use which includes fork lifts, cranes, staff buses, water tankers, diesel tanker, tractors etc. The number of vehicles is as follows:-

Sr. No.	Particulars	No. of Vehicles
1	Goods Transportation	2446
2	Passenger Travels	197
3	Others (General Purpose)	40
	Total	**2683**

Body Designing Facility

We have an in house body designing facility at Varur for mounting the body on the chassis. We acquire chassis from manufacturers who deliver these chassis based on the specifications provided by us. The body designing activity is being carried by specialised body builders engaged by us and who build the body based on the specifications given by us and materials supplied by us. The major suppliers of chassis are Ashok Leyland, Tata Motors and Eicher Limited.

Once the chassis are ordered, we structure the body either as low deck, high deck or closed one depending on the usage of the vehicles. We take into account the proposed usage of the vehicles prior to carrying out the body designing activity. We design vehicles with different specifications to ensure that we can allocate the appropriate vehicle which is well suited for carrying any particular goods. We generally take 15 to 30 days to convert the chassis into vehicles.

We use a combination of aluminium and steel to build the body structure for our vehicles. We use aluminium basically to reduce the overall weight of our vehicle. This enables us to carry more payloads onto the vehicle at the same time ensuring that we are not violating any requirements under law in relation to the permitted payload limits.

We purchase aluminium and steel from various suppliers as and when required. We have not tied up with any of the suppliers for the supply of aluminium and steel.

Vehicle Repair and Maintenance Department

Our Company has workshop located at Varur for repair and maintenance for all the vehicles. In our workshop, we have three separate units, which provide servicing to the Heavy Commercial Vehicles, Light/Medium Commercial Vehicles and passenger buses. We also have facilities like engine overhauling, assembly section, painting, tyre retreading, DM water plant, vehicle battery maintenance, storage for spare parts and tyres etc.

Our Company performs constant preventive and remedial maintenance of its vehicles. There is focus on preventive maintenance to minimize the events of breakdown or damage to vehicles. Our Company relies largely on its software application which provides alerts and reminds when a service or spare replacement is due on the basis of kilometres operated by the vehicles. Moreover, every driver is responsible for timely and appropriate maintenance of the vehicle he is driving. We also try to improve our efficiency level by ensuring that our vehicles spend minimum time in the workshop. In order to achieve this, we constantly conduct time and motion studies of the maintenance procedures in our workshops.

We have entered into an agreement with Ashok Leyland for the supply of automobile spare parts and units in the Vehicle Maintenance Department for the maintenance of our vehicles. As per the agreement, we had provided the space to Ashok Leyland admeasuring 1000 sq. feet in our workshop for the storage of spare parts and units. These spares parts are available to us at discounted rates. The spare parts are used as and when required by us and payment done on a weekly basis. This eliminates the cost of maintaining the inventory, cost of transport incurred in procuring the spare parts at the same time ensuring timely availability of spare parts.

A very integral part of the maintenance process involves retreading of tyres. Depending upon the condition of the worn out tyres the same is taken for retreading. Before retreading the tyres, we verify the future life expectancy of the tyre. Retreading reduces our operating costs to a large extent.

HSD Consumer Pump

We have our own HSD Consumer Pumps located at Varur and Chitradurga in the state of Karnataka to provide fuel to our own vehicles. We buy fuel from major oil companies.

Research and Development

Our research and development division is located at Varur and responsible for innovating and developing products and practices which help improve the performance, efficiency and life of our vehicles and facilitates better monitoring and management of our business. The main initiative of the department is to enhance the life of vehicle parts and reduce the maintenance cost of our vehicles. Our research and development division also identifies certain products and technologies which are in use in non-automobile sectors and finds methods to adopt in automobile sectors.

Our research and development division is headed by the Chief Technical Officer and consists of four engineers, who are in charge of designing and pre-production testing, locating manufacturers to manufacture prototype.

Our vehicle and utility Electronics Department

Our vehicle and utility electronics department is located at our workshop in Varur. This division is for developing and upgrading the electronic gadgets which are fitted into our vehicles, thereby contributing towards development of gadgets and electronic cards.

Information Technology

Our information technology division is located in our workshop in Varur. This division oversees the information technology requirements of our Company including the computerizing of our branches, hubs and offices.

The computerization of our hubs has facilitated mailing of delivery reports and quick flow of information between different offices, delivery offices and transhipment hubs of our Company. This enables effective coordination and tracking of the consignment.

Our information technology division prepares software which are hardware-related such as office automation-related, courier tracking and accounting software.

Global Positioning System (“GPS”) – We have developed our own GPS based tracking device which we have installed in selected vehicles. In addition to helping us keep track of the movement of the vehicles, the GPS system also tracks the time spent by the vehicle when not in motion, the location it has stopped in addition to tracking pre assigned route to be followed by the vehicle. This discourages our drivers from not complying with the instructions given to them regarding the route and time sheets that they are required to comply with.

Most of the software requirements are met in-house and in the event that any activity is outsourced by the Company, the source code is retained by the Company to ensure that it can be used at a later stage as per the requirements of the Company.

Some of the important developments of our information technology division include:

- Vehicle Maintenance Tracker: This application schedules the maintenance of the entire fleet and generates reminders and alerts automatically when any maintenance events become due. These reminders help in avoiding the premature failure and the excess consumption of parts.
- Vehicle Traffic Application: This application controls the entire movement of the vehicles and keeps track of the drivers' performances in terms of the fuel average and the distance travelled. This also tracks the advance amount paid to the drivers and the diesel vouchers issued for en route fuelling. This application is online and ensures access to this data from any part of the world.
- Consignment Delivery Application: This application is used in delivery branches to raise online cash receipts and track the consignment. This application also maintains a record of the stock in our Company's godowns and is used to answer queries from the customers regarding the arrival of consignments. The records of stock and the delivery particulars are updated every 24 hours.
- Hub Application: This application receives the consignment from other hubs and booking branches and dispatches them to the final destination and some times reroute to other hubs.
- On line bus ticket booking system: This application is hosted online on our web server and all agents and passengers log on to this application for booking passenger tickets.
- Accounting package: This application consolidates all accounting programs and helps in the preparation of periodical financial statements, MIS reports etc.
- Remote access to networked computers: This application enables our Company to take remote access of any computer system linked to our network. This facility is used for monitoring the operations of our employees and also for conducting training sessions for employees in remote locations.

Health, Safety and Environment

We are committed to complying with applicable health, safety and environmental regulations. To help ensure effective implementation of our practices, we ensure that all our vehicles have the required permits and insurance as required under law at all times. We believe that accidents and occupational health hazards can be significantly reduced through the systematic analysis and control of risks and by providing appropriate training to management, employees and sub-contractors. We ensure that our unit in Varur has all the first aid requirements and the safety of our employees is given utmost importance. To minimize or eliminate the impact of hazards to people and the environment, our Company is regular in obtaining the emission test certificate for all the vehicles from the appropriate authorities.

Also, as required under the pollution control act our company is required to have an effluent treatment pant and water treatment plant at our Varur complex.

Effluent Treatment

Effluents treatment plant takes care of the effluents generated from administrative block, transhipment hubs, work shop, driver rest rooms and canteen.

We have laid under ground pipelines diverting these wastes to the effluent treatment plant of 1.75 lacs litres capacity per day. This effluent treatment plant has a receiver tank where the entire waste is collected. From here to the filters it is pumped to another tank into which air is pumped from the bottom using high capacity blowers. The purpose of this is to enrich this waste water with oxygen so that microbes start feeding on to the waste and also start multiplying. When the microbes count attains a particular value this water is pumped into another tank. From there the sludge (waste generated by the microbes and the microbes) is pumped into a filter press where the solids are removed. The water which is now clean but having some odour in colour is passed through sand filters and carbon filters to remove colour and odour. This processed water is collected in a collecting tank and this water is pumped regularly into water storage point which is also acting as a reservoir for the fire fighting equipment.

This processed water is also used for washing of vehicles and for gardening.

Water Treatment Plant:

The water used above for washing of vehicles is passed through a water treatment plant and the clean water generated from the water treatment plant is pumped into the same reservoir as mentioned above to the reservoir.

Marketing Strategy, Approach to Marketing and Proposed Marketing Set up

We are in this industry since last two decades and also have a network of branches and franchises through out India. We have built a good reputation for ourselves wherein we are a recognised brand in this industry. Hence our effort to market our products is not as much as compared to the new entrants in the industry. However we have a set of people who take care of marketing our services to our customers. We also have drawn people with experience in the industry who are in constant touch with customers to market our services.

At corporate level our marketing activities are looked after by our Managing Director, Mr. Anand Sankeshwar. At regional levels we have appointed senior people who take initiatives in marketing the services of our company in the area of the operations.

In the general parcel business most of the times parcel are booked on “To Pay” basis i.e. the consignee will bear the cost and hence in those cases the consignor does not have problem in availing our services. This is called Consignee marketing. People at our deliver offices are in constant contact with the consignees and persuade them to give recommendation letters in the name of consignors which is then sent to our booking office who then go and meet the consignor and persuade them to use our services.

Our people at the delivery offices also try to get leads from our existing customers and pass on the same to our booking office who then go and meet the prospective clients.

In case of express cargo, which are time bound activities most of the times parcel are booked on “Paid” basis i.e. consignor will bear the cost of transportation. Here we are targeting corporate customers. A senior personnel appointed at the branch goes and meet the corporate houses in the area of operations and persuades them to avail of the services.

Wind Power Generation Business

In 2006 we commenced our wind energy business in southern India at Kappatgudda, Gadag district in the state of Karnataka. We had issued various purchase and work orders to various Suzlon entities for the supply, commissioning and erection of 34 Wind Turbine Generators (WTGs). As on date all the 34 WTGs are operational. These WTGs are presently under warranty period which expires on March 31, 2008. Operations and maintenance of our windmills are been taken care of by Suzlon Energy Limited by a team of experts at the site.

We have installed 34 wind turbine generators (10 WTGs in the month of September 2006 and 24 WTGs in the month of March 2007) with a capacity of 1250 KW (1.25MW) and all are operational. The total capacity of the wind turbine generators amounts to 42.5 MW. Between April 1, 2007 and February 29, 2008, 77818019(KW) units of power have been generated with a PLF of 22.77%.

We have entered into power purchase agreement with Hubli Electricity Supply Company Limited (“**HESCOM**”), for sale of entire power generated by us. This power purchase agreements expires in 2026 with a further renewal of 10 years. For details on agreements, please refer to the paragraph titled “Other Agreements” on page [●] of this Draft Red Herring Prospectus.

The following table summarizes certain of the key features of the wind energy projects at Gadag:

Specifications	Wind Energy Project, Gadag		
Details of capacity transfer	***Transferred capacity (in MW)***	***Date of agreement***	***Capacity transferred from***
Phase 1 & 2	12.50	September 7, 2006	Suzlon Energy Limited
Phase 3	5.00	November 30, 2006	Suzlon Energy Limited
Phase 4	15.00	November 30, 2006	Suzlon Energy Limited
Phase 5	3.75	December 22, 2006	Suzlon Energy Limited
Phase 6	8.75	December 22, 2006	Suzlon Energy Limited
TOTAL	45.00		
Less 2.5 KW from Phase 6 (Surrendered)	2.50		
	42.50		
Total capacity transferred	***42.50 MW***	-	-
Total utilised capacity	42.50 MW	-	-
Wind turbine generators (in No’s)	34	-	-
Capacity of each wind turbine generator	1.25 MW	-	-
Financial Information		-	-
Project Cost	21625.00 Lacs	-	-
Project debt outstanding	16187.00 Lacs	-	-
Power Purchase Agreement	***Rate per kilo watt hour***	***Term of the agreement***	***Security***
September 28, 2006 for 10.00 MW	3.40	20 years	Letter of credit
September 28, 2006 for 2.50 MW	3.40	20 years	Letter of credit
February 15, 2007 for 5.00 MW	3.40	20 years	Letter of credit
February 15, 2007 for 15.00 MW	3.40	20 years	Letter of credit
February 15, 2007 for 3.75 MW	3.40	20 years	Letter of credit
February 15, 2007 for 6.25 MW	3.40	20 years	Letter of credit

Carbon Credit

Our Company has entrusted the work of preparation of PDD (Project Design Documents) to Mitcon Consultancy Services Ltd., Pune who are one of the reputed and renowned consultants for CDM Projects. Government of India, Ministry of Environment and Forests has given us the Host country approval to 42.5 MW Wind Power Project in the meeting held on 22.10.2007 held at New Delhi. The validation of our 42.5 MW Wind Power Project is assigned to SGS India Pvt. Ltd., who is UNFCCC approved validators. The validation will be completed within 8 weeks from January 2008 and verification of our project will be taken up. Finally our Company CDM Project will be registered world wide and Carbon Certificate will be traded internationally. Considering very good demand for Carbon Credits substantially generated. The annual estimation of emission reduction for 2008-09 is 84995 CO_2e**. (Source:** Project Design Document)

Air Charter Business

We have entered into the air charter business by providing services to individuals and corporate passengers. Recently, the Company has purchased premier 1A aircraft from Hawker Beechcraft Incorporation, USA. Premier 1A is 2 pilots and 6 passenger seat aircraft (with 4 club configuration seats).

We have also entered into MOU dated November 1, 2007 with Indamer Company Private Limited for the maintenance of the aircraft.

We have also made an application to the Ministry of Civil Aviation, requesting for a no objection certificate which grants a Non Scheduled Operator Permit. We have been granted the initial NOC dated March 23, 2007 to operate Non Scheduled Operator Permit from the Ministry of Civil Aviation. We will operate on an all India basis subject to necessary government approvals.

The air charter business is headed by Vice President- Air Charter, who looks after all the activities of this business. We also started recruiting the pilots, co pilots, security officers and other staff for our business. They will be on the payroll of the VRL Logistics Limited.

Our Employees

As on February 29, 2008 Our Company has 11,932 employees the details of which are enumerated below:

Sr.No.	Division	Strength as on February 29, 2008					
		Managerial	Non – Managerial				Total
			Staff	Drivers / Cleaners	Hamals	Mechanics / Helpers	
1.	Corporate	12	56	17	-	1	86
2.	Administrative Office	38	592	2	-	1	633
3.	TPTs	120	1044	5142	769	21	7096
4.	Branches	333	2231	358	543	65	3530
5.	Workshop	32	160	-	-	395	587
	Total	**535**	**4083**	**5519**	**1312**	**483**	**11932**

We also provide various types of incentive schemes to our truck drivers besides the fixed amount paid to them for their services. These incentive schemes work on a monthly basis and are as follows:

1. Monthly incentive structure for light commercial vehicles (5 Toner) (Above 7000 kms & 8000 Kms); this incentive is based on the kilometres covered by the drivers.
2. Monthly incentive structure for 9 toners (Above 6000 kms to 8000 Kms); this incentive is also based on the kilometres covered by the drivers.
3. Monthly incentive structure for long route multi axel vehicles; this incentive is based on the kilometres covered by the drivers on specified long route.
4. Quick incentive; this incentive is based on reaching the fixed destination before scheduled time.
5. Diesel incentive: This incentive is based on the saving of the diesel in one trip and accordingly the incentive is provided to them

Our company has also started the Loss Recovery levied for late service if the vehicle reached the fixed destination after schedule time. We charge our driver very minimum amount depends on how much hour taken for delay.

Our Training Programmes

We place emphasis on developing our human resources and we have a training centre in our premises at Varur for training our personnel. The drivers form the largest and the most important part of our human resources. We have detailed training programs for our drivers wherein the drivers are trained to drive in a manner that is safe, fuel efficient and ensure long life of the vehicles. Besides this, the drivers are also trained to identity potential signs of trouble in a vehicle to ensure that the same may be treated at the earliest. This training process includes theory classes as well as field study. Drivers who do not perform to the standards as laid down by us are also sent to training programs to harness their skills.

All new drivers are required to undergo this training program upon joining our Company. To ensure that the drivers are given an incentive to drive in a safe and efficient manner, the drivers who have performed as per our requirements over a period of time are made trainers in our training centre and impart their skills to the other drivers. This provides an incentive to the other drivers to ensure that they too perform and move on from being mere drivers.

On the contrary, drivers who register a poor performance on the job are made to undergo further training. After the additional training, the pre-test and post-test performances are compared to determine if the driver is fit to continue driving.

Besides training drivers, we also train engineers and diploma holders who are freshly recruited by our Company. All our technical staffs are also regularly trained to ensure that they are updated with the latest technological changes.

Intellectual property

We have intellectual property rights in our corporate logo on the cover page of this Draft Red Herring Prospectus. We have registered such logo with the Trade Marks Registry in Mumbai and Trade Mark No. 359033B.

Insurance

Our operations are subject to hazards inherent to the transport industry, such as accidents, fires, earthquakes, riots, political disturbances, floods and other force majeure events, acts of terrorism and explosions, including hazards that may cause injury and loss of life, severe damage to and the destruction of property and equipment and environmental damage. We obtain policies for all our vehicles to cover third party liabilities during transit. We generally maintain insurance covering our assets and operations at levels that we believe to be appropriate. We also ensure that contractors obtain insurance while carrying out any activities on our behalf. Our employees are covered under group personnel accident policies.

Properties

Our registered office occupies the owned premises located at 351/1, Chebbi Village, Varur, Hubli Taluk Dharwad District, Karnataka and consists of premises admeasuring approximately 6.9 lacs square feet. In addition to the above, we also own additional space adjoining the above premises which are used for transhipment, workshop and working area. Our registered office located at Varur is owned by us.

Our major transhipment hubs are located at Hubli, Chennai, Bangalore, Gurgaon, Hyderabad and Kolkatta. All of the above except for the hub in Hubli are held by us in a leasehold basis. In addition to the above hubs at the metros, we also have important hubs at other places including Sholapur, Ahmadabad and Pune which are held by us in a leasehold basis. All the leases are currently in existence. For further details of the same please refer to "Risk Factors" on page [●].

The following are the particulars and details of Company Property at Neeligin Road, Hubli:

Location of land	Address of the property	Land area (in acres / Gunthas)	Total cost of land (Rs. in lacs) *	Cash / Shares / Debentures paid to each vendor	Stamp duty, registration & other charges	Amount paid (Rs. In lacs)	Name, addresses, description & occupation of the vendor	Nature of interest	Status of acquisition	Date of agreement	Particulars of transactions in the last two years relating to this property
Bijapur	R.S.No. 917/1A, Vill: Mahalbagayat, Taluka Bijapur	2 acres	252.50	CASH	24.45	40.00	Mr.Manikant Tejasi Shah (Agriculture and	Freehold	Agreement for Sale executed	30.04.2007	Not Known

Location of land	**Address of the property**	**Land area (in acres / Gunthas)**	**Total cost of land (Rs. in lacs) ***	**Cash / Shares / Debentures paid to each vendor**	**Stamp duty, registration & other charges**	**Amount paid (Rs. In lacs)**	**Name, addresses, description & occupation of the vendor**	**Nature of interest**	**Status of acquisition**	**Date of agreement**	**Particulars of transactions in the last two years relating to this property**
							Business) R/o A.P.M.C. Yard, Bijapur				
Hubli	144 & 145 Neeligin Road, Hubli	33 Gunthas 11 Ana	620.00	D.D. & Cheques	58.90	24.00	Belavi Brchers Neligin Road, Hubli	Freehold	Agreement for sale is executed	04.05.2007	Nil

* Excluding stamp duty, registration and other charges.

KEY INDUSTRY REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India and Government of Karnataka in relation to the transport and logistic sector, wind generation and air charter business. The information detailed in this chapter has been obtained from the various legislations and the bye laws of the respective local authorities that are available in the public domain.

Laws applicable to the transport and logistics business

Carriers Act, 1865 ("Carriers Act")

The Carriers Act is an act relating to the rights and liabilities of common carriers. The Carriers Act defines a "common carrier" as a person, other than the Government, engaged in the business of transporting for hire property from place to place, by land or inland navigation, for all persons indiscriminately. A common carrier who carries his customer's goods can limit his liability in all respects save and except against negligence and criminal act on his part or on the part of his servants and agents. The servants or the agent of the carrier are those who handle, store, carry and affect the delivery of the goods to the consignee.

It includes lorry operators or drivers to whom the carrier entrusts goods for carriage and also includes agents or associates at the other end where the goods are intended to be delivered by the carrier. Whenever the loss or damage is caused by negligence or criminal act, the owner is entitled to recover the damages for non-delivery of the goods and it is for the carrier to prove the absence of criminal act or negligence on his part. Where a loss or damage to the consignor's property exceeds rupees one hundred and where the consignor has delivered the consignment to the carrier for carriage and when the consignor has declared value and description of the property and the payment is made to the carrier in a manner provided by this Act, such consignor shall be entitled not only to recover the value of the loss or damage suffered by him from the carrier but also such freight or hire charges as actually paid to the carrier in consideration of such risks to be incurred.

A Bill to repeal the Carriers Act, 1865 and to enact the Carriage by Road Act, 2005 was introduced in the Rajya Sabha on December 7, 2005. This legislation aims to bring certain changes in the prevailing systems and procedures of the transportation trade by attempting to lay down rules for the registration of common carrier and equitable apportionment of liability between the common carrier and the consignor. Currently, the Bill has been referred to the Standing Committee. After their examination, the Bill would be submitted to the Parliament for discussion/adoption.

Motor Vehicles Act, 1988 ("Motor Vehicles Act")

The Motor Vehicles Act imposes the liability on every owner or person responsible for a motor vehicle to ensure that every person who drives the motor vehicle holds an effective driving license. It also mandates that every conductor of a stage carrier should hold en effective conductor's license. Under the Motor Vehicles Act, the owner of the motor vehicle also bears the responsibility to ensure that the vehicle is registered in accordance with the provisions of the Motor Vehicles Act and the certificate of registration of the vehicle has not been suspended or cancelled and the vehicle carriers a registration mark displayed in the prescribed manner. No motor vehicle can be used as a transport vehicle unless the owner of the vehicle has obtained the required permit granted or countersigned by a Regional or State Transport Authority or any prescribed authority authorizing him the use of the vehicle in that place in the manner in which the vehicle is being used.

The Motor Vehicles Act provides that where death or permanent disablement of any person has resulted from an accident arising out of the use of motor vehicle, the owner of the vehicle is liable to pay compensation. Claims for compensation in respect of accidents involving the death of, or bodily injury to, persons arising out of the use of motor vehicles, or damages to any property of a third party so arising can be adjudicated before the Motor Accidents Claims Tribunal.

The Central Motor Vehicle Rules, 1989 ("Central Motor Vehicle Rules")

The Central Motor Vehicle Rules provides the rules and procedures for the licensing of drivers, driving schools; registration of motor vehicles and control of transport vehicles through issue of tourist and national permits. It also lays down rules concerning the construction, equipment and maintenance of motor vehicles and insurance of motor vehicles against third party risks.

The Karnataka Motor Vehicles Rules, 1989 ("Karnataka Motor Vehicle Rules")

The Karnataka Motor Vehicle Rules provides for the issue of license to drivers and conductors of stage carriers, registration of motor vehicles, issue of different types of permits for the motor vehicles and also lays down rules concerning the construction, equipment and maintenance of motor vehicles. Under the Karnataka Motor Vehicle Rules, the driver on duty is responsible for the proper exhibition or production of permit, insurance certificate, registration certificate and fitness certificate as well as driving license. The drivers of goods vehicles should also maintain a record of required information in Form KMV under the Karnataka Motor Vehicle Rules. The Karnataka Motor Vehicle Rules require owners to obtain the following permits: stage carriage permit, contract carriage permit, private service vehicle permit, goods carriage permit, special permit, tourist vehicle permit and National Permit for goods carriage.

The Petroleum Act, 1934 ("Petroleum Act")

The Petroleum Act primarily deals with import, transport, storage, production, refining and blending of petroleum. It prescribes that import, transport and storage of petroleum can only be done in accordance with the rules prescribed by the Central Government. The Act empowers the Central Government to make rules regarding, inter alia, the places at which and prescribing the conditions subject to which petroleum may be stored; the nature, situation and condition of all receptacles in which petroleum may be stored and prescribing the form and conditions of licenses for the import of petroleum Class A and for the transport or storages of any petroleum.

A storage license is required for the storing of petroleum. However, a person need not obtain a license for the transport or storage of petroleum Class B if the total quantity in his possession at any one place does not exceed two thousand and five hundred litres and none of it is contained in a receptacle exceeding one thousand litres in capacity; or petroleum Class C if the total quantity in his possession at any one place does not exceed forty-five thousand litres and such petroleum is transported or stored in accordance with the rules prescribed; or petroleum Class A not intended for sale if the total quantity in his possession does not exceed thirty litres.

Section 9 of the Petroleum Act prescribes that the owner of a motor conveyance, who complies with the requirements of the law relating to the registration and licensing of such conveyance and its driver such as obtaining necessary driver's license and road permits and the owner of any stationary internal combustion engine, shall not be required to obtain a license (a) for the import, transport or storage of any petroleum contained in any fuel tank incorporated in the conveyance or attached to the internal combustion engine; or (b) for the transport or storage of petroleum Class A not exceeding one hundred litres in quantity; in addition to any quantity possessed under (a) mentioned above, provided the petroleum is intended to be used to generate motive power for the motor conveyance or engine and the total quantity of petroleum Class A does not exceed one hundred litres.

The Petroleum Rules, 1976 ("Petroleum Rules")

The Petroleum Rules prescribe that no person shall deliver or dispatch any petroleum to anyone in India other than the holder of a storage license. However no license is required for the storage of petroleum in well-head tank; or for the storage of petroleum as transit cargo within the limits prescribed. A certificate of safety should be submitted to the licensing authority before storage of petroleum. All operations within an installation, service station or storage shed should be conducted under the supervision of an experienced responsible agent or supervisor who is conversant with the terms and conditions of the license. With respect to storage, the rules also prescribe various conditions for protection against fire, drainage, cleanliness, protection of the area.

Laws applicable to companies engaged in the courier business

There is no specific legislation that is applicable to the companies engaged in the courier business. The courier business is a service which is taxed under the service tax regime and was made taxable with effect from November 1, 1996 when the Finance Act, 1996 introduced courier services as taxable services.

Section 65(105) (f) of the Finance Act, 1996 defined courier service as "service provided or to be provided to a customer, by a courier agency in relation to door-to-door transportation of time-sensitive documents, goods or articles." Further, a "courier agency" is defined in Section 65(33) as "a commercial concern engaged in the door-to-door transportation of time-sensitive documents, goods or articles utilising the services of a person, either directly or indirectly, to carry or accompany such documents, goods or articles."

The charges for certain facilities undertaken by courier agencies and relatable to door to door transportation such as integrated transportation, warehousing, packing and inventory management, are also includible in the gross amount for payment of service tax. The service provider, that is, the courier agency, is required to pay the service tax. Accordingly, the courier agency is also required to register itself with the concerned Superintendent of Central Excise.

The Indian Post Office (Amendment) Bill, 2002, which seeks to amend the Indian Post Office Act, 1898 has not yet come into force, has attempted to introduce substantial changes in this area. It primarily enables the Central Government to frame rules for grant of registration and operation of couriers on prescribed terms and conditions and in consideration of prescribed fees. In brief, it seeks to bring couriers under the purview of provisions of the Indian Post Office Act as are applicable to transmission of articles by post. Additionally, if the Bill is enacted, all courier companies would be barred from carrying letters, to be defined as packets below a certain weight. The draft Bill proposes to vest the government's postal department with the exclusive privilege of carrying all letters.

Laws applicable to aircrafts and air charter business

The Aircraft Act, 1934 ("Aircraft Act")

The Aircraft Act empowers the Central Government to regulate manufacture, possession, use, operation, sale, import and export of any aircraft or class of aircraft and for securing the safety of aircraft operation. The Aircraft Act enables the Central Government to make rules, orders and issue directions in a number of matters, including, inter alia, regulation of air transport services, the economic regulation of civil aviation and air transport services including the approval, disapproval or revision of tariff of operators of air transport services and the officers or authorities who may exercise powers in this behalf, the licensing, inspection and regulation of aerodromes, the inspection and control of the manufacture, repair and maintenance of aircraft, the registration and marking of aircraft, the conditions under which aircraft may be flown, or may carry passengers, mails or goods, or may be used for industrial purposes and the certificates, licenses or documents to be carried by aircraft, the licensing of persons employed in the operation, manufacture, repair or maintenance of aircraft and the air-routes by which and, the conditions under which aircraft may operate.

Aircraft Rules, 1937 ("Aircraft Rules")

The Aircraft Rules provide for the registration and marking of the aircraft, licensing of aircraft personnel and aerodromes, safety conditions, provision of certificate of airworthiness and other regulatory provisions concerning the operation and maintenance of aircraft. The Directorate General of Civil Aviation ("**DGCA**") is the competent authority for providing the above mentioned license and approvals. The DGCA is the regulatory body in the field of Civil Aviation primarily responsible for regulation of air transport services to/from/within India and for enforcement of civil air regulations, air safety and airworthiness standards.

The Carriage by Air Act, 1972 ("Carriage by Air Act")

The Carriage by Air Act came into force to give effect to the Convention for the unification of certain rules relating to international carriage by air signed at Warsaw on the 12th of October, 1929 as amended by the 1955 Hague Protocol. The rules in the First Schedule of the Act, deal with the rights and liabilities of carriers, passengers, consignors, consignees and other persons. The Central Government may, by notification in the Official Gazette, apply the rules contained in the First Schedule and any provision of section 3 or section 5 or section 6 to such carriage by air, not being international carriage by air as defined in the First Schedule.

The Aircraft (Carriage of Dangerous Goods) Rules, 2003 ("Aircraft (Carriage of Dangerous Goods) Rules")

The Aircraft (Carriage of Dangerous Goods) Rules provide that no operator shall engage in the carriage of dangerous goods unless it has been certified by the aeronautical authority of the State of the operator to carry the dangerous goods. The Act mandates that no operator shall carry and no person shall cause or permit to be carried in any aircraft to, from, within or over India or deliver or cause to be delivered for loading on such aircraft any dangerous goods, except in accordance with and subject to the requirements specified in the Technical Instructions for the Safe Transport of Dangerous Goods by Air issued by the International Civil Aviation Organisation ("Technical Instructions"). Additionally, the Aircraft (Carriage of Dangerous goods) Rules lay down an elaborate procedure for the packaging, labelling and marking of dangerous goods and specify the shipper's as well as the operator's responsibilities in this context. The Rules prohibits a shippers or his agent from offering any package or over pack of dangerous goods for transport by air unless he has ensured that such dangerous goods are not forbidden for transport by air and are properly classified, packed, marked and labelled in accordance with the requirements specified in the Technical Instructions. The shipper also has the responsibility to complete, sign and provide to the operator a dangerous goods transport document, as specified in the Technical Instructions. Further, the Aircraft (Carriage of Dangerous Goods) Rules prohibit the operator from accepting dangerous goods for transport by air unless: (a) the dangerous goods are accompanied by a completed dangerous goods transport document, except where the Technical Instructions specify that such a document is not required; and (b) the package, over pack or freight container containing the dangerous goods has been inspected in accordance with the acceptance procedures specified in the Technical Instructions.

Laws applicable to companies engaged in wind power generation

The Ministry of Non-Conventional Energy Sources ("MNES") started functioning as a separate ministry in 1992 with the mandate of research, development, commercialization and deployment of renewable energy systems/devices for various applications in rural, urban, industrial and commercial sector. In 1987, MNES established the Indian Renewable Energy Development Agency (IREDA), a financial institution to complement the role of MNES and make available finance to renewable energy projects. IREDA functions under the administrative control of MNES and is involved in extending financial assistance and related services to promote deployment of renewable energy systems in India. In 1999, the Centre for Wind Energy Technology (C-WET), an autonomous specialized R & D institution was established by the MNES at Chennai to carry out its mandate, inter alia looking into technology, testing and certification. In addition, it has also been playing a vital role in the wind resource assessment programme of India.

The MNES issued the MNES Guidelines for Wind Power Projects ("MNES Guidelines") on July 13, 1995, which have been subsequently revised from time to time, on establishment and operation of wind power projects. The MNES Guidelines were issued to ensure healthy and orderly growth of the wind power sector as well as high-quality of wind farm projects and equipments for the benefit of State Electricity Boards

("SEBs"), manufacturers, developers and end-users of energy to ensure proper and orderly growth of the wind power sector. The MNES Guidelines, inter alia, make provision for proper planning, sighting, selection of quality equipment, implementation and performance monitoring of wind power projects.

The MNES Guidelines seek to create awareness in various stakeholders about planned development and implementation of wind power projects The MNES Guidelines mandate approval of site for wind power installations, registration of renewable energy generated product manufacturer as an approved manufacturer of WTG, type certification for wind turbines and sanction by the concerned authority such as the state electricity board or the state nodal agency for development of wind power projects. Additionally, wind power projects also need to obtain generic approvals for setting up a manufacturing facility in India. The land used for setting up wind power projects may be private land, revenue land (government owned) or forest land. Private lands are purchased directly from the owners and in the event such land is agricultural land, such land is converted into non-agricultural land, if so required by the government. In case of land owned by the government, it is made available to the respective state governments on long term lease or out right sale basis as per the prevailing policies of the concerned state government. In case of forest land, the Ministry of Environment and Forest has announced a special policy in November 2003, which is updated from time to time, which elaborates the procedures and guidelines for diversion of the forest lands under the Forest (Conservation) Act, 1980 for the purpose of establishing wind power projects.

Under the Electricity Act, 2003 which repealed all the earlier enactments pertaining to this sector, the activity of generation of the power does not require any license or permission. Persons engaged in the generation of electricity from wind power are required to register the project being undertaken with State Nodal Agency and obtain permission for inter-grid connectivity from the utility. The electricity generated from the wind power projects can be use for captive consumption, sale to utility or for transaction under open access as per the prevailing state policy as well as regulatory orders, if any. Various states have announced administrative policies relating to wheeling, banking and buy-back of power.

There are a number of benefits afforded to wind power projects such as, accelerated depreciation on specified devices such as wind mills; sales tax, excise duty relief; option to avail loans through IREDA; tax holidays for newer power projects for 5 years and concessional import duty on specified wind turbine parts. Under section 80IA of the Income Tax Act, 1961, wind power projects qualify as business eligible for hundred percent deductions of profits and gains derived from such business for ten consecutive assessment years.

Labour Laws

Motor Transport Workers Act, 1961 ("Motor Transport Workers Act")

The Motor Transport Workers Act provides for the welfare of motor transport workers and to regulate the conditions of their work. It applies to every motor transport undertaking employing five or more motor transport workers. Section 2(g) defines 'Motor transport undertaking' as a motor transport undertaking engaged in carrying passengers or goods or both by road for hire or reward, and includes a private carrier. The Motor Transport Workers Act prescribes that such motor transport undertakings should be registered under the Act. A 'motor transport worker' means a person who is employed in a motor transport undertaking directly or through an agency, whether for wages or not, to work in a professional capacity on a transport vehicle or to attend to duties in connection with the arrival, departure, loading or unloading of such transport vehicle and includes a driver, conductor, cleaner, station staff, line checking staff, booking clerk, cash clerk, depot clerk, time-keeper, watchman or attendant.

The Motor Transport Workers Act lays down detailed provisions for regulating work hours, payment of wages and protection of the welfare and health of the employees. Any contravention of a provision regarding employment of motor transport workers is punishable with imprisonment for a term which may extend to three months, or with fine which may extend to five hundred rupees, or with both, and in the case of a continuing contravention with an additional fine which may extend to seventy-five rupees for every day during which such contravention continues after conviction for the first such contravention.

The Contract Labour (Registration and Abolition) Act, 1970 ("Contract Labour Act")

Under the provisions of the Contract Labour Act mandates that every principal employer of an establishment, as defined under the Act, should obtain a certificate of registration for the establishment. Further, the Contract Labour Act also requires contractors to obtain a license without which a contractor cannot undertake or execute any work through contract labour. The Contract Labour Act prescribes certain obligations of the principal employer and contractor with respect to welfare and health of contract labour.

The Factories Act, 1948 ("Factories Act")

The Factories Act defines a 'factory' to cover any premises which employs ten or more workers and in which manufacturing process is carried on with the aid of power and any premises where there are at least twenty workers even though there is or no electrically aided manufacturing process being carried on. Each State Government has rules in respect of the prior submission of plans and their approval for the establishment of factories and registration and licensing of factories. The Factories Act provides that an occupier of a factory i.e. the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety and welfare of all workers. There is a prohibition on employing children below the age of fourteen years in a factory. The occupier and the manager of a factory may be punished with imprisonment for a term up to two years or with a fine up to one Lakh rupees or with both in case of contravention of any provisions of the Factories Act or rules framed there under and in case of a contravention continuing after conviction, with a fine of up to one thousand rupees per day of contravention.

Karnataka Shops and Commercial Establishments Act, 1961 ("Karnataka Shops Act")

The Karnataka Shops Act provides for the regulation of conditions of work and employment in shops & commercial establishments in the State of Karnataka. Under this Act, registration of all shops and commercial establishments in areas specified by the State government is compulsory. The Karnataka shops Act is a beneficial legislation for protecting the interest of labour which prescribes certain obligations, inter alia, with respect to hours of work, annual leave, wages, compensation and employment of women and children.

Karnataka Labour Welfare Fund Act, 1965 ("Karnataka Labour Welfare Fund Act")

The Karnataka Labour Welfare Fund Act provides for the constitution of a fund for financing and conducting activities to promote welfare of labour in the State of Karnataka. It is applicable to all industrial and other establishments. The Karnataka Labour Welfare Act establishes a separate Board for administration of the Fund which consists of representatives of employers, employees and the State. The Fund consists of, *inter alia*, all unpaid accumulations, all fines realized from the employees, voluntary donations and other contributions and sums as prescribed by the Act.

Public Liability Insurance Act, 1991 ("Public Liability Act")

The object of the Public Liability Act is to provide through insurance immediate relief to persons affected due to accident while handling hazardous substance by the owners on no fault liability basis. Where death or injury to any person (other than a workman) or damage to any property has resulted from an accident, the Public Liability Act mandates that the owner is liable to give relief to such person as specified by the Act. The Public Liability Act requires the owner to take out insurance policies before he starts handling any hazardous substance whereby he is insured against liability to give such relief.

Fatal Accidents Act, 1855 ("Fatal Accidents Act")

The Fatal Accidents Act provides that whenever the death of a person is caused by a wrongful act, neglect or default, such that, if death had not ensued, the act would have entitled the injured party to maintain an action and recover damages in respect thereof, the party who would have been liable if death had not ensued, shall be liable to an action or suit for damages, notwithstanding the death of the person injured.

Maternity Benefit Act, 1961 ("Maternity Benefit Act")

The Maternity Benefit Act provides that a woman who has worked for at least eighty days in the twelve months preceding her expected date of delivery is eligible for maternity benefits. Under the Maternity Benefit Act, a woman working in a factory may take leave for six weeks immediately preceding her scheduled date of delivery and for this period of absence she must be paid maternity benefit at the rate of the average daily wage. The maximum period during which a woman shall be paid maternity benefit is twelve weeks. Women entitled to maternity benefit are also entitled to medical bonus of two hundred and fifty rupees. Contravention of the Maternity Benefit Act is punishable by imprisonment up to one year or a fine up to five thousand rupees or both.

Employees' Provident Funds and Miscellaneous Provisions Act, 1952 ("Provident Fund Act")

The Provident Fund Act and the Schemes framed there under provide for three types of benefits-Contributory Provident Fund, Pensionary benefits to the employees/ family members and the insurance cover to the members of the Provident Fund. The rate of contribution to the fund by the employer has been fixed at 12%. Presently an employee at the time of joining the employment and getting wages up to Rs.6500/- is required to become a member of the employees' provident fund organization (the "EPFO"), established in accordance with the provisions of the Provident Fund Act. An employee is eligible for membership of fund from the very first date of joining an establishment covered by the Act.

Payment of Gratuity Act, 1972 ("The Gratuity Act")

Under the Gratuity Act, an employee in a factory is deemed to be in 'continuous service' for a period notwithstanding that his service has been interrupted during that period by sickness, accident, leave, absence without leave, lay-off, strike, lock-out or cessation of work not due to the fault to of the employee, or the employee has worked at least two hundred and forty days in a period of twelve months or one hundred and twenty days in a period of six months immediately preceding the date of reckoning. An employee who has been in continuous service for a period of five years will eligible for gratuity upon his retirement, superannuation, death or disablement. The maximum amount of gratuity payable must not exceed three Lakh and fifty thousand rupees.

Employees State Insurance Act, 1948 ("ESI Act")

The ESI Act requires all factories and establishments to which this Act applies to be registered. The Act establishes for the administration of the scheme of Employees' State Insurance a Corporation called Employees' State Insurance Corporation. All contributions paid under this act and all other moneys received on behalf of the Corporation is paid into a fund called the Employees' State Insurance Fund which is held and administered by the Corporation. The ESI Act requires all employees to be insured in the manner provided by the Act. The object of the ESI Act is to secure sickness, maternity, disablement and medical benefits to employees of factories and establishments and dependant' benefits to the dependants of such employees.

Minimum Wages Act, 1948 ("Minimum Wages Act")

The Minimum Wages Act empowers State Governments to stipulate the minimum wages applicable to a particular industry. The minimum wages generally consist of a basic rate of wages, cash value of supplies of essential commodities at concession rates and a special allowance, the aggregate of which reflects the cost of living index as notified in the Official Gazette.

Workmen's Compensation Act, 1923 ("Workmen's Compensation Act")

The Workmen's Compensation Act aims at providing financial protection to workmen and their dependants in case of accidental injury by means of payment of compensation by the employers. The compensation is also payable for some occupational diseases contracted by workmen during the course of their employment. The Act prescribes that if personal injury is caused to a workman by accident during employment, his employer would be liable to pay him compensation. However, no compensation is required to be paid if the injury did not disable the workman for three days or the workman was at the time of injury under the influence of drugs or alcohol, or wilfully disobeyed safety rules. Where death or permanent total disablement results from the injury the workman is liable to be paid.

Environmental laws applicable to our Company

The Water (Prevention and Control of Pollution) Act, 1981 ("Water Act")

The Water Act prohibits the use of any stream or well for disposal of polluting matter, in violation of standards set down by the State Pollution Control Board ("**SPCB**").The Water Act also provides that the consent of the SPCB must be obtained prior to opening of any new outlets or discharges, which is likely to discharge sewage or effluent. In addition, the Water (Prevention and Control of Pollution) Cess Act, 1977 (Water Cess Act) requires a person carrying on any industry to pay a cess in this regard. The person in charge is to affix meters of prescribed standards to measure and record the quantity of water consumed. Furthermore, a monthly return showing the amount of water consumed in the previous month must also be submitted.

Air (Prevention and Control of Pollution) Act, 1981("Air Act")

The Air Act prescribes rules for the prevention, control and abatement of air pollution and establishes Central and State Boards for the Prevention and Control of Air Pollution for the aforesaid purposes. In accordance with the provisions of the Air Act, any individual, industry or institution responsible for emitting smoke or gases by way of use as fuel or chemical reactions must apply in a prescribed form and obtain consent from the state pollution control board prior to commencing any mining activity. The State Boards for the Prevention and Control of Air Pollution is required to grant consent within four months of receipt of the application. The consent may contain conditions relating to specifications of pollution control equipment to be installed.

The Environment Protection Act 1986 ("Environment Protection Act")

The purpose of the Environment Protection Act is to act as an "umbrella" legislation designed to provide a frame work for Central government co-ordination of the activities of various central and state authorities established under previous laws. The Environment Protection Act authorizes the central government to protect and improve environmental quality, control and reduce pollution from all sources, and prohibit or restrict the setting and /or operation of any industrial facility on environmental grounds. The Act prohibits persons carrying on business, operation or process from discharging or emitting any environmental pollutant in excess of such standards as may be prescribed. Where the discharge of any environmental pollutant in excess of the prescribed standards occurs or is apprehended to occur due to any accident or other unforeseen act, the person responsible for such discharge and the person in charge of the place at which such discharge occurs or is apprehended to occur is bound to prevent or mitigate the environmental pollution caused as a result of such discharge and should intimate the fact of such occurrence or apprehension of such occurrence; and (b) be bound, if called upon, to render all assistance, to such authorities or agencies as may be prescribed.

The Hazardous Waste (Management and Handling) Rules, 1989 ("Hazardous Waste Rules")

The objective of Hazardous Waste Rules is to control the generation, collection, treatment, import, storage, and handling of hazardous waste. These Rules define a 'facility' as any location wherein the processes incidental to the waste generation, collection, reception, treatment, storage and disposal are carried out. A person who owns or operates a facility for collection, reception, treatment, storage or disposal of hazardous wastes is referred to as the 'operator of the facility' under these Rules. A 'transporter' is defined as a person engaged in the off-site transportation of hazardous waste by air, rail, road or water. The occupier and the operator of a facility are responsible for proper collection, reception, treatment, storage and disposal of hazardous wastes listed in the Act. The occupier, transporter and operator of a facility shall be liable for damages caused to the environment resulting due to improper handling and disposal of hazardous waste. Packaging, labelling and transport of hazardous wastes should be in accordance with the provisions of the rules prescribed by the Central Government under the Motor Vehicles Act, 1988 and other guidelines issued from time to time. The Act mandates that no transporter shall accept hazardous wastes from an occupier for transport unless it is accompanied by all the required documents prescribed by the Hazardous Waste Rules.

Applicable taxation legislations

The tax regime is both transport-specific and commodity-specific. Vehicles are detained for checking essential documents such as registration book, driving license, permits, etc. (Regional Transport Office (RTO) checking). They are also detained for checking payment of commercial taxes such as sales tax, entry tax, octroi and other local levies. In addition, detentions take place for booking traffic rule violations (Police checking) and also at State borders (Border Post checking). All transport vehicles must be carrying required documents which will be examined at check-posts through which the transport department monitors the flow of goods into the State and also makes an assessment of tax. Under the Constitution of India, the basis of excise duties and sales tax, the two principal components of the domestic trade taxes, are distinctly defined – excise duty as tax on production of goods and sales tax on consumption (sale or purchase). At the same time, there are specific taxes levied on the transportation sector, for instance, road tax, national and state permits, etc. Taxation of motor vehicles is also a widely used instrument for raising resources.

Karnataka Tax on Entry of Goods Act, 1979 ("Karnataka Entry Tax Act")

The Karnataka Entry Tax Act levies tax on entry of any specified goods into a local area for consumption, use or sale, at specified rates not exceeding five percent of the value of the goods as may be specified. The tax levied is payable by every registered dealer or a dealer liable to get himself registered under this Act. A dealer is defined in the Karnataka Entry Tax Act as any person who, in the course of business, whether on his own account or on account of a principal or any person, brings or causes to be brought into a local area any goods or takes delivery or is entitled to take delivery of goods on its entry into a local area.

Karnataka Special Tax on Entry of Certain Goods Act, 1979 ("Karnataka Special Entry Tax Act")

The Karnataka Special Entry Tax Act levies a tax on the entry of any notified goods into any local area for consumption, use or sale therein, on the value of the notified goods. The tax is payable by the importer in accordance with the Act and the Rules there under.

Karnataka Motor Vehicle Taxation Act, 1957 ("Karnataka Motor Vehicle Taxation Act")

The Karnataka Motor Vehicle Taxation Act imposes a tax on all motor vehicles suitable for use on road also provides that a motor vehicle for which the certificate of registration is current shall be deemed to be a vehicle suitable for use on roads. The Karnataka Motor Vehicle Taxation Act requires every owner of or every person in possession of a motor vehicle liable to tax under this Act to file a declaration in the prescribed form giving all relevant particulars with the taxation authority. When the tax levied with respect to the motor vehicle is paid, a receipt and a taxation card is issued by the taxation authority to the person paying the tax.

Central Sales Tax Act, 1956 ("Central Sales Tax Act")

The Central Sales Tax Act formulates principles for determining (a) when a sale or purchase takes place in the course of inter-state trade or commerce; (b) when a sale or purchase takes place outside a State and (c) when a sale or purchase takes place in the course of imports into or export from India.

This Act provides for levy, collection and distribution of taxes on sales of goods in the course of inter-state trade or commerce and also declares certain goods to be of special importance in inter-State trade or commerce and specifies the restrictions and conditions to which State laws imposing taxes on sale or purchase of such goods of special importance (called as declared goods) shall be subject. Central Sales tax is levied on inter State sale of goods. Sale is considered to be inter-state when (a) sale occasions movement of goods from one State to another or (b) is effected by transfer of documents during their movement from one State to another.

A sale or purchase of goods shall be deemed to take place in the course of inter-state trade or commerce if the sale or purchase is affected by a transfer of documents of title to the goods during their movement from one state to another. When the goods are handed over to the carrier, he hands over a receipt to the seller. The seller sends the receipt to buyer. The buyer gets delivery of goods on submission of the receipt to the carrier at other end. The receipt of carrier is 'document of title of goods'. Such document is usually called Lorry Receipt (LR) in case of transport by Road or Air Way Bill (AWB) in case of transport by air. Though it is called Central Sales Tax Act, the tax collected under the Act in each State is kept by that State only. Central Sales Tax is payable in the State from which movement of goods commences (that is, from which goods are sold). The tax collected is retained by the State in which it is collected. The Central Sales Tax Act is administered by sales tax authorities of each State. The liability to pay tax is on the dealer, who may or may not collect it from the buyer.

Karnataka Sales Tax Act, 1957 ("Karnataka Sales Tax Act")

The Karnataka Sales Tax Act levies a tax payable by every dealer on his taxable turnover. This Act also lays down provisions concerning production of accounts and other necessary documents by the dealer, establishment of check post or barrier and inspection of goods while in transit and the issue of transit pass for a vehicle carrying taxable goods. Under the Karnataka Sales Tax Act, every transporting agency or courier agency engaged in the business of transporting taxable goods in the State has the duty to furnish required information to the concerned Officer.

Central Excise Act ("Excise Act")

Excise is a duty on excisable goods manufactured or produced in India. The Excise Act prescribes four basic conditions for levy of central excise duty: (1) The duty is on goods; (2) The goods must be excisable; (3) The goods must be manufactured or produced; (4) Such manufacture or production must be in India. The liability of payment of excise is on the manufacturer.

Karnataka Value Added Tax Act, 2003 ("Karnataka Value Added Tax Act")

Value Added Tax (VAT) is based on a system of taxation whereby only value addition at each stage of sale or purchase of goods, in series of transactions of sale from the producer/manufacturer until the goods reach the actual consumer, alone is subjected to tax. Section 53 of the Karnataka Value Added Tax Act requires the owner or a person in charge of a goods vehicle to carry a goods vehicle record, a trip sheet or a log book and a tax invoice or a bill of sale or a delivery note or such other documents as may be prescribed in respect of the goods carried in the goods vehicle.

The owner or a person in charge of a goods vehicle should report at the first check-post or barrier situated on the route ordinarily taken from the place in the State, from which the movement of goods commences, to its destination and produce the necessary documents before any officer-in-charge of check post or barrier and obtain the seal of such officer affixed thereon and in respect of a bill of sale, give one copy thereof and, in respect of a delivery note, give a copy marked as original, to such officer and carry and retain with him the other copy until termination of the movement of goods. On entering the State limits, the owner or a person in charge of a goods vehicle should report at the first situated check post or barrier and on leaving the state limits, report at the last situated check post or barrier and give a declaration containing such particulars as may be prescribed in respect of the goods carried in the goods vehicle.

Where a vehicle is carrying goods which are taxable under the Karnataka Value Added Tax Act, from any place outside the State and bound for any place outside and passes through the state of Karnataka; or imported into the State from any place outside the country and such goods are being carried to any place outside the State; the driver or any other person-in-charge of such vehicle is required to furnish the necessary information and obtain a 'transit pass' from the officer-in-charge of the check post. The Act also requires every transporting agency and courier agency to engage din the business of transporting taxable goods in the State to furnish t the prescribed authority information relating to such goods.

Service Tax Laws

Service tax is imposed on courier services, cargo handling services; goods transport agency services, transport of goods by air services and travel agent's services. Service provided by a cargo handling agency in relation to cargo handling services have been subjected to service tax by the Finance Act, 2002. Cargo handling service refers to loading, unloading, packing or unpacking of cargo and includes cargo handling services provided for freight in special containers or for non-containerised freight, services provided by a container freight terminal or any other freight terminal, for all modes of transport and cargo handling service incidental to freight, but does not include handling of export cargo or passenger baggage or mere transportation of goods. Service provided to a customer by a goods transport agency in relation to transport of goods by road in a goods carriage is a taxable service subject to service tax. A goods transport agency means any commercial concern which provides service in relation to transport of goods by road and issues consignment note. Service provided to any person, by an aircraft operator, in relation to transport of goods by aircraft is subject to service tax. An aircraft operator is any commercial concern which provides the service of transport of goods by air craft. Service provided to a customer by a travel agent, in relation to the booking of passage for travel has been made subject to service tax by the Finance Act, 2004.

Other Laws those are applicable to our Company

Consumer Protection Act 1986 ("*Consumer Protection Act*")

The Consumer Protection Act was enacted to provide cheap, speedy and simple redressal to consumer disputes through quasi-judicial machinery set up at each District, State and National level. The provisions of this Act cover 'Products' as well as 'Services'. The products are those which are manufactured or produced and sold to consumers through wholesalers and retailers. The services are of the nature of transport, telephones, electricity, constructions, banking, insurance, medical treatment and other such services.

Foreign Investment in the Courier Sector

Foreign direct investment in the India is regulated by the Foreign Exchange Management (Transfer or Issue of Security by a person Resident Outside India) Regulations, 2000 ("**FEMA Regulations**") and the relevant Press Notes issued by the Secretariat for Industrial Assistance, GoI, from time to time..

Under the FEMA Regulations, foreign direct investment under the automatic route is not allowed in companies engaged in the 'courier services'. The restriction is found in Clause A in Annexure A to the Schedule 1.

Press Note 4 of 2006

The law in relation to investment in courier services has been provided for in Press Note No. 4 (2006) Series ("**Press Note 4**"). Under Press Note 4, 100% FDI is allowed in the "Courier services for carrying packages, parcels and other items which do not come within the ambit of the Indian Post Office Act, 1898" with prior approval of the FIPB.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

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 outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.

We have made an application to the FIPB by way of letter dated March 14, 2008 seeking their permission to allow non residents to participate in this issue.

HISTORY AND OTHER CORPORATE MATTERS

Our History

Mr. Vijay Sankeshwar, our promoter commenced the business of transportation in the state of Karnataka, as a proprietary concern in the year 1976. The proprietary concern subsequently converted into a partnership firm by the name of M/s Vijayanand Roadlines in the year 1978. This partnership firm was then converted into a private limited company under part IX of the Companies Act, 1956 under the name of Vijayanand Roadlines Private Limited and a Certificate of Incorporation dated March 31, 1983 was issued by the Registrar of Companies, Bangalore, Karnataka. The Company became a deemed public Limited Company in the year 1994 and an endorsement to this effect was made by the Registrar of Companies, Bangalore, Karnataka on July 1, 1994, on the Original Certificate of Incorporation dated March31, 1983. Pursuant to a special resolution passed by the Shareholders in the Extraordinary General Meeting held on February 14, 1997 the status of our Company was subsequently changed from a deemed public Limited Company to a public limited company. The name of our Company was changed to VRL Logistics Limited and a fresh certificate of incorporation, consequent on change of name, was granted to our Company on August 25, 2006 by the RoC Karnataka

Our Company was initially in the business of transportation of goods and parcels, subsequently it commenced the business of courier service in the year 1992. In the year 1996 the Company acquired passenger busses and entered into an agreement with Vijayanand Travels a proprietary concern started by Mrs. Lalita Sankeshwar in November 1996 for giving the said vehicles on hire, to carry on the business of passenger service. Initially Vijayanand Travels was operating within the state of Karnataka only. Over a period of time with the growth of its business, it began operating busses between destination in Karnataka, Maharashtra and Tamil Nadu. The business of Vijayanand Travels was acquired by our Company on June 30, 2004 for a total consideration of Rs 50,00,000. Our Company continued with the same business as a separate division. Maruti Parcel Carriers was started as a proprietary concern by Mrs. Vani Sankeshwar, wife of Mr. Anand Sankeshwar in August 2001. This business was started by taking vehicles on hire basis from our Company. On June 30, 2004, our Company acquired the business of Maruti Parcel Carriers for a total consideration of Rs 50,00,000 and continued it in the name of Maruti Parcel Carriers which operates as a division of our Company. Shiva Roadlines was started in the year 2003 as a separate division by our Company. Shiva Roadlines provides service only in the state of Karnataka covering 6 cities. Shiva Roadlines has 7 dedicated branches. It provides door to door services without routing it through our transhipment hubs. It carries goods weighing more than two tonnes. The Company is also in the business of Express Cargo Service. Our Company has recently diversified in the wind power business in September 2006 and air charter business in 2007. Recently, we have purchased premier 1A aircraft from Hawker Beechcraft Incorporation, USA. Premier 1A is 2 pilots and 6 passenger seat aircraft (with 4 club configuration seats). We have also entered into MOU dated November 1, 2007 with Indamer Company Private Limited for the maintenance of the aircraft

For details of different segments of our business, please refer to the chapter “Our Business” beginning on page [●] of this Draft Red Herring Prospectus.

Change in the Registered Office

Our registered office was shifted from Tuluja Bhavani, Dajibanpeth, Hubli to R.S No. 351/1, NH-4, Bangalore Road, Varur, Hubli 581 207 with effect from April 1, 2003 by a resolution of our Board dated March 29, 2003.

Key Events and Milestones

Year	Key Events, Milestones and Achievements
1976	Commencement of Transport service (goods and passengers) through a proprietary concern by our Promoter Mr. Vijay Sankeshwar.
1978	Formation of the partnership firm by the name of Vijayanand Roadlines
1983	Partnership firm was converted into a private limited company by the name of Vijayanand Roadlines Private Limited
1992	Commencement of Courier Service within the state of Karnataka
1994	Vijayanand Roadlines Limited, becomes a deemed public limited company
1996	Company acquired passenger busses and entered into an agreement with Vijayanand Travels a proprietary concern started by Mrs. Lalita Sankeshwar in November 1996 for giving the said vehicles on hire. Over a period of time it began operating busses between destination in Karnataka Maharashtra and Tamil Nadu.
1997	The status of our Company was subsequently changed from a deemed public Limited Company to a public limited company
2003	Vijayanand Printers Limited becomes Subsidiary of our Company
2003	Entered in to LIMCA BOOK OF RECORDS as 'Largest single owner of commercial vehicles in Private sector in India
2003	Shiva Roadlines was started as a separate division of our Company
2004	Entered in to LIMCA BOOK OF RECORDS as 'Largest single owner of commercial vehicles in Private sector in India
2004	Acquisition of Vijayanand Travels, proprietorship concern and commencement of passenger transportation.
2004	Acquisition of Maruti Parcel Carriers, a proprietorship concern
2004	Commercial operation of Infrastructure facilities at Varur, Hubli
2005	ISO 9001:2000 Certification for providing passengers travels service at Hubli, Bangalore, Mumbai and Belgaum.
2006	Entered in to LIMCA BOOK OF RECORDS as 'Largest single owner of commercial vehicles in Private sector in India
2006	ISO 9001:2000 Certification for providing logistics services for movement of cargo, express cargo and courier at Hubli and Bangalore
2006	Signed an Agreement with Suzlon for supply & installation of Wind Turbine Generators (WTGs) at Kappatgudda Wind Power Project
2006	Equity and Preference Shareholding in Vijayanand Printers Limited disinvested in full.
2007	The Company has installed 34 wind turbine generators with a capacity of 1250 kW(1.25MW) all the turbines are operational as of today.
2007	Our Company entered into the Air Charter Business and purchased premier 1A aircraft from Hawker Beechcraft Incorporation, USA. We have also entered into MOU dated November 1, 2007 with Indamer Company Private Limited for the maintenance of the aircraft.

Main Objects of our Company

The main objects of our Company as stated in our MOA, is set forth below

1. To carry on the business of the public carriers, transporters and carriers of goods, passengers, merchandise, commodities and luggage of all kinds of descriptions in any part of India and/or abroad, on land, water or rail and air by any means of conveyance whatsoever, in its own name or as a agent.

2. To undertake and carry on the business of loading and unloading forwarding and clearing agents, warehousemen, muccadams and caremen for and on behalf of owners of goods, luggage, parcels, materials, articles, commodities, life-stock & other movables of all kinds and descriptions.

3. To generate electrical power by non-conventional, conventional by utilising wind, thermal, solar, hydel, geo-hydel, tidal waves, bio-mass fuels, coal, gas, lignite, diesel, oil, waste or any other source of energy and for the purpose established co-generation power plants, energy conservation projects, power houses, transmission and distribution systems for generation, distribution, transmission and supply of electrical power, energy to the state electricity board, state government, appropriate authorities, license specific industrial units and other consumers for industrial, commercial, agricultural, household and any other purpose in India and elsewhere in any area to be specified by the state government, central government, local authority, state electricity boards and any other competent authority in accordance with the provisions of Indian Electricity Act, 1910 and/or Electricity Supply Act, 1948 or any other modifications or re-enactment thereof and rules made thereunder; and to undertake trading of Certified Emission Reduction as part of Clean Development Mechanism in connection with generation of electrical power.

4. To act as agents, representatives, surveyors, sub-insurance agents, franchisors, consultants, advisors, collaborators, in life and general insurance in all its branches and manifestations.

The Main Object clause of our MOA enables us to undertake activities for which funds are being used through this Issue. The existent activities of our Company are in accordance with the object clause of the MOA.

Amendments to our Memorandum of Association

Date	Nature of Amendment
May 20, 1988	Increase in the authorized capital from Rs. 5 Lacs comprising of 500 equity shares of Rs. 1,000 each to Rs. 15 lacs comprising of 1,500 equity shares of Rs. 1,000 each
July 8, 1995	Increase in the authorized capital from Rs. 15 Lacs comprising of 1,500 equity shares of Rs. 1,000 each to Rs. 50 lacs comprising of 5,000 equity shares of Rs. 1,000 each
February 14, 1997	Increase in the authorized capital from Rs. 50 lacs comprising of 5,000 equity shares of Rs. 1,000 each to Rs. 2000 lacs comprising of 200,000 equity shares of Rs. 1,000 each
March 3, 2005	Increase in the authorized capital from Rs. 2000 lacs comprising of 200,000 equity shares of Rs. 1,000 each to Rs. 4000 lacs comprising of 400,000 Equity Shares of Rs. 1000 each
August 7, 2006	Alteration of Object Clause as described below Rewording of existing clause 1, deletion of clauses 3 and 5 of the main objects, renumbering clause 4 as clause 3 and insertion of new clause 4 and 5. The clauses 1, 4 and 5, as modified state as follows: *1. To carry on the business of the public carriers, transporters and carriers of goods, passengers, merchandise , commodities and luggage of all kinds of descriptions in any part of India and/or abroad, on land, water or rail and air by any means of conveyance whatsoever, in its own name or as a agent* *4. To generate electrical power by non-conventional, conventional by utilising wind, thermal, solar, hydel, geo-hydel, tidal waves, bio-mass fuels, coal, gas, lignite, diesel, oil, waste or any other source of energy and for the purpose established co-generation power plants, energy conservation projects, power houses, transmission and distribution systems for generation, distribution, transmission and supply of electrical power, energy to the state electricity board, state government, appropriate authorities, license specific industrial units and other consumers for industrial, commercial, agricultural, household and any other purpose in India and elsewhere in any area to be specified by the state government,*

Date	Nature of Amendment
	central government, local authority, state electricity boards and any other competent authority in accordance with the provisions of Indian Electricity Act, 1910 and/or Electricity Supply Act, 1948 or any other modifications or re-enactment thereof and rules made thereunder; and to undertake trading of Certified Emission Reduction as part of Clean Development Mechanism in connection with generation of electrical power. *5. To act as agents, representatives, surveyors, sub-insurance agents, franchisors consultants, advisors, collaborators, in life and general insurance in all its branches and manifestations.*
August 7, 2006	Sub-division of 4,00,000 equity shares of the face value of Rs 1,000 each into 4,00,00,000 Equity Shares of Rs. 10 each
December 2, 2006	Increase in the authorized capital from Rs. 4000 lacs comprising of 40,000,000 Equity Shares of Rs. 10 each to Rs. 10,000 lacs comprising of 100,000,000 Equity Shares of Rs. 10 each
March 24, 2007	Increase in the authorized capital from Rs. 10,000 lacs comprising of 100,000,000 Equity Shares of Rs. 10 each to Rs. 12,500 lacs comprising of 125,000,000 Equity Shares of Rs. 10 each

Subsidiaries

We do not have any subsidiaries, as on the date of filing of this Draft Red Herring Prospectus.

Shareholder's Agreements

The Company has not entered into any shareholder' agreements as on the date of filing of this Draft Red Herring Prospectus.

Other Agreements

Power purchase agreement with Hubli Electricity Supply Company Limited ("HESCOM")

Our Company has entered into six power purchase agreements with HESCOM to develop, construct, own, operate and maintain wind energy based electric power generating station at Harugeri Village, Mundagri Taluk, Gadag District, Karnataka and sell the electricity to HESCOM. The construction of the project under each of the agreements has been completed.

The brief particulars of the power purchase agreements entered by our Company are provided as under:

S. No.	Date of Agreement	Order of Government of Karnataka	Installed Capacity
1.	September 28, 2006	EN 358 NCE 2006 dated August 18, 2006	2.5 MW
2.	September 28, 2006	EN 357 NCE 2006 dated August 18, 2006	10.0 MW
3.	February 15, 2007	EN 405 NCE 2006 dated October 12, 2006	5.0 MW
4.	February 15, 2007	EN 404 NCE 2006 dated October 12, 2006	15.0 MW
5.	February 15, 2007	EN 445 NCE 2006 dated November 11, 2006	3.75 MW
6.	February 15, 2007	EN 453 NCE 2006 dated November 30, 2006	6.25 MW (6.25 MW utilized out of 8.75 MW allotted and 2.5 MW capacity was surrendered)

The aforesaid power purchase agreements have the following salient features:

Payment for energy delivered: Under the provisions of the agreement, HESCOM is required to pay Rs. 3.40 per kilowatt-hour, for the first 10 years from the commercial operation date without any escalation for energy delivered to HESCOM at the metering point. From the 11^{th} year forward, HESCOM is required to pay to our Company for the energy delivered at the metering point at the rate to be determined by the Karnataka Electricity Regulatory Commission (**"KERC"**). In the event, HESCOM is not willing to purchase power at the rates determined by KERC, our Company will be permitted to sell electricity to third parties and enter into a wheeling and banking agreement with HESCOM for payment of transmission and any other charges to HESCOM at the rates approved by the KERC. Our Company has also paid, at the rate of Rs.37,000 per MW of installed capacity, as one time lump sum payment for the purpose of installation of capacitors at the sub-station by HESCOM.

Our Company is required to raise monthly invoice for the energy delivered and HESCOM is required to make payment within 15 days from the date of receipt of invoice. HESCOM has also established a letter of credit in favour of our Company to secure the payments of monthly invoice raised by our Company.

Term and Termination: The agreement will be in force for 20 years from the commercial operation date and may be renewed for a further period of 10 years under mutually agreed terms and conditions, subject to the approval by the KERC, 90 days prior to the expiry of the said 20 years.

In the event our Company, fails to operate and / or maintain any generating units for a continuous period of 90 days or perform any of its material obligations under the agreement, it shall be deemed to be an event of default by our Company. If our Company commits an event of default, HESCOM may give a notice of 90 days to our Company to remedy such default and if our Company fails to remedy such default within the aforesaid period, HESCOM may terminate the agreement.

In the event HESCOM, fails to perform its financial and other material obligations under the agreement, it shall be deemed to be an event of default by HESCOM. In case HESCOM defaults in its payment obligations for a continuous period of 3 months, our Company will be permitted to sell electricity to third parties by entering into a wheeling and banking agreement with HESCOM for payment of transmission and any other charges to HESCOM at the rates approved by the KERC. Further, in the event of default by HESCOM, our Company may give a notice of 30 days to HESCOM to remedy such default and if HESCOM fails to remedy such default within the aforesaid period, our Company may terminate the Agreement.

Indemnity by our Company: Our Company has agreed to defend, indemnify and hold harmless HESCOM, its officers and directors etc. from and against all claims, liabilities and losses arising by reason of body injury, death or damage to property, sustained by third parties that are caused by an act of negligence or the willful misconduct of our Company or its officers.

Dispute Resolution: All disputes arising out of the agreement will be first attempted to be solved through mutual negotiation and in case the parties are not able to resolve the dispute within 30 days after such dispute arises, then such dispute will be referred the higher authorities for resolution. In case the dispute is not settled within 90 days after such dispute arises, then it will be referred to the KERC for dispute resolution under the provisions of the Electricity Act, 2003.

Assignment: Neither Party shall assign the agreement or any portion hereof without the prior written consent of the other Party.

Aircraft Maintenance agreement between our Company and Indamer Company Private Limited (being the Contractor) dated November 1, 2007.

By this agreement it has been agreed that the Contractor will provide during the tenure of this agreement qualified technicians to ensure continuous, proper and safe and maintenance of the One No. Premier IA

(Model 390) Aircraft bearing Serial No. RB -219 and Indian Registration VT- VRL (the **"Aircraft"**)
Salient features

1 The Contractor shall be responsible for upkeep of all technical records such as log book records and other records required by the D.G.C.A.
2 The Contractor will provide necessary standard tools and equipments for carrying out the routine maintenance of the Aircraft.
3 Consideration: The company will pay the Contractor as follows:
   1st year: Rs 1,65,000
   2nd year: Rs 1,85,000

4 Termination: Can be terminated by either party by giving a notice of 3 months. The agreement can be terminated without any notice under the following circumstances:
   a) Due to any governmental law the operation of the Aircraft has stopped.
   b) Beyond economical repair due to extensive damage.
   c) In case of serious accident resulting in a total write-off.
   d) By a breach of clauses by the either parties.

5 The agreement cannot be assigned to third parties.
6 Jurisdiction: The courts in Hubli have the exclusive jurisdiction to entertain legal proceedings,

Strategic Partners and Financial Partners

We do not have any strategic partners or financial partners.

OUR MANAGEMENT

Board of Directors

Under our Articles of Association we are required to have not less than 3 directors and not more than 12 directors. We currently have eight directors on our Board.

The following table sets forth details regarding our Board of Directors as on the date of this Draft Red Herring Prospectus:

Name, Designation, Father's Name, Occupation, Term and DIN No	Nationality	Residential Address	Age	Other Directorships/Partnership firms
Mr. Vijay Sankeshwar Chairman and Managing Director S/o Late Basavenappa Sankeshwar **Occupation:** Business **Term:** 5 years from January 1, 2007 being the date of re-appointment **DIN No**: 00217714	Indian	House No. 120 to 125, Lalith Mahal, Naveen Park, Kusugal Road, Hubli 580 023 India	56	1 VRL Securities Limited 2 VRL Media Limited 3 VRL Cements Limited
Mr. Anand Sankeshwar Managing Director S/o Mr. Vijay Sankeshwar **Occupation:** Business **Term:** 5 years from January 14, 2005 being the date of re-appointment **DIN No:** 00217773	Indian	House No. 120 to 125, Lalith Mahal, Naveen Park, Kusugal Road, Hubli 580 023 India	32	1Vijayanand Printers Limited 2 VRL Securities Limited 3 VRL Media Limited 4VRL Cements Limited
Mr. R.P. Raichur Executive Director S/o Late Puroshottam Raichur Occupation: Service **Term:** 5 years from June 15, 2005 being the date of appointment **DIN No:** 00411924	Indian	83/1, Vijay Nagar Near Tirupati Bazar Hubli 580 032	51	Nil
Mr. Sudhir Ghate Independent Director S/o Late Prabhakar Ghate **Occupation:** Business **Term:** Liable to retire by rotation **DIN No:** 00035949	Indian	"Needam", Behind SDM College M.G. Road Mangalore 575 003 India	49	1 Magnum Intergrafiks Private Limited 2 Trichur Heart Hospital Limited
Mr. C. Karunakara Shetty Independent Director S/o Mr. H.P Shetty **Occupation:** Business **Term:** Liable to retire by rotation **DIN No:** 01560349	Indian	Bhagavathi, No. 100, 1st Cross, Sharadha Colony, Basaveshwara Nagar Bangalore 560 079 India	53	1 Bhagavathi Chits Private Limited 2 Bhagavathi Stocks and Shares Private Limited 3 VRL Securities Limited 4 Davy Elektro Controls Private Limited **Partnerships** Suvidha Securities

Name, Designation, Father's Name, Occupation, Term and DIN No	Nationality	Residential Address	Age	Other Directorships/Partnership firms
Mr. Mallesh Budihal Independent Director S/o Mr. Andanappa Budihal Occupation: Business **Term:** Liable to retire by rotation **DIN No:** 00968058	Indian	No. 12, 2nd Cross Sripuram Kumara Park (West) Bangalore 560 020 India	57	Girish Paper Packaging Private Limited
Mr. R.S Hugar Independent Director S/o – Late. Siddaramappa Hugar **Occupation:** Professional **Term:** Liable to retire by rotation **DIN No:** 00029088	Indian	'Pitambar', Kalyan Nagar 10th Cross, University Road Dharwad - 580 007 Karnataka	67	1 IPCA Laboratories Limited. 2 Dewan Housing Finance Corp. Limited 3 DHFL Vysya Housing Finance Corp.Limited
Mr. Suresh Angadi Independent Director S/o Late Channabasappa Angadi **Occupation:** Business **Term:** Liable to retire by rotation **DIN No:** 00667072	Indian	Sampige Road Vishweshwar Nagar Belgaum - 590 001 Karnataka	52	Shri Vijaylaxmi Real-estate Private. Limited .

Brief Biographies of our Directors

Mr. Vijay Sankeshwar, our Chairman and Managing Director, is also the Promoter of our Company. He holds a bachelor's degree in commerce from Karnataka University, Dharwad. He was a former Member of Parliament and was elected from the Dharwad (North) constituency in the 11th, 12th and 13th Lok Sabha elections. He was member of the Committee of Finance for the year 1996-97, the Consultative Committee, Ministry of Surface Transport in the years 1996-97, 1998-99 and 1999-2000, the Committee of Transport and Tourism in the years 1998-99 and 1999-2000. He has over 30 years of experience in the transport industry and 7 years of experience in the media industry. He has received various awards including the 'Udyog Ratna' in the year 1994 by the Institute of Economic Studies, New Delhi, Aaryabhat Award in 2002 and Sir M. Vivesvarya Memorial Award in 2007. He started our Company in the year 1976 as a proprietary concern. He is actively involved in day to day affairs of the Company.

Mr. Anand Sankeshwar, our Managing Director, is also the Promoter of our Company. He holds a bachelor's degree in commerce from Karnataka University, Dharwad. He has an overall experience of 15 years in the transport industry including 7 years of experience in the media industry. He has also been awarded the 'Youth Icon' award in the year 2004 by Annual Business Communicators of India and 'Marketing Professional of the year' in the year 2005 by the Indira Group of Companies. He heads our marketing department and is actively involved in day to day affairs of the Company.

Mr. R. P. Raichur, our Director, holds a bachelor's degree in commerce from Karnataka University, Dharwad and he is also a fellow member of the Institute of Chartered Accountants of India (ICAI), and the Institute of Company Secretaries of India. He has over 25 years of experience in secretarial and finance matters. He had been associated with O.P.Jindal group from 1992 to 2005, working as the Vice President corporate affairs and company secretary with JSW Steel Limited formerly known as Jindal Vijaynagar Steel Limited and was in charge of all the company affairs. Currently, he is appointed as the Director (Finance) and company secretary in our company. He has been on our Board since June 15, 2005. He heads our finance and secretarial department and is actively involved in the day to day affairs of our Company.

Mr. Sudhir Ghate, our Director, holds a bachelor's degree in commerce from Mysore University and he is also a fellow member of the ICAI. He was a partner in M/s Ganesh and Sudhir, Chartered Accountants, Mangalore from 1982 to 1994. He is a Managing Director in M/s Magnum Intergrafiks private limited a national advertising design and communication company accredited with Indian News paper Society, a member of Audit Bureau of Circulation and Advertising Agency Association of India. He was a member of National Council of Textiles Design, New Delhi from 2002 to 2004 and he is National Executive Committee member of Advertising Agency Association of India since, 2004. He has been on our Board since June 15, 2005.

Mr. C. Karunakara Shetty, our Director, holds a post graduation degree in commerce from Karnataka University, Dharwad and he is also a Certified Associate member of Indian Institute of Banking (C.A. IIB). He was employed with Vijaya Bank from 1974 to 1998. He has over 20 years of experience in the banking industry. Currently, he is the managing director of Bhagavathi Chits Private Limited which is also a member of Bangalore Stock Exchange. He has been on our Board since June 15, 2005.

Mr. Mallesh Budihal, our Director, holds a bachelor's degree in Arts from Karnataka University, Dharwad and master's degree in Arts (Political Science) from Karnataka University, Dharwad. He has over 30 years of experience in paper and board, packing paper and off-set printing industry. Currently, he is the managing director of Girish Paper Packaging Private Limited. He has been on our Board since February 24, 2007.

Mr. R.S Hugar, our Director, holds a post graduate degree in econometrics from Pune University. He was Chairman and Managing Director of Corporation Bank from April, 1997 to May, 2000. He was decorated with many meritorious awards such as "Best Finance Man of the Year 1998-99" by National Foundation of Indian Engineers, New Delhi under the aegis of Ministry of Heavy Industry for outstanding performance in banking sector and charismatic leadership qualities and Lifetime Achievement Award by National and International Compendium, New Delhi for exception calibre and outstanding performance in the chosen area of activity. He has been on our Board since May 28, 2007.

Mr. Suresh Angadi is a commerce graduate and law graduate from Karnataka University, Dharwad. He has business association with the BK Birla Group and was responsible for sales promotion of Vasavadatta Cement for the last two decades and has been in real estate business and has promoted Sri Laxmi complex (Commercial Complex) at Belgaum and Shradda residency (residential complex) at Belgaum. He is also the Member of Parliament from the Belgaum constituency. He has been on our Board since July 28, 2007.

Remuneration of our Executive Directors

Mr. Vijay Sankeshwar, Chairman and Managing Director

Mr. Vijay Sankeshwar was re-appointed as Chairman and Managing Director of our Company in the EGM held on March 24, 2007 for a period of five years with effect from January 1, 2007.

Pursuant to an agreement dated January 3, 2007 between the Company and Mr Vijay Sankeshwar and approved by the shareholders at the EGM dated March 24, 2007. Mr Vijay Sankeshwar was paid a monthly salary of Rs 5,00,000.

Pursuant to an agreement dated July 28, 2007 between the Company and Mr Vijay Sankeshwar and approved by the Board pursuant to a Board meeting dated July 28, 2007 and subsequently approved at the Annual General Meeting dated August 25, 2007 Mr Vijay Sankeshwar is paid a monthly salary of Rs 7, 50,000 with effect from September 1, 2007 including perquisites and commission not exceeding 0.5% of the net profits subject to overall limit of remuneration drawn during the financial year. Other benefits are as under:

a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
b) Gratuity as per the rules of the Company
c) Earned leave with full pay or encashment as per the rules of the Company.

Mr. Anand Sankeshwar, Managing Director

Mr. Anand Sankeshwar was re-appointed as Managing Director of our Company for a period of five years with effect from January 14, 2005, pursuant to a resolution of our shareholders at the Annual General Meeting dated August 30, 2005.

Pursuant to the terms of an agreement dated January 10, 2005 approved by our shareholders on August 30, 2005, Mr. Anand Sankeshwar is entitled to a maximum remuneration of Rs 5,00,000 per month including perquisites. Other benefits are as under:

a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
b) Gratuity as per the rules of the Company
c) Earned leave with full pay or encashment as per the rules of the Company.

Mr. R.P. Raichur, Director (Finance)

Mr. R.P. Raichur was appointed as Director (Finance) of our Company for a period of five years with effect from June 15, 2005, pursuant to a resolution of our shareholders at the Annual General Meeting dated August 30, 2005.

Pursuant to the terms of an agreement dated June 15, 2005, approved by our shareholders on August 30, 2005, Mr. R.P. Raichur is entitled to a maximum remuneration of Rs 3,00,000 per month including perquisites. Other benefits are as under:

a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
b) Gratuity as per the rules of the Company.
c) Earned leave with full pay or encashment as per the rules of the Company.

Details of Borrowing Powers of Our Directors

Our Articles, subject to the provisions of Section 293(1)(d) of the Companies Act authorise our Board, to raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company. The shareholders of the Company, through a resolution passed at the AGM dated August 7, 2006, authorised our Board to borrow monies together with monies already borrowed by us, in excess of the aggregate of the paid up capital of the Company and its free reserves, not exceeding Rs. 10,000 Lacs at any time.

Payment of benefit to Non Executive Directors of Our Company

Apart from the remuneration of certain of our Executive Directors as stipulated under the heading "Remuneration of Our Executive Directors" on page [●] of this Draft Red Herring Prospectus above, our Non Executive Directors are entitled to be paid a sitting fee up to the limits prescribed by the Companies Act and the rules made there under and actual travel, boarding and lodging expenses for attending the Board or committee meetings. They may also be paid commissions and any other amounts as may be decided by the Board in accordance with the provisions of the Articles, the Companies Act and any other applicable Indian laws and regulations.

Except as indicated above, each Non Executive Director is eligible for sitting fees of Rs 10,000 for each Board meeting that he attends and Rs. 10,000 for each meeting of a committee of the Board.

Corporate Governance

We have complied with the SEBI Guidelines with respect to corporate governance especially with respect to broad basing of our Board, constituting committees such as Audit/ Shareholders/ Investors Grievance Committee. Further, 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 have complied with such provisions, including with respect to the appointment of independent Directors to our Board and the constitution of the Investor Grievances Committee. We have also adopted the Corporate Governance Code in accordance with Clause 49 of the listing agreements to be entered into with the Stock Exchanges prior to listing.

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

Currently our board has eight Directors, of which the Chairman of the Board is an executive Director, and in compliance with the requirements of Clause 49 of the Listing Agreement, we have 3 executive Directors, 5 Independent Directors on our Board. Accordingly not less than 50% of the Board of Directors compromises of non-executive as well as Independent Directors.

Audit Committee

The Audit Committee was constituted by our Directors at their Board meeting held on June 15, 2005. The Audit Committee consists of

1. Mr. Sudhir P. Ghate	Chairman
2. Mr. C. Karunakara Shetty	Member
3. Mr. R.P Raichur	Member

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

(i) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

(ii) Recommending the appointment and re-appointment of the statutory auditor and the fixation of their remuneration;

(iii) Reviewing and discussing with the management, the annual financial statements before submission to be included in the Board's report in reference to :

   a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act;

   b. Changes, if any, in accounting policies and practices and reasons for the same;

   c. Major accounting entries involving estimates based on the exercise of judgment by management;

   d. Significant adjustments made in the financial statements arising out of audit findings;

   e. Compliance with listing and other legal requirements relating to financial statements;

   f. Disclosure of any related party transactions; and

   g. Qualifications in the draft audit report.

(iv) Reviewing the quarterly and half yearly financial results and the annual financial statements before they are submitted to board;

(v) Reviewing and discussing with the management, performance of statutory and internal auditors, and adequacy of the internal control systems,

(vi) Reviewing and discussing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

(vii) Reviewing, if necessary, the findings of the 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;

(viii) Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussions to ascertain any area of concern;

(ix) Looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors, if any;

(x) Reviewing the management discussion and analysis of financial condition and results of operations;

(xi) Reviewing and discussing the statement of significant related party transactions(as defined by the Audit Committee), submitted by Management;

(xii) Reviewing and discussing the management letters / letters of internal control weaknesses issued by the statutory auditors;

(xiii) Reviewing the internal audit reports relating to internal control weaknesses;

(xiv) Reviewing and discussing the appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee;

(xv) Monitoring the use of issue proceeds; and

(xvi) Such other matters as may from time to time are required by any statutory, contractual or other regulatory requirements to be attended by such committee.

Shareholders/Investor Grievance Committee

The Shareholders/Investor Grievance Committee was constituted by our Directors at the Board meeting held on May 28, 2007. This Committee is responsible for the redressal of shareholder grievances and consists of.

1	Mr. Mallesh Budihal	Chairman
2	Mr. C. Karunakara Shetty	Member
3	Mr. R.P Raichur	Member

The terms of reference of the Shareholders/Investor Grievance Committee include:

- Supervise investor relations and redressal of investors' grievances in general, including non-receipt of dividends and interest.
- Such other matters as may from time to time be required under any statutory, contractual or other regulatory requirement.

Remuneration Committee

The Remuneration Committee was constituted by our Directors at their Board meeting held on May 28, 2007. The Remuneration Committee consists of:

1	Mr. R.S Hugar	Chairman
2	Mr. C. Karunakara Shetty	Member
3	Mr. Sudhir Ghate	Member

The terms of reference of the Remuneration Committee include:

- Framing suitable policies and systems to ensure that there is no violation, by an Employee of the Company of any applicable laws in India or overseas, including the Securities and Exchange Board of India (Insider Trading) Regulations, 1992; or The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities market) Regulations, 1995.
- Determine on behalf of the Board and the shareholders the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payments.
- Perform such functions as are required to be performed by the Compensation Committee under Clause 5 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee

IPO Committee

Our Company has also constituted an IPO Committee at their Board meeting held on February 24, 2007. The IPO Committee consists of:

1 Mr. Vijay Sankeshwar
2 Mr. Anand Sankeshwar
3 Mr. R.P Raichur,
4 Mr. C. Karunakara Shetty

The IPO Committee is in charge of all the affairs in relation to the initial public offering of the Equity Shares of our Company.

a) To decide on the timing, pricing and all the terms and conditions of the issue of the shares for the Public Issue, including the price, and to accept any amendments, modifications, variations or alterations thereto;

b) To appoint and enter into arrangements with the book running lead managers, underwriters to the Public Issue, syndicate members to the public issue, brokers to the public issue, escrow collection bankers to the Public Issue, registrars, legal advisors and any other agencies or persons of intermediaries to the Public Issue and to negotiate and finalise the terms of their appointment, including but not limited to execution of the BRLM's mandate letter, negotiation, finalization and execution of the memorandum of understanding with the BRLM, etc.

c) To finalise and settle and to execute and deliver or arrange the delivery of the draft red herring prospectus, the red herring prospectus, the final prospectus, syndicate agreement, underwriting agreement, escrow agreement and all other documents, deeds, agreements and instruments as may be required or desirable in relation to the Public Issue;

d) To open with the bankers to the Public Issue such accounts as are required by the regulations issued by SEBI;

e) To do all such acts, deeds, matter and things and execute al such other documents, etc. as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, finalise the basis or allocation and to allot the shares to the successful Allottees as permissible in law, issue of share certificates in accordance with the relevant rules;

f) Do all such acts, deeds and things as may be required to dematerialize the equity shares of the company and to sign agreements and/or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) limited and such other agencies, authorities or bodies as may be required in this connection;

g) To make applications for listing of shares in one or more stock exchange(s) for listing of the equity shares of the Company and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s); and

h) To settle all questions, difficulties or doubts that may arise in regard to such issues or allotment as it may, in its absolute discretion deem fit.

Shareholding of our Directors in the Company

Except as provided hereunder, no other Director holds any shares in the share capital of our Company.

S.No.	Name of the Shareholder	No. of Equity Shares	Pre-Issue Percentage Shareholding (%)	Post-Issue Percentage Shareholding (%)*
1.	Mr. Vijay Sankeshwar	3,30,75,000	46.7822	[●]
2.	Mr. Anand Sankeshwar	3,71,97,000	52.6124	[●]
TOTAL		7,02,72,000	99.3946	[●]

% will be calculated after the completion of Pre - IPO Placement

Interest of Directors

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles. The executive Directors will be interested to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by or allotted to their relatives or the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except as stated under the paragraph titled "Related Party Disclosures" on page [●] of this Draft Red Herring Prospectus, and to the extent of shareholding in our Company, if any, our Directors do not have any other interest in our business. Further, please refer to the paragraph titled "Full Particulars of the nature and extent of the Interest, if any, of our Promoters" and "Common Pursuits" on page [●] and [●] of this Draft Red Herring Prospectus for details of interest of our Promoter Director.

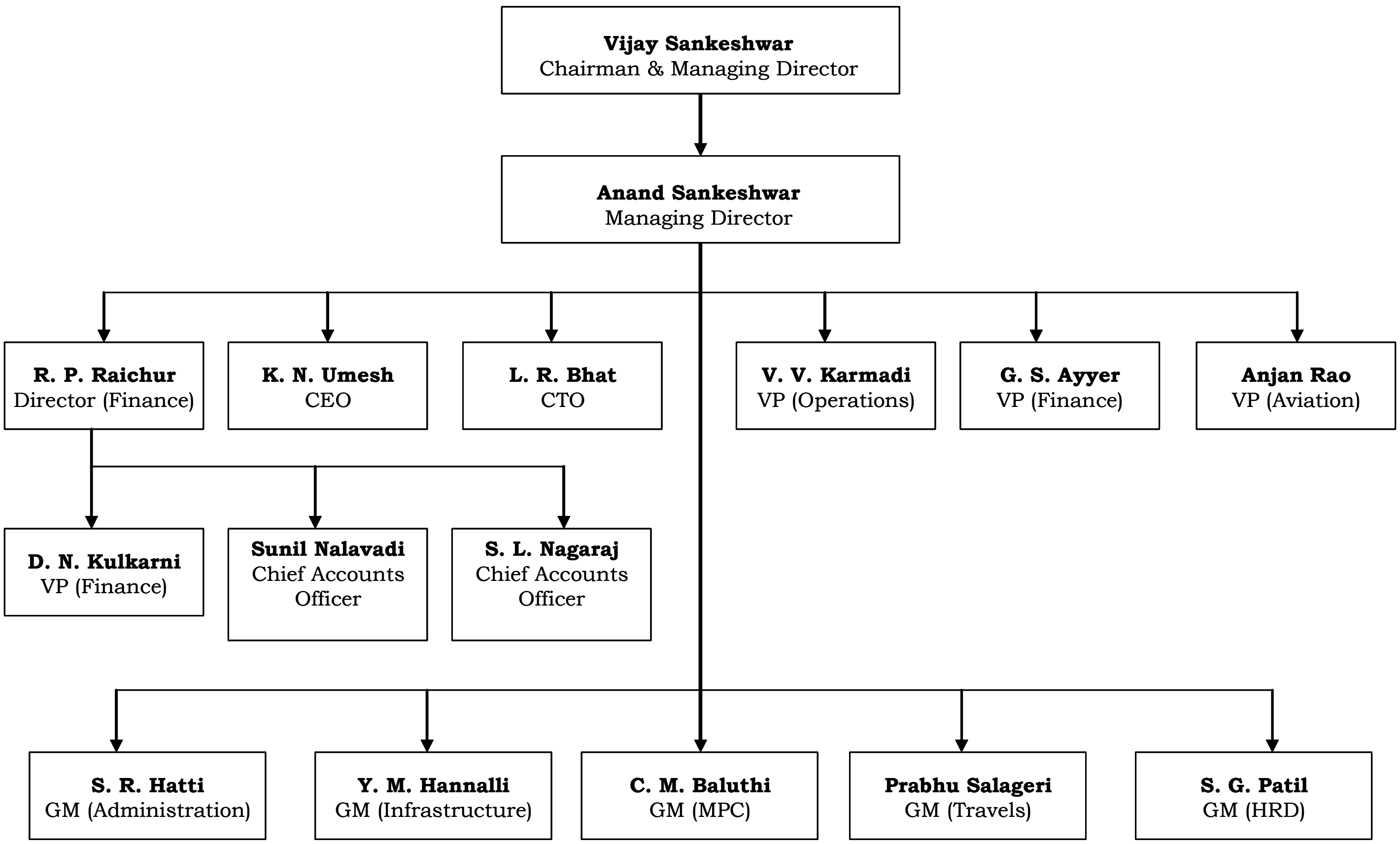
Our Directors have no interest in any property acquired by our Company two years prior to the date of this Draft Red Herring Prospectus. Our Company has not entered into any contracts or arrangements during the preceding the two years in which the Directors are interested directly or indirectly or no payments have been made to them in respect of these contracts or arrangements.

Changes in Our Board of Directors during the last three years

Name	Date Of Appointment	Date of Change/ Cessation	Reason
Mr. D. N. Kulkarni	February 3, 2004	June 15, 2005	Resignation
Mr. L. Ramanand Bhat	June 2, 2005	June 15, 2005	Resignation
Mr. K.N. Umesh	June 2, 2005	June 15, 2005	Resignation
Mr. R.P. Raichur	June 15, 2005		Appointed as Additional Director
Mr. Sudhir Ghate	June 15, 2005	-	Appointed as Additional Director

Name	Date Of Appointment	Date of Change/ Cessation	Reason
Mr. C. Karunakara Shetty	June 15, 2005	-	Appointed as Additional Director
Mr. R.P. Raichur	August 30, 2005	-	Regularised from Additional Director to Director in the AGM
Mr. Sudhir Ghate	August 30, 2005	-	Regularised from Additional Director to Independent Director in the AGM
Mr. C. Karunakara Shetty	August 30, 2005	-	Regularised from Additional Director to Independent Director in the AGM
Mr. Mallesh Budihal	February 24, 2007	-	Appointed as Additional Director
Mr. R.S Hugar	May 28, 2007	-	Appointed as Additional Director
Mr Suresh Angadi	July 28, 2007	-	Appointed as Additional Director
Mr. Mallesh Budihal	August 25, 2007	-	Regularised from Additional Director to Independent Director in the AGM
Mr. R.S Hugar	August 25, 2007	-	Regularised from Additional Director to Independent Director in the AGM
Mr Suresh Angadi	August 25, 2007	-	Regularised from Additional Director to Independent Director in the AGM

ORGANISATIONAL STRUCTURE



KEY MANAGERIAL PERSONNEL

The details regarding our key managerial personnel are as follows:

Mr. K. N. Umesh, aged 53 years, is the Chief Executive Officer of our Company. He completed his bachelors in commerce from Mysore University. Prior to joining our Company, he was employed with M/s Anil Rerolling Mills Private Limited, Bangalore from June, 1981 to May, 1982 and was responsible for maintenance of day to day books of accounts and finalisation of the preparation of periodical financial statements. He has around 24 years of experience in various aspects relating to accounts. He joined our Company on March 12, 1984. He heads the cargo transport activities (south and north India). He is also involved in the formulation and functioning of the key business policies in the growth of business. The amount of remuneration paid to him during the last financial year was Rs. 7,11,600.

Mr. L. Ramanand Bhat aged 49 years, is the Chief Technical Officer of our Company. He completed Diploma in Mechanical Engineering with Automobile Technology as elective subject from The State Board of Technical Education & Training, Tamilnadu and he is also an Associate Member of the Institute of Engineers from Madras Board of Engineers in Tool Design. Prior to joining our Company, he was employed with Ashok Leyland as a Deputy Manager from April, 1981 to June, 1995 and was responsible for sales service. He has over 14 years of experience in automobile engineering. He joined our Company on July 1, 1995 and presently is in charge of the workshop activities at Varur and in designing the information system of the Company. He is also jointly responsible for quality improvement, optimum utilisation of the resources, modernising various operational areas and cost saving initiatives. He is involved in the formulation and functioning of the key business policies in the growth of business. The amount of remuneration paid to him during the last financial year was Rs. 7, 64,400.

Mr. D. N Kulkarni, aged 48 years, is the Vice President (Finance) of our Company. He completed his Bachelor of Commerce from Karnataka University, Dharwad. Prior to joining our Company, he was employed with Classic Associates, Hubli as Accountant from October, 1985 to September, 1987 and was responsible for maintenance of day to day books of accounts. He has around 25 years of experience in the area of Accounts. He joined our Company on November 1, 1987 and presently heads our finance department including treasury of our company. His responsibilities in our Company include the activities of fund management and overseeing the banking operations. The amount of remuneration paid to him during the last financial year was Rs. 5,17,200.

Mr. V.V. Karmadi, aged 47 years, is the Vice President (Operations) of our Company. He completed his Bachelor of Commerce from Karnataka University, Dharwad. Prior to joining our Company, he was running his own transportation business for over 15 years. He joined our Company on October 3, 1995 and presently is in charge of all transhipment operations of our Company. His responsibilities in our Company include effective utilization of vehicles, route planning and time management in the operations of the Company. The amount of remuneration paid to him during the last financial year was Rs. 4,63,200.

Mr. Sunil Nalavadi, aged 30 years, is the Chief Accounts Officer of our Company. He completed his Bachelor of Commerce from Karnataka University and is a member of The Institute of Chartered Accountants of India. Prior to joining our Company, he was employed with M/s H.K.Veerabhadrappa and co. as Senior Manager (Audit) from June 01, 2003 to March 31, 2005 and was responsible for Statutory audit and Internal Audits of corporates, banks and advisor to the taxation matters . He joined our Company on April 1, 2005 and presently is in charge of accounts, finance and taxation matters of our Company. His responsibilities in our Company include finalisation and publication of accounts and attending the taxation matters. The amount of remuneration paid to him during the last financial year was Rs. 4,27,200.

Mr. S.L. Nagaraj, aged 47 years, is the Chief Accounts Officer of our Company. He is a member of The Institute of Chartered Accountants of India. Prior to joining our Company, he was employed with Allanasons Limited as Manger Finance and Accounts from March, 1999 to April, 2006 and was responsible for Maintenance of day to day books accounts, preparation of periodical Financial Statements, providing MIS. He has around 17 years of experience in the areas of accounts. He joined our Company on May 4, 2006 and presently is in charge of the accounts division. His responsibilities in our Company include the overall maintenance of accounts and related aspects. The amount of remuneration paid to him during the last financial year Rs. 3,91,414 .

Mr. Y.M. Honnalli, aged 51 years, is the General Manager (Infrastructure) of our Company. He completed his Bachelor of Commerce from Karnataka University. Prior to joining our Company, he was employed with Narasingsa Enterprises as Manager from February, 1986 to December, 1987 and was responsible for maintenance of day to day books of accounts. He has 11 years of experience in the areas of accounts. He joined our Company on January 12, 1988 and presently is in charge of Infrastructure division. His responsibilities in our Company include construction of buildings all over India. The amount of remuneration paid to him during the last financial year was Rs. 5, 48,400.

Mr. Prabhu A. Salageri aged 40 years, is the General Manager (Travels) of our Company. He completed his Masters in Commerce from Karnataka University. He started his career with our company in March 1994. He has around 13 years of experience in the area of overall business development with special focus on the passenger transport division. His responsibilities in our Company include business development of our travels division. The amount of remuneration paid to him during the last financial year was Rs.4, 21,200.

Mr. C.M. Baluti aged 49 years, is the General Manager (Maruti Parcel Carriers) of our Company. He completed his Bachelors in Commerce from Karnataka University, Dharwad. He started his career with our company on November 1, 1986. He has around 21 years of experience in the area of overall business development. His responsibilities in our Company include overall business growth of the company and is also in charge of Maruti Parcel Carriers a division of our Company. The amount of remuneration paid to him during the last financial year was Rs.4, 64,400.

Mr. S. R. Hatti, aged 60 years, is the General Manager (Administration) of our Company. He completed his Master of Arts from Karnataka University, Dharwad. Prior to joining our Company, he was employed with Commercial Tax Department, Govt. of Karnataka, as a Joint Commissioner of Commercial Taxes from July, 1975 to August, 2004 and has around 32 years of experience in government service in the areas of commercial taxation. He joined our Company on November 18, 2004. His responsibilities in our Company include administration and other affairs at our head office at Varur. The amount of remuneration paid to him during the last financial year was Rs 4,85,200.

Mr. S. G. Patil, aged 53 years, is the General Manager (Human Resource Department) of our Company. He completed his Master of Arts and bachelor of law from Karnataka University, Dharwad. Prior to joining our Company, he was employed with West Coast Paper Mills Limited, Dandeli, as an Officer, (Personnel/I.R./Welfare) from July, 1974 to May, 2005 and was responsible for Industrial relations, Human resources activities. He has around 32 Years of experience in the field of human resources. He joined our Company on June 1, 2005 and presently is in charge of human resources division. His responsibilities in the Company include overall administration of personnel and human resources activities. The amount of compensation paid to him during the last financial year was Rs. 2, 65,200.

Mr. G.S Ayyer aged 57 years, is the Vice President (Finance) of our Company. He completed his masters in commerce from the Pune University in 1976. Prior to joining our Company, he was employed with United Western Bank Limited as a chief manager from 1976 to 2006 and was responsible for Strategic planning, Profit centre operations and credit management. He has 30 years of experience in the banking industry. He joined our Company in the year March, 2007 and is presently in charge of the overall administration of the windmill project. The amount of compensation paid to him during the last financial year was Rs 27,096.

Mr Anjan Rao aged 44 years, is the Vice President (Aviation) of our Company. He is a commerce graduate from the Gujarat University and also holds a post graduate diploma in marketing and sales. Prior to joining our Company he was working with Taneja Aerospace and Aviation Limited as General Manger and has 22 years of experience in the marketing and aviation industry. He joined our Company on October 1 2007 and is responsible for air chartering operations. Since he has joined our Company in the current financial year there was no remuneration paid to him in the financial year 2006-07.

All our key managerial personnel are permanent employees of our Company and none of our Directors and our key managerial personnel are related to each other except our Promoter Directors, with Mr. Vijay Sankeshwar being the father of Mr. Anand Sankeshwar.

There is no understanding with major shareholders, customers, suppliers or others pursuant to which any of the above mentioned personnel have been recruited.

Shareholding of the Key Managerial Personnel

Except as specified below, none of our Key Managerial Personnel hold Equity Shares in our Company.

S. No	Name of Key Managerial Person	Number of shares
1.	Mr. K. N. Umesh	1,750
2.	Mr. L. Ramanand Bhat	1,750
3.	Mr. Y.M. Honnalli	1,750
TOTAL		**5,250**

Bonus or profit sharing plan of the Key Managerial Personnel

There is no bonus or profit sharing plan for our Key Managerial Personnel.

Interest of Key Managerial Personnel

The key Managerial Personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of Equity Shares held by them in the Company, if any.

None of our Key Managerial Personnel have been paid any consideration of any nature from the Company, other than their remuneration.

Changes in the Key Managerial Personnel

The changes in the key managerial personnel in the last three years are as follows:

Name of the Key Managerial Person	Date of Joining	Date of Leaving	Reason for change
Mr T.K Bharat	January 4, 2005	November 24, 2007	Resignation
Mr Sunil Nalavadi	April 1, 2005	-	Appointment
Mr S.L Nagaraj	May 4, 2006	-	Appointment
Mr Anjan Rao	October 1, 2007	-	Appointment
Mr. G.S Ayyer	March 8, 2007	-	Appointment

Other than the above changes, there have been no changes to the Key Managerial Personnel of the Company that are not in the normal course of employment in the last three years.

Payment of Benefit to Officers of the Company

Except for the payment of salaries & yearly bonus we do not provide any other benefits it to our employees.

ESOP/ESPS Scheme to Employer

Presently we do not have ESOP/ESPS Scheme for employees.

Employees

The total numbers of permanent employees as of February 29, 2008 in the Company are 11,932.

OUR PROMOTERS AND PROMOTER GROUP

Promoters

Our Promoters are:

1 Mr Vijay Sankeshwar
2 Mr. Anand Sankeshwar

Mr. Vijay Sankeshwar

Identification	Details
PAN	AGVPS4682H
Passport Number	E8508456
Driving Licence Number	No. 8873/DW
Voter's Identification no	KT/24/117/081141

Mr. Anand Sankeshwar

Identification	Details
PAN	AGVPS4683G
Passport Number	A5745057
Driving Licence Number	FDC 405/2002/03
Voter's Identification no	Application submitted to Municipal Corporation of Hubli

For a brief profile of our Promoter, refer to "Our Management" on page [●] of this Draft Red Herring Prospectus.

Promoter Group

The natural persons who are part of the Promoter Group, apart from the individual Promoters mentioned above, are as follows:

Promoter	Name of the Relative	Relationship
Mr. Vijay Sankeshwar	Mrs. Lalita Sankeshwar	Wife
	Late Basaannepppa Sankeshwar	Father
	Late Chandramma	Mother
	Late Shantamma	Step Mother
	Late Chinnamma	Step Mother
	Mr .Dayanand Sankeshwar	Brother
	Mr. Mrutyunjay Sankeshwar	Brother
	Mr. Mallikarjun Sankeshwar	Brother
	Late Channabasappa Sankeshwar	Step Brother
	Mrs. Sumitra Arali	Sister
	Mrs.Uma Pattanashetti	Sister
	Mrs.Parvati Angadi	Sister
	Mr.Anand Sankeshwar	Son
	Mrs.Bharati Holkunde	Daughter
	Mrs.Arati Patil	Daughter
	Mrs. Deepa Sidnal	Daughter
	Mr.Sangappa Byali	Wife`s Brother
	Late Annapurna Jigalur	Wife`s Sister
	Mrs. Channamma Chunmuri	Wife`s Sister
	Mrs. Kamala Jigbaddi	Wife`s Sister
	Mrs. Shakuntala Sankeshwar	Wife`s Sister
	Mrs. Suvarna Neelakanthanavar	Wife`s Sister
	Late Ningappa Byali	Wife`s Father
	Late Hampamma Byali	Wife`s Mother

M. Anand Sankeshwar (son of Mr. Vijay Sankeshwar)	Mrs. Vani Sankeshwar	Wife
	Mr. Vijay Sankeshwar	Father
	Mrs. Lalita Sankeshwar	Mother
	Mrs.Bharati Holkunde	Sister
	Mrs.Arati Patil	Sister
	Mrs.Deepa Sidnal	Sister
	Master Shiva Sankeshwar	Son
	Ms.Vaishnovi Sankeshwar	Daughter
	Ms.Chhaya Sankeshwar	Daughter
	Mr. Chandrakant Baswaraj Patil	Wife`s Brother
	Mr.Kailash Patil	Wife`s Brother
	Mr.Amit Patil	Wife`s Brother
	Mr. Baswaraj Galangalappa Patil	Wife`s Father
	Mrs. Surekha Patil	Wife`s Mother

Companies promoted by our Promoters and forming part of our promoter group:

1. VRL Cements Limited
2. VRL Media Limited
3. VRL Securities Limited

Other Companies forming part of the Promoter Group are:

1 Vijaykant Dairy and Food Products Private Limited
2 Sankeshwar Minerals Private Limited

3 Kailash Transformers Private Limited
4 Sankeshwar Printers Private Limited

The partnerships that are part of the Promoter Group are as follows:

1 Maruti Khandsari
2 Premier Agencies
3 Someshwar Dall Industries
4 S.B. Patil Dall Mill
5 Maruthi Cement Spun Pipe Works
6 Mahadev Industries
7 Karnataka Prestress Concrete Works
8 Raja Cement Spun Pipe Works
9 Shiva Concrete Products

The Trusts in which our Promoter/s are trustee/s:

1 Vijayanand Charitable Trust
2 Aradhana Trust

Declaration

We confirm that the Permanent Account Numbers, Bank Account Numbers and Passport Numbers of our Promoters have been submitted to the BSE and NSE at the time of filing this Draft Red Herring Prospectus with them.

Further our Promoters have not been identified as wilful defaulter by RBI or any other Government authority and there are no violations of Securities Law committed by or Promoters in past or pending against them. None of the Promoters has been prohibited from accessing the capital markets and no order or direction has been passed by SEBI or any other authority.

Full Particulars of the nature and extent of the Interest, if any, of our Promoters

Our 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 meeting of the Board or a committee thereof as well as to the extent of remuneration and reimbursement of expenses payable to them as per the terms of our Articles and relevant provisions of Companies Act. All our Promoter Directors may also be deemed to be interested to the extent of Equity Shares held by their relatives in our Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of this Draft Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except as stated otherwise in this Draft Red Herring Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft 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.

Further, our individual 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/from these Promoter Group entities. For the payments that are made by our Company to certain Promoter Group entities, see "Related Party Disclosures" beginning on page [●] of this Draft Red Herring Prospectus.

Common Pursuits

Our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by us.

Payment of benefits to our Promoters

For details of payment or benefit paid to our Promoter please refer Para "Remuneration of Executive Directors" under the chapter titled "Our Management". Also refer to "Related Party Disclosures" beginning on page [●] of this Draft Red Herring Prospectus.

Details of Companies promoted by our Promoters and forming part of our Promoter Group

1. VRL Cements Limited

VRL Cements Limited was incorporated on January 22, 2007 having its registered office at Giriraj Annexe Circuit House road Hubli- 580-029. The main objects of the company is to carry on the business of Manufacturing Cements and allied products. The company is not listed and it has not made any Public or Rights Issue in the preceding 3 years. The CIN no of the company is U26941KA2007PLC041534

Shareholding pattern as of December 31, 2007

S. No.	Name of the Shareholders	No. of Shares	Percentage of Shareholding
1.	Mr. Vijay Sankeshwar	22500	45.00%
2.	Mr. Anand Sankeshwar	22500	45.00%
3.	Ms. Lalita Sankeshwar	3000	6.00%
4.	Ms. Vani Sankeshwar	1700	3.40%
5.	Mr. K.N. Umesh	100	0.20%
6.	Mr. L. Ramanand Bhat	100	0.20%
7.	Ms. Usha Ramanand Bhat	100	0.20%
	Total	**50000**	**100%**

Board of Directors as of December 31, 2007

1. Mr. Vijay Sankeshwar
2. Mr. Anand Sankeshwar
3. Mr. K.N. Umesh

Financial Results

The company has not completed eighteen months since incorporation hence, no financial statement has been prepared as on date by the company.

VRL Cements Limited is not a sick company and is not under winding up.

2. VRL Media Limited

VRL Media Limited was incorporated on July 26, 2007 having its registered office at 120-125 Lalit Mahal Naveen Park Kusugal Road Hubli- 580023. The main objects of the company is to carry on the business of content providers, in electronic print and all other types of media. The company is not listed and it has not made any Public or Rights Issue in the preceding 3 years. The CIN No. of the Company is U92113KA2007PLC043480

Shareholding pattern as of December 31, 2007

S. No.	Name of the Shareholders	No. of Shares	Percentage of Shareholding
1.	Mr. Vijay Sankeshwar	16667	23.81%
2.	Mr. Anand Sankeshwar	16667	23.81%
3.	Ms. Lalita Sankeshwar	16666	23.80%
4.	Ms. Vani Sankeshwar	16666	23.80%
5.	Mr. L. Ramanand Bhat	1111	1.59%
6.	Ms. Usha Ramanand Bhat	1111	1.59%
7.	Mr. Ravindra Sankeshwar	1112	1.60%
	Total	**70000**	**100%**

Board of Directors as of December 31, 2007

1. Mr. Vijay Sankeshwar
2. Mr. Anand Sankeshwar
3. Ms. Vani Sankeshwar

Financial Results

The company has not completed eighteen months since incorporation hence, no financial statement has been prepared as on date by the company.

VRL Media Limited is not a sick company and is not under winding up.

3. VRL Securities Limited

VRL Securities Limited was incorporated on July 31, 2007 having its registered office at 182 Plot 162, 163, CIDCO Sector No. 19 Vashi, Navi Mumbai. The main objects of the company is to engage in the business as brokers to buy, acquire, sell, trade exchange, deal, swap, borrow or otherwise engage in India or abroad in trade or investment of all kinds including securities and provide financial services. The main objects allow the company to provide financial services, advisory and counselling services and facilities of every description capable of being provided by share and stock brokers. The company is not listed and it has not made any Public or Rights Issue in the preceding 3 years. The company is not registered and has not made any application for registration with the SEBI or any of the stock exchanges. The CIN no. of the company is U67120MH2007PLC172753

Shareholding pattern as of December 31, 2007

S. No.	Name of the Shareholders	No. of Shares	Percentage of Shareholding
1.	Mr. Vijay Sankeshwar	22500	45.00%
2.	Mr. Anand Sankeshwar	22500	45.00%
3.	Mr. C. Karunakara Shetty	1000	2.00%
4.	Ms. Pushpalata K.Shetty	1000	2.00%
5.	Ms. Sushmita Shetty	1000	2.00%
6.	Mr. K.N.Umesh	1000	2.00%
7.	Ms. Manjula R.	1000	2.00%
	Total	**50000**	**100%**

Board of Directors as of December 31, 2007

1. Mr. Vijay Sankeshwar
2. Mr. Anand Sankeshwar
3. Mr. C. Karunakara Shetty

Financial Results

The company has not completed eighteen months since incorporation hence, no financial statement has been prepared as on date by the company.

VRL Securities Limited is not a sick company and is not under winding up.

Details of the Trust that form a part of our Promoter Group

1 Vijayanand Charitable Trust

Vijayanand Charitable Trust is a charitable organisation registered by way of a trust deed in the year September 25, 1997 by registration no. E-792 (DWR). The objective of the trust is to provide fees, books, equipments and freeship and to feed poor students, assist poor and deserving people in marriage and to conduct seminar and workshops.

The Trustees as of December 31, 2007 are:

1 Mr Vijay Sankeshwar – Chairman
2 Mrs Lalita Sankeshwar- Trustee
3 Mr. Anand Sankeshwar- Trustee

Financial Results

(Rs. in lacs)

Particulars	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005
Sales & Other Income (excluding closing stock)	15.24	10.98	0.08
Surplus/(Deficit)	8.39	4.05	0.07
Corpus Fund	0.10	0.10	0.10
Reserves and Surplus	4.05	0.22	0.07

2 Aradhana Trust

Aradhana Trust was registered by way of trust deed in the year July 16, 2007 vide registration no HBL- 4-00110-2007-2008 CD No. HBL- D- 79. The objective of the trust is to construct temples, orphanage, old homes and to carry out other related activities thereto. To promote literature, art, architecture of all kinds and to grant relief to the poor.

The Trustees as of December 31, 2007 are:

1 Mr. Anand Sankeshwar- Chairman
2 Mr. Arrvvind Kubsad- Trustee
3 Dr. N.A Charantimath –Trustee
4 Mr. Adiveppa Masur- Trustee

Financial Results

Since there are no commercial operations, hence, no financial statement has been prepared.

Payment of benefits to our Promoters

For details of payment or benefit paid to our Promoter please refer Para “Remuneration of Executive Directors” under the chapter titled “Our Management” Also refer to “ Related Party Disclosures” beginning on page [●] of this Draft Red Herring Prospectus.

Disassociation by the Promoters in the last three years

The Promoters have disassociated themselves from the following two companies in the last three years.

- Vijayanand Printers Limited was a subsidiary of our Company and the Promoters were directors and shareholders. On account of it being a loss making entity, by way of sale of equity shares on August 12, 2006, Vijayanand Printers Limited was sold to Vardhaman Publishers Limited and Banhem Financial and Investment Consultants Limited which are part of Times of India Group.
- Hubli Apparels Private Limited is a private limited company where the Promoters jointly held 99.75% of the equity shares. On March 16, 2007 by way of a shareholder’s agreement with Prateek Apparels Private Limited the Promoters sold their stake in the company as they did not identify this as their core area of business.

Related Party Transaction

Please refer to “Related Party Disclosures” under the chapter titled “Financial Information” on page [●] of this Draft Red Herring Prospectus.

Sale or purchase exceeding 10%

There are no sale or purchase between our Company and Company in the Group exceeding in value of 10% of the total sale or purchase of our Company except these transaction mentioned under “Related Party Disclosures” beginning on page [●] of this Draft Red Herring Prospectus.

Change in Accounting Policies in the last three years

There has been no change in accounting policies in the last three years except as stated in the chapter titled “Financial Information” beginning on page [●] of this Draft Red Herring Prospectus.

DIVIDEND POLICY

The declaration and payment of dividends 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. The Board may also from time to time pay interim dividends. All dividend payments are made in cash to the shareholders of the Company. The dividends declared by our Company during the last five fiscal years have been presented below:

	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Year ended March 31, 2006	Year ended March 31, 2007
Face Value of Equity Share (per share)	1,000	1,000	1,000	1,000	10
Interim Dividend on Equity Shares (Rs.)	Nil	Nil	Nil	Nil	10
Final Dividend on Equity Shares (Rs.)	Nil	Nil	Nil	Nil	Nil
Dividend Rate for equity shares (%)	Nil	Nil	Nil	Nil	100%

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

CURRENCY OF PRESENTATION

All references to “Rupees” or “Rs.” are to Indian Rupees, the official currency of the Republic of India.

Through out the Draft Red Herring Prospectus, all figures have been expressed in lacs, unless otherwise stated. Unless the context otherwise requires all references to one gender also refers to another gender. The word “Lacs” or “Lakhs”, or “Lakh” means “100 thousand”. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

SECTION VII: FINANCIAL INFORMATION

AUDITORS' REPORT AS REQUIRED BY PART II OF SCHEDULE II OF THE COMPANIES ACT, 1956

Standalone Statement of Assets and Liabilities and Profit and Losses as restated for six months ended September 30, 2007 and five years ended March 31, 2007, 2006, 2005, 2004 and 2003.

To,
The Board of Directors
VRL Logistics Ltd
Bangalore Road
Varur, Hubli – 581207.

Dear Sirs,

We have examined the attached restated standalone statement of assets and liabilities of VRL Logistics Ltd. ('the company') as at September 30, 2007, March 31, 2007, March 31, 2006, March 31, 2005, March 31, 2004 and March 31, 2003 and the attached restated standalone summary statement of profits and losses for each of the period / years ended on those dates as prepared by the Company and approved by the Board of Directors of the company for the purpose of disclosure in the Offer Document being issued by the company in connection with the Initial Public Offering (IPO) for the issue of equity shares having a face value of Rs.10 each at an issue price to be arrived at by a book building process aggregating Rs.21,000 Lacs (referred to as the 'issue'). We have examined the Financial Information of VRL Logistics Limited, annexed to this report and initialled by us for identification purposes, which have been prepared in accordance with the requirements of:

a. Paragraph B (1) of Part II of Schedule II of the Companies Act, 1956 ('the Act');
b. The Securities and Exchange Board of India (Disclosure and Investor Protection)Guidelines 2000 ('the SEBI Guidelines') issued by the Securities & Exchange Board of India ('SEBI') in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments;
c. The Revised Guidance Note on Reports in Company Prospectus and Guidance Note on Audit Reports/Certificates on Financial Information in Offer Documents issued by the Institute of Chartered Accountants of India ('ICAI').
d. The terms of our letter of engagement with the company requesting us to carry out work in connection with the Offer Document being issued by the company in connection with its proposed initial public offer.

A Financial information as per Audited financial statements of VRL Logistics Limited.

1. We have examined the standalone statements of Assets and Liabilities as set out in Annexure I and standalone statement of Profits & Losses as restated as set out in Annexure II as at September 30, 2007, March 31, 2007, March 31, 2006, March 31, 2005, March 31, 2004 and March 31, 2003 as prepared by the company and approved by the board of directors. The restated profits have been arrived at after making such adjustments and regrouping to the financial statements of the company which are appropriate and are more fully described in the Significant Accounting Policies & Notes appearing in Annexure III & IV to this report.

2. Based on our examination of the Standalone Restated Summary Statements, read in conjunction with the Accounting Policies and Notes given in Annexures III & IV respectively, we state that:

- The impact arising on account of changes in accounting policies adopted by the Company as at and for the period ended September 30, 2007 have been adjusted with retrospective effect in the attached Standalone Restated Summary Statements.
- The prior period items have been adjusted in the Standalone Restated Summary Statements in the years to which they relate;

- The extraordinary items have been disclosed separately in the Standalone Restated Summary Statements; and
- There were no qualifications in the audit reports issued by the Statutory Auditors for the six months period ended September 30, 2007 and for the years ended March 31, 2007, 2006 and 2005. Suitable adjustments in the standalone statement of Assets and Liabilities and Profits & Losses, as restated of the company, are effected that would take care of qualifications in the audit reports for the years ended March 31 2004 and 2003.

B Other Financial Information

We have examined the following other financial information in respect of the period ended September 30, 2007 and for the years ended March 31 2007, 2006, 2005, 2004 and 2003 of the company, proposed to be included in the Offer Document, as approved by the Board of Directors and annexed to this report:

Particulars	**Annexures**
Statement of Cash Flows, as restated	Annexure V
Statement of Other Income, as restated	Annexure VI
Capitalisation Statement	Annexure VII
Statement of Secured & Unsecured loans, as restated	Annexure VIII
Statement of Accounting Ratios, as restated	Annexure IX
Statement of Tax Shelters	Annexure X
Statement of Dividend Paid	Annexure XI
Age-wise analysis of Debtors, as restated	Annexure XII
Statement of Loans & Advances, as restated	Annexure XIII
Statement of Investments, as restated	Annexure XIV
Related Party Disclosures	Annexure XV
Segment Reporting	Annexure XVI

In our opinion, 'financial information as per audited financial statements' and 'other financial information' mentioned above for the period ended September 30, 2007 and for the years ended March 31 2007, 2006, 2005, 2004 and 2003, have been prepared in accordance with Part II of Schedule II of the Act and the SEBI guidelines.

The sufficiency of the procedures performed, as set forth in the above paragraphs of this report, is the sole responsibility of the Company. Consequently, we make no representation regarding the sufficiency of the procedures described above either for the purposes for which this report has been requested or for any other purpose.

This report is intended solely for your information and for inclusion in the Offer Documents in connection with the specific public offer of the Company as mentioned above and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For H.K.VEERBHADDRAPPA & CO.
Chartered Accountants

ARRVVIND KUBSAD
Partner
Membership No. 85618

Date : March 17, 2008
Place : Hubli

ANNEXURE I

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. In lacs)

	Particulars	Six months ended September 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
I.	**Fixed Assets**						
	Gross Block	59767.39	55988.83	22977.65	17408.76	11665.45	10150.79
	Less : Depreciation	10595.21	8852.55	7540.94	6064.14	4851.29	4171.04
	Net Block	49172.18	47136.28	15436.71	11344.62	6814.16	5979.75
	Less: Revaluation Reserve	-	-	-	-	-	-
	Net block after adjustment for revaluation reserve	49172.18	47136.28	15436.71	11344.62	6814.16	5979.75
	Capital WIP	1857.60	1289.32	1337.87	3065.00	2299.06	335.69
	Net Fixed Assets	**51029.78**	**48425.60**	**16774.58**	**14409.62**	**9113.22**	**6315.44**
II.	**Investments**	11.11	7.87	4478.94	4477.44	2828.20	2082.31
III.	**Current Assets, Loans and Advances**						
	Inventory	999.50	960.29	869.50	651.47	300.68	320.68
	Sundry Debtors	4033.21	2371.32	1721.25	1227.15	786.80	683.88
	Cash and Bank Balances	2415.65	1515.85	708.15	513.94	392.74	386.18
	Loans and Advances	3578.91	3829.98	1292.71	1129.29	1430.51	459.17
	Total	**11027.27**	**8677.44**	**4591.61**	**3521.85**	**2910.73**	**1849.91**
IV.	**Less: Liabilities and Provisions**						
	Secured Loans	42237.33	39042.20	18249.36	15699.39	9683.08	6215.80
	Unsecured Loans	-	-	465.85	616.60	568.39	300.47
	Current Liabilities	3106.56	2802.67	2931.06	2526.97	1533.75	1046.69
	Provisions	321.46	280.43	330.86	299.5	254.23	173.8
	Deferred Tax Liability (net)	5985.82	5500.55	1322.07	1226.04	961.05	939.82
	Total	**51651.17**	**47625.85**	**23299.20**	**20368.50**	**13000.50**	**8676.58**
V.	**Net Worth (I+II+III-IV)**	**10416.99**	**9485.06**	**2545.93**	**2040.41**	**1851.65**	**1571.08**
	Net Worth represented by:						
VI.	**Equity Share Capital**	7070.00	7000.00	2000.00	2000.00	2000.00	2000.00
VII.	**Share Application Money**	-	700.00	-	-	-	-
VIII	**Reserves and Surplus**						
	General Reserve	1150.00	1150.00	-	-	-	-
	Share Premium	630.00	-	-	-	-	-
	Profit and Loss Account	1566.99	635.06	545.93	40.41	(148.35)	(428.92)
	Total	**3346.99**	**1785.06**	**545.93**	**40.41**	**(148.35)**	**(428.92)**

	Particulars	Six months ended September 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
	Less Revaluation Reserve	-	-	-	-	-	-
	Reserves (Net of Revaluation Reserves)	**3346.99**	**1785.06**	**545.93**	**40.41**	**(148.35)**	**(428.92)**
IX.	**Net Worth (VI+VII+VIII)**	**10416.99**	**9485.06**	**2545.93**	**2040.41**	**1851.65**	**1571.08**

Note: The above statement should be read with the Significant Accounting Policies and Notes to the Financial Statements, as restated as appearing in Annexure III and Annexure IV respectively.

ANNEXURE II

SUMMARY STATEMENT OF PROFIT AND LOSS, AS RESTATED

(Rs in lacs)

	Particulars	Six months ended September 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
I.	**Income**						
	Operating Income	26919.23	43943.80	35532.10	27439.66	20061.68	16803.42
	Other Income	279.61	349.62	163.06	106.11	167.52	52.82
	Total Income	**27198.84**	**44293.42**	**35695.16**	**27545.77**	**20229.20**	**16856.24**
II.	**Expenditure**						
	Operating Expenses	17372.97	32538.37	27470.14	21316.12	15431.98	13294.60
	Administration expenses	620.26	1321.80	821.86	861.86	732.78	624.06
	Employee costs	3048.72	4733.64	3546.43	2142.80	1540.38	1058.77
	Financial Expenses	2669.98	2174.64	1568.22	1312.43	1056.90	851.72
	Depreciation	2046.46	2436.08	1653.24	1430.64	1000.59	836.95
	Total Expenditure	**25758.39**	**43204.53**	**35059.89**	**27063.85**	**19762.63**	**16666.10**
III.	**Profit Before Extraordinary Items and Tax**	**1440.45**	**1088.89**	**635.27**	**481.92**	**466.57**	**190.14**
	Provision for Taxation						
	- Current tax (including MAT)#	163.20	1432.93	45.27	28.17	164.77	68.34
	- Deferred tax	485.27	4178.48	96.04	264.99	21.23	29.42
	- Fringe Benefit Tax	23.25	40.42	33.71	-	-	-
	- MAT Credit Entitlement	(163.20)	(1,432.93)	(45.27)	-	-	-
IV.	**Net Profit Before Extraordinary Items**	**931.93**	**(3,130.01)**	**505.52**	**188.76**	**280.57**	**92.38**
	Profit on sale of shares*	-	11649.64	-	-	-	-
	Net Profit After Extraordinary Item as Restated	**931.93**	**8,519.63**	**505.52**	**188.76**	**280.57**	**92.38**
V	**Surplus / (Deficit) brought forward from earlier year**	635.06	545.93	40.41	(148.35)	(428.92)	(521.30)
VI	**Profit Available For Appropriation**	**1566.99**	**9065.56**	**545.93**	**40.41**	**(148.35)**	**(428.92)**
	Interim Dividend and tax thereon	-	2280.50	-	-	-	-
	Transfer to General Reserve	-	1150.00	-	-	-	-
	Utilized for Bonus issue	-	5000.00	-	-	-	-
	Balance carried forward, as restated	**1566.99**	**635.06**	**545.93**	**40.41**	**(148.35)**	**(428.92)**

Notes:

*Refer Note 5 of Notes to the Financial Information, as restated, Annexure IV

The Company was liable to Minimum Alternative Tax (MAT) under Section 115 JB of the Income-tax Act, 1961 for the six months ended September 30, 2007 and for the years ended March 31, 2007, March 31, 2006 and March 31, 2005.

Note: The above statement should be read with the Significant Accounting Policies and Notes to the Financial Statements, as restated as appearing in Annexure III and Annexure IV respectively.

ANNEXURE III

SIGNIFICANT ACCOUNTING POLICIES

1] Basis for Preparation of Financial Statements

The financial statements are prepared under the Historical Cost Convention on accrual basis, using Generally Accepted Accounting Principles accepted in India and comply with the Accounting Standards referred to in the "Companies (Accounting Standards) Rules, 2006", to the extent applicable and the provisions of the Companies Act, 1956 as adopted consistently by the Company.

2) Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities on the date of the financial statements and reported amounts of revenue and expenses for that year. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

3) Fixed Assets and Capital Work in progress

a) Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes inward freight, taxes and expenses incidental to acquisition and installation, up to the point the asset is ready for its intended use.
b) Direct expenses as well as clearly identifiable indirect expenses, incurred during the period of construction of building and body designing of vehicles are capitalized with the respective assets and all other allocable expenses (net of expenses charged to revenue) according to the ratio determined and certified by the Company's Management.
c) Capital Advance in respect of Capital Work in progress or assets acquired but not ready for use are classified under Capital Work in progress.

4) Depreciation

a) Depreciation on assets is provided on straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 which also represent the useful life of the fixed assets.
b) Cost of leasehold land is amortised over the period of the lease or useful life, whichever is lower.
c) Depreciation on replaced body built on vehicles will be restricted to the period that would be co-terminus with balance working life of the vehicles
d) Goodwill is amortised over a period of five years.
e) Software is amortised over a period of five years.
f) Assets costing less than Rs. 5,000 are fully depreciated during the year of purchase.

5) Leased Assets

a) Operating Leases: Rentals are expensed with reference to lease terms and other considerations.

b) Finance Leases: The lower of the fair value of the assets and present value of the minimum lease rentals is capitalized as fixed assets with corresponding amount shown as lease liability. The principal component in the lease rental is adjusted against the lease liability and the interest component is charged to Profit and Loss Account.

6) Impairment of Assets

Management evaluates at regular intervals, using external and internal sources, the need for impairment of any asset. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its net realizable value on its eventual disposal. Any loss on account of impairment is expensed as the excess of the carrying amount over the higher of the asset's net realizable value or present value as determined.

7) Foreign Currency transactions

a. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction.

b. Monetary assets and liabilities denominated in foreign currencies at the year end are restated at the rate of exchange prevailing on the date of the Balance Sheet.

c. Any income or expense on account of exchange differences is recognized in the Profit and Loss Account for the respective years/period.

8) Investments

Investments are classified into long term investments and current investments. Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such decline is other than temporary in the opinion of the Management. Current investments are valued at lower of cost and net realizable value.

9) Valuation of Inventories

Body designing materials, consumables, stores and spares are valued at lower of cost computed on First-in-First out basis and net realizable value. Obsolete, defective, unserviceable and slow/non moving stocks are duly provided for.

10) Recognition of Income and Expenditure

Income and Expenditure is recognized on accrual basis and provision is made for known losses and liabilities.

Revenue from Goods transport and Courier service is recognized when goods / documents are delivered to the customers.

Revenue from Bus operation is recognized upon commencement of journey of passengers

Interest on deposits is recognized on time proportion basis.

Dividend income is recognized when the right to receive the dividend is established.

Rent income is recognized on time proportion basis.

11) Employees' Retirement benefits

a) Contribution to Provident and Family Pension Funds is funded as a percentage of salary/wages and charged to the Profit and Loss Account every year.

b) Gratuity liability is provided on the basis of an actuarial valuation made at the end of the year.

Accounting for employee benefits is made in accordance with Accounting Standard (AS) 15 (revised), Employee Benefits referred to in "Companies (Accounting Standards) Rules, 2006"

12) Borrowing Costs

Borrowing costs attributable to the acquisition and construction of an asset are capitalized as part of the cost of such asset up to the date when such asset is ready for its intended use. Other borrowing costs are charged to the Profit and Loss Account.

13) Taxation

a) Tax expenses comprise current tax and fringe benefit tax (i.e., amount of tax for the period determined in accordance with the income tax law in India) and deferred tax charge or credit (reflecting the tax affects of timing differences between accounting income and taxable income for the period).

b) The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward losses under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each Balance Sheet date and written down or written up to reflect the amount that is reasonable / virtually certain as the case may be to be realized.

c) Tax credit is recognized in respect of Minimum Alternate Tax (MAT) as per the provisions of Section 115JAA of the Income Tax Act, 1961 based on convincing evidence that the Company will pay normal income tax within statutory time frame and is reviewed at each Balance Sheet date.

14) Provisions and Contingent Liabilities

Provisions are recognized in the financial statements in respect of present probable obligations, for amounts which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

ANNEXURE - IV

NOTES TO THE FINANCIAL STATEMENTS, AS RESTATED

1. **Adjustments resulting from changes in accounting policies**

On the basis of audited accounts of the Company for the six months ended September 30,, 2007 and the audited accounts for the years ended March 31, 2007, 2006, 2005, 2004 and 2003, there has not been any change in any accounting policy of the Company, hence no adjustment is required in this respect.

2. **Summary of adjustments made on restatement:**

(Rs. In lacs)

Particulars	Six months ended 30th Sep 2007	Year ended 31st Mar 2007	Year ended 31st Mar 2006	Year ended 31st Mar 2005	Year ended 31st Mar 2004	Year ended 31st Mar 2003
Net Profits as per audited accounts	1082.22	8247.76	428.36	385.69	423.90	235.07
Add (Less): Adjustments on restatement						
Prior period income (Refer Note 3 (a) below)	-	(1.22)	(0.12)	-	-	(1.51)
Prior period expenses (Refer Note 3 (b) below)	-	127.79	15.77	(95.13)	(27.07)	(108.23)
Provision for Gratuity (Refer Note 3 (c) below)	-	-	-	-	(67.22)	(39.91)
Depreciation / Gross block adjustment (Refer Note 3 (d) below)	-	(26.84)	12.88	42.63	33.77	37.14
Current tax adjustment (Refer Note 3 (e) below)	-	-	9.60	(0.14)	(61.58)	(0.76)
Deferred tax adjustment (Refer Note 3 (f) below)	(150.29)	172.14	39.02	(144.29)	(21.23)	(29.42)
Net profits as restated (before appropriations)	**931.93**	**8519.63**	**505.52**	**188.76**	**280.57**	**92.38**

i. Adjustments pertaining to prior periods represent various expenses / incomes restated to the respective years to which they relate.

ii. Impact of adjustments relating to accounting periods ended on or before March 31, 2002, has been adjusted in the opening reserves for the year ended March 31, 2003.

3. **Adjustments relating to prior years**

a) Prior Period adjustments for income

During the six months ended September 30, 2007, the Company refunded excess freight receipts pertaining to the years ended March 31 2007 & March 31 2006. Other income for the year ended March 31 2003 included Income tax refund received pertaining to an earlier year. Accordingly, the effect of these prior period adjustments have been given in the respective years to which they relate in the Statement of Profits and Losses, as restated.

b) Prior period adjustments for expenses

During the reporting period, the Company had recorded prior period expenses arising out of errors and / or omissions, short provisioning, etc. in respect of:

- Operating expenses like Clearing & Forwarding charges, Rates & Taxes, Trip expenses, etc.,
- Employee costs like salaries & staff welfare expenses
- Administrative expenses like travelling, conveyance, printing & stationery, etc.
- Financial charges like refund of excess interest and interest accrued but not due.

Accordingly, the effect of these prior period adjustments have been given in the respective years to which they relate in the Statement of Profits and Losses, as restated.

c) Provision for Gratuity

The Company accounted for gratuity liability, a retirement benefit to its employees for the first time in the year ended March 31 2005 in accordance with the relevant provisions of the Payment of Gratuity Act, 1972 and thereafter on yearly basis. Gratuity is provided on the basis of actuarial valuation made at the end of each year. Such liability estimated for the years ended March 31 2004 and 2003 have been charged in the relevant years in the restated financial statements.

d) Depreciation & Gross Block adjustment

The Company started the process of adequately updating its fixed assets register during the year ended March 31, 2007 and the said process was completed by September 30, 2007. Based on such updation made upto March 31, 2007 and complete updation made upto September 30, 2007, the Company carried out reconciliation between other reliable records of fixed assets, statement of assets physically verified and balance of fixed assets in the books of accounts. Consequent to such reconciliation, the gross block of fixed assets has been written down in the books of account by Rs.244.84 lacs and the excess accumulated depreciation has been written back by Rs.483.38 lacs in the year ended March 31, 2007. The gross block has been further written down by Rs.3.20 lacs and additional depreciation of Rs.30.39 lacs has been provided during the six months ended September 30, 2007. The effect of these adjustments has been given in the respective years to which they relate in the Statement of Profits and Losses, as restated.

e) Prior period adjustments for tax

Based on restated financials, liability on account of current tax and deferred tax is recomputed and adjusted each year, wherever applicable.

f) Provision for deferred tax:

Accounting Standard 22, 'Accounting for taxes on Income' was applicable to the Company with effect from the accounting period commencing on 01.04.2002. However, the Company recognized deferred tax liability for the first time in the year ended March 31, 2005 and the initial liability as on April 1, 2004 on such adoption was adjusted against the opening reserves. The deferred tax liability as on March 31 2004 and 2003 has been adjusted in the Restated Statement of Profits and Losses of the respective years and deferred tax liability upto March 31 2002 is computed and adjusted against the opening reserves as on April 1, 2002.

4. Statement of Comments in Auditors' Report which require no adjustment

The Auditors have made the following comments on the matters specified in paragraphs 4 & 5 of the Companies (Auditor's Report) Order 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956.

a) On the accounts for the year ended 31.03.2006

- In our opinion and according to the information and explanations given to us, except with respect to rates of interest paid on deposits, the Company has complied with the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. The Company Law Board has passed no order.

- According to the information and explanations given to us, the Company had defaulted in repayment of dues to financial institutions and banks during the year under audit. However, the Company has now regularized the repayment of all dues till date.

b) On the accounts for the year ended 31.03.2007

- According to the information and explanations given to us, the Company had defaulted in repayment of dues to financial institutions and banks during the year under audit. However, the Company has subsequently regularized the payment.

No adjustment is required to be made in the Summary financial statements of the Company, as restated, in respect of the above remarks.

5. Adjustments of Extraordinary items of Profit or Loss:

There has been an item of Extra-ordinary income only in the year ended 31.03.2007. During the financial year 2006-07, the Company disinvested its entire equity holding in Vijayanand Printers Limited, a subsidiary of the Company and realized profit of Rs.11,639.64 lacs. The Company also earned net profits of Rs.10 lacs by investing and disinvesting in the equity shares of Hubli Apparels Pvt. Ltd. Accordingly, Rs.11,649.64 lacs represent extra ordinary income as stated in the Restated Statement of Profits and Losses.

6. During the year 2006-07, the Company has issued 5,00,00,000 bonus shares to the shareholders in the ratio of 5 shares for every 2 shares held by them. Accordingly, the Company has utilized balance lying in the Profit and Loss Account (to the extent required) for the purpose of bonus issue.

7. Reserves and Surplus:

Particulars	Six Months ended September 30, 2007	Year Ended March 31, 2007	Year Ended March 31, 2006	Year Ended March 31, 2005	Year Ended March 31, 2004	Year Ended March 31, 2003
Profit / (Loss) as per Restated Statement of Profits and Losses (Annexure II)	1566.99	635.06	545.93	40.41	(148.35)	(428.92)
General Reserve	1150.00	1150.00	-	-	-	-
Securities Premium Account	630.00	-	-	-	-	-
Reserves and Surplus as per Restated Statement of Assets and Liabilities	**3346.99**	**1785.06**	**545.93**	**40.41**	**(148.35)**	**(428.92)**

8. Revaluation of fixed assets:

The Company has not revalued any of its fixed assets during the reporting period.

9] Commitments & Contingencies

A] Contingent Liabilities not provided for

(Rs. In lacs)

Particulars	Six Months ended September 30, 2007	Year Ended March 31, 2007	Year Ended March 31, 2006	Year Ended March 31, 2005	Year Ended March 31, 2004	Year Ended March 31, 2003
a] Claims against the Company not acknowledged as Debts.						
• Income tax matters	385.37	385.37	355.47	-	-	-
• Service tax matters	1723.55	1723.55	1274.18	597.10	187.79	93.91
• PF and ESIC matters	32.62	32.62	15.76	21.02	21.02	21.02
• Other contractual matters	15.44	35.19	31.13	13.02	11.29	9.36
Total	**2156.98**	**2176.73**	**1676.54**	**631.14**	**220.10**	**124.29**
b] Securities provided to banks/Financial Institutions against credit facilities extended to other bodies corporate						
• Corporate Guarantees	Nil	Nil	2082.77	1068.77	1452.00	1025.00
• Godowns, Lorries & Land.	Nil	Nil	1007.20	822.44	293.00	-
c] Disputed claims pending in Courts	4621.94	4678.32	4352.08	1387.05	476.85	352.37
Total	**6778.92**	**6855.05**	**9118.59**	**3909.40**	**2441.95**	**1501.66**

Notes:

- The Company is in appeal against demands from income tax, provident fund and ESIC authorities. In respect of service tax, the Company has received an order from the Commissioner of Central Excise and Customs, Belgaum demanding payment of service tax with applicable interest and penalty. The Company is in the process of filing an appeal with the Appellate authorities within the time frame prescribed in the said order.
- Future cash outflows in respect of (a) above are determinable only on receipt of judgements/decisions pending with various forums/authorities.

B]

(Rs. In lacs)

Particulars	**Six Months ended September 30, 2007**	**Year Ended March 31, 2007**	**Year Ended March 31, 2006**	**Year Ended March 31, 2005**	**Year Ended March 31, 2004**	**Year Ended March 31, 2003**
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	2238.57	2665.48	143.39	253.17	36.00	4.81

10. Auditors' Remuneration:

(Rs. In lacs)

Particulars	**Six Months ended September 30, 2007**	**Year Ended March 31, 2007**	**Year Ended March 31, 2006**	**Year Ended March 31, 2005**	**Year Ended March 31, 2004**	**Year Ended March 31, 2003**
Statutory Audit fees	1.50	2.00	0.42	0.42	0.30	0.30
Tax audit fees	-	1.00	0.28	0.28	0.20	0.20
For certification / representation	0.04	1.04	2.15	-	-	-
Reimbursement of expenses	-	0.10	-	-	-	-
Total	**1.54**	**4.14**	**2.85**	**0.70**	**0.50**	**0.50**

11. Deferred Tax

The components of deferred tax liability/asset arising on account of timing differences between taxable income and accounting income in accordance with Accounting Standard 22 – "Accounting for Taxes on Income" are as follows:

(Rs. In lacs)

Particulars	**Six Months ended September 30, 2007**	**Year Ended March 31, 2007**	**Year Ended March 31, 2006**	**Year Ended March 31, 2005**	**Year Ended March 31, 2004**	**Year Ended March 31, 2003**
(a) Liabilities						
Depreciation (net)	(7409.97)	(5878.91)	(1682.06)	(1522.22)	(1067.65)	(1003.69)
(b) Assets						
Unabsorbed depreciation	1239.56	256.84	236.36	164.78	-	-
Expenses allowed on payment basis for tax purposes	184.59	121.52	123.63	131.40	106.60	63.87
Deferred tax liability / (Asset)	**5985.82**	**5500.55**	**1322.07**	**1226.04**	**961.05**	**939.82**

12. Leases:

The Company has acquired 34 acres of land on lease at Kappatgudda Gadag Dist., Karnataka, whereat 34 Wind Turbine Generators (WTGs) are installed. The said land leased to Suzlon Energy Limited by he Karnataka Forest Department, Karnataka will be lease transferred to the Company. Lease transfer agreement between the Company and the Karnataka Forest Dept. is yet to be formalized.

The Company has also entered into Operating leases for godowns and office facilities and the said leases are basically cancellable in nature.

13. Related Party Disclosures (In accordance with Accounting Standard – 18, Related Party Disclosures)

Refer Annexure XV.

14. Segment Reporting (In accordance with Accounting Standard – 17, Segment Reporting)

Refer Annexure XVI.

15. Other Relevant Notes:

a. The accounts of certain Sundry Debtors, Sundry Creditors, Advances and Lenders are subject to confirmation/consequent reconciliation and adjustments, if any. The Management does not expect any material difference affecting the financial statements, as restated.

b. In the opinion of the Management, Current Assets, Loans and Advances (including Capital Advances) have a value on realization in the ordinary course of business, at least equal to the amount at which they are stated, in the financial statements, as restated.

c. Capital work-in-progress includes capital advances paid.

d. The Company has formed a Gratuity trust and SBI Life Insurance Company Limited is appointed to administer Group Gratuity scheme and also to determine the contribution premium required to be paid by the Company periodically. The Company will fund the past service liabilities in five instalments as permitted under the Income Tax Rules. 1962. For employees covered under the Group Gratuity Scheme, gratuity is provided based on the actuarial valuation. Few employees like drivers and hamals are not covered under the Group Gratuity scheme on account of very high attrition rates (Specific to the industry) and gratuity payment made to them during each year is charged to the Profit and Loss Account. The service rules of the Company do not provide for any encashment of leave. Hence, no provision is made for the same.

e. On 29.09.2007, 7,00,000 equity shares of Rs.10/- each were allotted at a premium of Rs.90/- per share to the Managing Director and his relative in accordance with the Unlisted Public Companies (Preferential Allotment) Rules, 2003. Share premium collected on account of the above allotment is Rs.630.00 lacs.

ANNEXURE V

STATEMENT OF CASH FLOWS, AS RESTATED

(Rs in Lacs)

	Particulars	Six months ended Sep 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
A	**CASH FLOW FROM OPERATING ACTIVITIES**						
	Net Profit Before Tax	**1440.45**	**1088.89**	**635.27**	**481.92**	**466.57**	**190.14**
	Adjustments for						
	Depreciation	2046.46	2436.08	1653.24	1430.64	1000.59	836.95
	Interest expense	2669.98	2174.64	1568.22	1312.43	1056.90	851.72
	Interest Income	(41.79)	(61.20)	(3.68)	(9.83)	(6.99)	(16.51)
	Discount on purchase of fixed assets	0.00	0.00	0.00	0.00	(46.31)	
	Dividend on Investments	(0.67)	(1.64)	(0.35)	(0.31)	(0.26)	(0.17)
	(Profit)/Loss on sale of Fixed Assets (Net)	49.33	288.23	(25.34)	(17.64)	(41.28)	(12.13)
	Exchange Rate difference	11.24	0.00	0.00	0.00	0.00	-
	Rent Receipts	(46.14)	(68.50)	(61.29)	(29.13)	(19.74)	(8.94)
	Operating Profit Before Working Capital Changes	**6128.86**	**5856.50**	**3766.07**	**3168.08**	**2409.48**	**1841.06**
	Adjustments For Changes in Working Capital :						
	(INCREASE) / DECREASE in Sundry Debtors	(1661.89)	(650.07)	(494.10)	(440.35)	(102.92)	1581.01
	(INCREASE) / DECREASE in Loans and Advances	344.23	(1137.13)	(38.97)	301.22	(999.37)	4.07
	(INCREASE) / DECREASE in Inventories	(39.22)	(90.80)	(218.03)	(350.79)	20.00	(100.83)
	INCREASE / (DECREASE) in Trade and Other Payables	347.38	(178.82)	435.46	1038.49	567.48	(59.80)
	INCREASE/ (DECREASE) in Cash Credit	79.45	659.71	443.02	24.83	444.90	(244.73)
	Cash Generated from Operating Activities	**5198.81**	**4459.39**	**3893.45**	**3741.48**	**2339.57**	**3020.78**
	Direct Taxes Paid	(130.11)	(1440.55)	(158.16)	(28.17)	(136.74)	(67.58)
B	**CASH FLOW FROM INVESTING ACTIVITIES**						
	Purchase of Fixed Assets (net of adjustments)	(4386.04)	(35054.01)	(5764.26)	(6039.98)	(1851.85)	(2629.29)
	Capital Work in Progress	(566.69)	48.55	1727.13	(765.94)	(1963.37)	(260.82)
	Proceeds from Sale of Fixed Assets	252.77	630.13	44.24	96.52	104.45	161.00
	Sale of Investments	(3.24)	16120.71	(1.50)	(1649.24)	(745.89)	(2079.40)

	Particulars	Six months ended Sep 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
	Interest Received	41.79	61.20	3.68	9.83	6.99	16.51
	Dividend on Investments	0.67	1.64	0.35	0.31	0.26	0.17
	Rent Receipts	46.14	68.50	61.29	29.13	19.74	8.94
	Net Cash used in Investing Activities (B)	**(4614.60)**	**(18123.28)**	**(3929.07)**	**(8319.37)**	**(4429.67)**	**(4782.89)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**						
	Proceeds from Issue of Shares - Pending Allotment	0.00	700.00	0.00	0.00	0.00	0.00
	Proceeds from Long Term Borrowings (Net)	3115.68	20133.13	2106.96	5991.48	3022.38	2746.14
	Refund of Fixed Deposits (Net)	0.00	(465.85)	(150.75)	48.21	267.92	(6.72)
	Dividend paid	0.00	(2000.00)	0.00	0.00	0.00	0.00
	Dividend distribution tax		(280.50)				
	Interest expense	(2669.98)	(2174.64)	(1568.22)	(1312.43)	(1056.90)	(851.72)
	Net Cash from Financing Activities (C)	**445.70**	**15912.14**	**387.99**	**4727.26**	**2233.40**	**1887.70**
	Net Increase / (Decrease) in Cash and Cash Equivalents (A) + (B) + (C)	**899.80**	**807.70**	**194.21**	**121.20**	**6.56**	**58.01**
	Opening Cash and Cash Equivalents	**1515.85**	**708.15**	**513.94**	**392.74**	**386.18**	**328.17**
	Closing Cash and Cash Equivalents	**2415.65**	**1515.85**	**708.15**	**513.94**	**392.74**	**386.18**
	Cash and Cash Equivalents Comprise						
	Cash balance in hand	378.87	255.99	245.83	192.18	149.59	117.63
	Cheques in hand/transit	229.70	172.33	108.09	81.83	48.67	52.09
	Balances with Scheduled Banks	1807.08	1087.53	354.23	239.93	194.48	216.46
		2415.65	**1515.85**	**708.15**	**513.94**	**392.74**	**386.18**

Notes:

1. The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3, 'Cash Flow Statements' issued by the Institute of Chartered Accountants of India.

2. Negative figures have been shown in brackets.

ANNEXURE VI

STATEMENT OF OTHER INCOME, AS RESTATED

(Rs.in lacs)

Particulars	**Six months ended Sep 30, 2007**	**Year ended March 31, 2007**	**Year ended March 31, 2006**	**Year ended March 31, 2005**	**Year ended March 31, 2004**	**Year ended March 31, 2003**
Recurring:						
Interest on Deposits	20.99	31.65	3.68	9.83	6.99	16.51
Dividend Received	0.67	1.64	0.35	0.31	0.26	0.17
Rent received (Gross)	46.14	68.50	61.29	29.13	19.74	8.94
Sale of Scrap Materials	142.65	127.29	54.55	31.52	52.93	0.24
Miscellaneous Income	44.23	91.00	17.85	17.68	46.32	14.83
Non-recurring:						
Interest on deposit (escrow account)	20.80	29.54	-	-	-	-
Profit on sale/discard of Assets	4.13	-	25.34	17.64	41.28	12.13
Grand Total	**279.61**	**349.62**	**163.06**	**106.11**	**167.52**	**52.82**

ANNEXURE VII

CAPITALISATION STATEMENT

(Rs. In lacs)

	Pre-issue as at September 30, 2007	**Post-issue as at September 30, 2007**
Debt		
Long Term Debt	40002.31	(•)
Short Term Debt	2235.02	(•)
Total Debt (A)	42237.33	(•)
Shareholders' funds		
Share Capital	7070.00	(•)
Reserves	3346.99	(•)
Total Shareholders' Funds (B)	10416.99	(•)
Long Term Debt/Shareholders' Funds (Ratio)	3.84 : 1	(•)
Total Debt/Shareholders' Funds (Ratio)	4.05 : 1	(•)

Note:

1. The capitalisation statement has been prepared on the basis of restated financial statements.
2. The post-issue capitalization will be calculated on conclusion of the book building process.
3. As informed by the management, short term debts are the debts repayable within one year.

ANNEXURE VIII

STATEMENT OF SECURED AND UNSECURED LOANS, AS RESTATED

(Rs. In lacs)

A. Secured Loans						
Particulars	**Six Months ended Sep 30, 2007**	**Year Ended March 31, 2007**	**Year Ended March 31, 2006**	**Year Ended March 31, 2005**	**Year Ended March 31, 2004**	**Year Ended March 31, 2003**
Term Loans :						
a. From Banks	28322.16	23487.23	11062.30	11845.69	7680.33	5485.84
b. From Others	11680.15	13365.47	5670.21	2800.86	974.74	146.85
c. Interest accrued and due	-	33.93	20.99			
Working Capital Facility	2235.02	2155.57	1495.86	1052.84	1028.01	583.11
Total	**42237.33**	**39042.20**	**18249.36**	**15699.39**	**9683.08**	**6215.80**

B. Unsecured Loans

(Rs. In lacs)

Particulars	Six Months ended Sep 30, 2007	Year Ended March 31, 2007	Year Ended March 31, 2006	Year Ended March 31, 2005	Year Ended March 31, 2004	Year Ended March 31, 2003
Promoter, Promoter Group, Directors, Associates & other related parties (A)	-	-	-	-	-	-
Others:						
Deposits from public (B)	-	-	465.85	616.60	568.39	300.47
Total (A+B)	**-**	**-**	**465.85**	**616.60**	**568.39**	**300.47**

ANNEXURE IX

STATEMENT OF ACCOUNTING RATIOS, AS RESTATED

Rs. In lacs (except for per share data)

Particulars	Six Months ended Sep 30, 2007	Year Ended March 31, 2007	Year Ended March 31, 2006	Year Ended March 31, 2005	Year Ended March 31, 2004	Year Ended March 31, 2003
Earning Per Share (excluding extraordinary items)						
Basic - (Rs.)	1.33	(4.47)	0.72	0.27	0.40	0.13
Diluted - (Rs.)	1.33	(4.47)*	0.72	0.27	0.40	0.13
Earning Per Share (including extraordinary items)						
Basic - (Rs.)	1.33	12.17	0.72	0.27	0.40	0.13
Diluted - (Rs.)	1.33	12.05	0.72	0.27	0.40	0.13
Net Asset Value per share - (Rs.)	14.88	13.55	3.64	2.91	2.65	2.24
Return on Net Worth (%) (excluding extraordinary items)	8.95%	-33.00%	19.86%	9.25%	15.15%	5.88%
Return on Net Worth (%) (including extraordinary items)	8.95%	89.82%	19.86%	9.25%	15.15%	5.88%
Restated net profit after tax and before extraordinary items	931.93	-3130.01	505.52	188.76	280.57	92.38
Restated net profit after tax (including extraordinary items)	931.93	8519.63	505.52	188.76	280.57	92.38
Restated net worth	10416.99	9485.06	2545.93	2040.41	1851.65	1571.08
Weighted Average number of Equity Shares outstanding during the year considered for Basic EPS and Net Asset Value per Share	70007778	70000000	70000000	70000000	70000000	70000000
Weighted Average number of Equity shares outstanding during the year considered for Diluted EPS	70007778	70700000	70000000	70000000	70000000	70000000

* - In accordance with AS-20, Share application money is not considered for working out the diluted EPS as at March 31, 2007, as the profit after tax excluding extraordinary income is negative.

Formulas:

Earning Per Share (Rs.)	=	**<u>Restated Net Profit After Tax</u>** **Weighted average number of equity shares outstanding during the year**
Net Asset Value per share	=	**<u>Net Worth</u>** **Weighted average number of equity shares outstanding during the year**
Return on Net Worth (%)	=	**<u>Restated Net Profit After Tax</u>** **Net Worth**

Notes:

1. Restated net profit, as appearing in the restated statement of Profits & Losses (Annexure II) and net worth as appearing in Restated statement of Assets & Liabilities (Annexure I) have been considered for computing the above ratios.

2. During the year ended March 31, 2007, the company has issued 5,00,00,000 bonus shares to the share holders in the ratio of five shares for every two shares held by them. Since the bonus issue is an issue without consideration, it has been treated as if it had occurred from the beginning of the financial year 2002-03, the earliest period reported, both for the purpose of computing EPS and Net Asset Value per share, which is in accordance with AS-20.

3. During FY 06-07, company dis-invested its entire equity holding in Vijayanand Printers Ltd., subsidiary of the company and realized long term capital gains of Rs.11639.64 lacs. Company also earned net profits of Rs.10 lacs by purchasing and selling shares of Hubli Apparels Pvt. Ltd. Accordingly, Rs.11649.64 Lakhs represent extraordinary income as stated above.

4. The Company recognized deferred tax liability of Rs. 4178.48 lacs mainly on account of depreciation on Wind Turbine Generators put to use during the year 2006-07. As the Return on Net Worth is computed on the net profit after tax and before extraordinary income, the return on net worth without considering the extraordinary income is negative for the financial year ended March 31 2007.

5. Shares worth Rs.70 Lakhs were issued on 29.09.2007.

6. EPS stated above for the period ended September 30,, 2007 is not annualized.

7. Workings for EPS are done in accordance with AS-20 issued by the Institute of Chartered Accountants of India.

8. Workings of computation of weighted average number of equity shares for the reporting period is furnished as under:

CALCULATION OF WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING DURING THE YEAR							
		Six months ended	Year ended March 31				
Sl.	Particulars	September 30, 2007	2007	2006	2005	2004	2003
1	Nominal value of equity shares	10	10	1000	1000	1000	1000
	Nominal value of equity shares (after subdivision)	10	10	10	10	10	10
2	Total No. of equity shares outstanding at the beginning of the year - fully paid up	70,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
3	Equity Shares issued on 29-09-2007	700,000	-	-	-	-	-
4	Total number of equity shares outstanding at the end of the year – fully paid up	70,700,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
5	Adjustment in respect of Bonus shares issued on 09-12-2006	-	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
6	Weighted Average Number of Equity Shares outstanding during the year – Considered for Basic EPS	70007778	70,000,000	70,000,000	70,000,000	70,000,000	70,000,000
7	Weighted Average Number of Equity Shares outstanding during the year – Considered for Diluted EPS	70007778	70,700,000	70,000,000	70,000,000	70,000,000	70,000,000

ANNEXURE X

STATEMENT OF TAX SHELTERS, AS RESTATED

(Rs. In lacs)

S. No	Particulars	Six months ended September 30, 2007	Year Ended March 31, 2007	Year Ended March 31, 2006	Year Ended March 31, 2005	Year Ended March 31, 2004	Year Ended March 31, 2003
A	**Profit or (loss) before tax as per Restated Accounts {A}**	1440.45	12738.53	635.27	481.92	466.57	190.14
	Marginal tax rate (%)	33.99%	33.66%	33.66%	36.59%	35.88%	36.75%
	MAT Rate (Section 115 JB)	11.33%	11.22%	8.42%	7.84%	7.90%	7.88%
	Tax Charge on above (Normal tax rate)	489.61	4287.79	213.83	176.33	167.41	69.88
B	**Permanent Differences**						
	Deduction u/s 24 - Income from House Property	13.84	20.55	18.39	8.74	5.92	2.68
	Profit / (Loss) on sale of fixed assets	-52.07	-288.23	27.67	17.64	39.87	5.29
	On Exempt Income - Dividend income	0.67	1.64	0.35	0	0	0
	Donations	-0.22	-0.25	-1.00	-34.23	-0.25	0
	Fess for increase in Authorized capital	-	-46.75	-	-	-	-
	Difference between book cost and Indexed cost of acquisition in computation of capital gains					-3.18	-1.13
	Prior period adjustments	-	-	61.78	-	0	0
	Total Permanent Differences {B}	-37.78	-313.04	107.19	-7.85	42.36	6.84
C	**Timing Difference**						
	Difference between tax depreciation and book depreciation	4564.02	12596.57	814.01	1169.99	286.99	90.95
	Statutory dues claimed on paid basis net of reversal of duties claimed in income tax in previous years	5.82	263.09	194.48	101.99	20.34	58.1
	Provision for diminution in value in investment	0	0	0	-0.88	0	0
	Profit from sale of investments (considered separately)	0	11649.64	0	0	0	0
	Sec 43B disallowances	-185.57	-230.54	-125.25	-157.44	-143.67	-39.91
	Unrealized exchange loss	-11.24	-6.87	0	0	0	0
	Prior period adjustments	-3.6	7.64	-101.75	-173.54	-105.20	-111.81
	Adjusted short / long term capital gain	0	-11174.52	-3.88	0	0	0
	Total Timing Differences {C}	4369.43	13105.01	777.61	940.12	58.46	-2.67
D	**Net Adjustments { B + C }**	4331.65	12791.97	884.80	932.27	100.82	4.17
E	**Tax Savings thereon**	1472.33	4305.78	297.82	341.12	36.18	1.53

S. No	Particulars	Six months ended September 30, 2007	Year Ended March 31, 2007	Year Ended March 31, 2006	Year Ended March 31, 2005	Year Ended March 31, 2004	Year Ended March 31, 2003
F	**Taxable Profit / (Loss) after adjustments (A-B-C)**	-2891.2	-53.44	-249.53	-450.35	365.75	185.97
G	Brought forward losses adjusted	-755.62	-702.18	-452.65	0	0	0
H	**Taxable Income (Normal Tax) (F+G)**	-3646.82	-755.62	-702.18	-450.35	365.75	185.97
I	**Book Profits for computation of MAT**	1440.45	12638.79	537.98	359.31	0	0
J	**Tax Charge for the year**						
	Under Normal provisions	0	0	0	0	131.23	68.34
	Under Section 115 JB (MAT)	163.20	1418.07	45.27	28.17	0	0
	Interest under section 234	0	0	0	0	0	0
K	**Total tax payable (Note)**	**163.20**	**1418.07**	**45.27**	**28.17**	**131.23**	**68.34**
N	**Details of carry forward of losses**						
	Depreciation loss	3646.82	755.62	702.18	450.35	0	0
	Long term capital loss	0	0	0	2.3	2.3	1.37
	Total	**3646.82**	**755.62**	**702.18**	**452.65**	**2.3**	**1.37**

Note:
The figures for six months period ended September 30, 2007 are based on the provisional computation.

ANNEXURE XI

STATEMENT OF DIVIDEND PAID

Particulars	Six months ended Sep 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Actual no of shares outstanding	70700000	70000000	20000000	20000000	20000000	20000000
Face Value of Equity Share (per share)	10	10	10	10	10	10
Interim Dividend on equity shares (per share)	0	10	Nil	Nil	Nil	Nil
Final Dividend on equity shares (per share)	Nil	Nil	Nil	Nil	Nil	Nil
Dividend Rate	Nil	100%	Nil	Nil	Nil	Nil
Dividend per Share (Refer Note 1 below))	Nil	10.00	Nil	Nil	Nil	Nil
Dividend (Rs. In lacs)	Nil	2000.00	Nil	Nil	Nil	Nil

Notes:

1. With a view to conserve resources for the Company's expanding operations, no dividend was recommended by the Board of Directors for the Financial Years 2002-03 to 2005-06. Company earned profit on sale of shares in the subsidiary Company (extraordinary income) to the extent of Rs. 11649.64 lacs. The Company declared interim (special) dividend of Rs. 10 per share on 2,00,00,000 equity shares of Rs. 10 each fully paid up during Financial Year 2006-07.

2. In the financial year 2006-07, equity shares of the company having a face value of Rs.1000 per share have been sub-divided into 100 equity shares of Rs.10 each. The same has been considered as the face value of the equity shares for the purposes of the above table. The actual number of shares outstanding as at year ended March 31 2006, 2005, 2004 and 2003 were 2 Lakh shares.

ANNEXURE XII

AGE-WISE ANALYSIS OF DEBTORS, AS RESTATED

(Rs. In lacs)

Particulars	Six months ended Sep 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
(Unsecured, considered good)						
Promoter, Promoter Group, Directors, Associates & other Related Parties (A)						
--- Exceeding six months	-	-	-	-	-	-
----- Others	-	-	-	-	-	-
Others (B)						
--- Exceeding six months	71.64	52.58	35.60	18.62	20.88	0.00
----- Others	3961.57	2318.74	1685.65	1208.53	765.92	683.88
Total (A+B)	**4033.21**	**2371.32**	**1721.25**	**1227.15**	**786.80**	**683.88**

ANNEXURE XIII

STATEMENT OF LOANS AND ADVANCES, AS RESTATED

(Rs. In lacs)

Particulars	Six months ended Sep 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
(Unsecured, considered good)						
Advances recoverable in cash or in kind						
or for value to be received	1780.60	2226.96	1099.36	999.94	1403.61	459.04
Fringe Benefit Tax excess paid	5.80	5.88	0.94	-	-	-
Advance tax (net of provision)	697.49	118.94	147.14	129.35	26.90	0.13
MAT Credit Entitlement	1095.02	1478.20	45.27	-	-	-
Total	**3578.91**	**3829.98**	**1292.71**	**1129.29**	**1430.51**	**459.17**
Out of which, pertaining to Promoters, Promoter Group, Directors, Associates and other Related Parties						
Shri Vijay Sankeshwar	-	-	27.09	11.96	-	-

ANNEXURE XIV

STATEMENT OF INVESTMENTS, AS RESTATED

(Rs. In lacs)

Particulars	Face value of each share	Six months ended Sep 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
LONG TERM							
Trade & unquoted - in equity shares							
Merchant Souharda Sahakar Bank Ltd	100	-	-	0.01	0.01	0.01	-
Shri. Basaveshwar Co-op. Bank Ltd	100	5.50	5.50	5.56	5.56	5.56	5.56
Sri. Siddeshwar Co-op Bank	100	-	-	0.00	0.00	0.50	0.50
Sirsi Urban Co-op. Bank Ltd	100	0.10	0.60	0.86	0.36	0.25	0.25
The Saraswat Co-op. Bank Ltd	10	0.00	0.25	0.25	0.25	0.25	0.25
The Shamrao Vithal Co-op. Bank Ltd	25	5.50	1.51	1.51	1.51	1.00	0.50
North Canara GSB Co-op. Bank Ltd	10	0.01	0.01	1.00	0.00	0.88	0.88
NON TRADE & UNQUOTED							
a. IN EQUITY SHARES							
Vijayanand Printers Limited	10	-	-	1,969.75	1,969.75	1,969.75	1,969.75
b. IN PREFERENCE SHARES							
Vijayanand Printers Limited							
4% Non Cumulative Redeemable	100	-	-	2,500.00	2,500.00	850.00	104.62
Preference Shares							
Total		**11.11**	**7.87**	**4478.94**	**4477.44**	**2828.20**	**2082.31**

ANNEXURE XV

RELATED PARTY DISCLOSURES

(List of related parties, as certified by the management, together with the transactions and related balances at the year end are given below):

NAMES OF RELATED PARTIES

Particulars	Six months ended September 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
1. Subsidiary (up to 12.08.2006)	Nil	: Vijayanand Printers Limited.	: Vijayanand Printers Limited.	: Vijayanand Printers Limited.	: Vijayanand Printers Limited.	Nil
2. Key Management Personnel	: Mr.Vijay Sankeshwar	: Mr.Vijay Sankeshwar	: Mr.Vijay Sankeshwar	: Mr.Vijay Sankeshwar	: Mr.Vijay Sankeshwar	: Mr.Vijay Sankeshwar
	: Mr.Anand Sankeshwar	: Mr.Anand Sankeshwar	: Mr.Anand Sankeshwar	: Mr.Anand Sankeshwar	: Mr.Anand Sankeshwar	: Mr.Anand Sankeshwar
	: Mr. R.P.Raichur	: Mr. R.P.Raichur	: Mr. R.P.Raichur	: Mr. K.N.Umesh	: Mr. K.N.Umesh	: Mr. K.N.Umesh
				: Mr.L.Ramanand Bhat	: Mr.L.Ramanand Bhat	: Mr.L.Ramanand Bhat
				: Mr.D.N.Kulkarni		
3. Associates	Vijayanand Charitable Trust	a. Sankeshwar Printers Ltd.	a. Sankeshwar Printers Ltd.	a. Sankeshwar Printers Ltd.	a. Sankeshwar Printers Ltd.	a. Sankeshwar Printers Ltd.
		b. Sankeshwar Minerals (P) Ltd.	b. Sankeshwar Minerals (P) Ltd.	b. Sankeshwar Minerals (P) Ltd.	b. Mohan Printers	b. Mohan Printers
		c. Hubli Apparels (P) Ltd	c. Hubli Apparels (P) Ltd.	c. Hubli Apparels (P) Ltd.	c. Prabha Printers	c. Prabha Printers
		(up to 16.03.2007)	d. Mohan Printers	d. Mohan Printers	d. Vijayanand Travels	d. Vijayanand Travels
		d. Vijayanand Charitable Trust	e. Prabha Printers	e. Prabha Printers	e. Maruti Parcel Carriers	e. Maruti Parcel Carriers
				f. Vijayanand Travels		f. Anand Printers & Publishers
				g. Maruti Parcel Carriers		
4. Relatives of Key Management Personnel	Mrs. Vani Sankeshwar	a. Mrs. Lalita Sankeshwar	a. Mrs. Lalita Sankeshwar			
		b. Mrs. Vani Sankeshwar	b. Mrs. Vani Sankeshwar			
		c. Mrs. Bharati Hulkunde				

Details of transactions with related parties are as under:

(Rs in Lacs)

PARTICULARS	Six months ended September 30, 2007		Year ended March 31, 2007		Year ended March 31, 2006		Year ended March 31, 2005		Year ended March 31' 2004		Year ended March 31, 2003	
1.1 SUBSIDIARIES												
1.1.1 Receipts/Receivables												
Freight												
Vijayanand Printers Ltd	-	-		31.75		230.41		126.86		106.98		0.00
Rendering of Services/ Hire charges												
Vijayanand Printers Ltd	-	-		0.00		0.00		29.48		31.51		0.00
Rent												
Vijayanand Printers Ltd	-	-		17.98		41.70		21.00		19.74		0.00
Water and Electricity Charges												
Vijayanand Printers Ltd	-	-		9.06		30.15		0.00		0.00		0.00
1.1.2 Finance												
Vijayanand Printers Ltd -												
Loans given	-	-		900.00		58.39		0.00		0.00		0.00
Vijayanand Printers Ltd -												
Loans repaid	-	-		58.39		0.00		0.00		0.00		0.00
1.1.3 Payments for Services availed												
Advertisement												
Vijayanand Printers Ltd -	-	-		74.22		147.42		63.88		39.75		0.00

PARTICULARS	Six months ended September 30, 2007		Year ended March 31, 2007		Year ended March 31, 2006		Year ended March 31, 2005		Year ended March 31' 2004		Year ended March 31, 2003	
1.1.4 Balance receivable at the year end												
Vijayanand Printers Ltd -	-	-		0.00		63.19		57.88		36.40		0.00
1.2 Associates												
1.2.1 Receipts/Receivables												
Freight												
Sankeshwar Printers Ltd	-	-	0.56		0.48		0.00		0.00		0.00	
Hubli Apparels Pvt Ltd	-	-	2.26		2.06		0.00		0.00		0.00	
Sankeshwar Minerals Pvt. Ltd	-	-	0.12		0.13		0.00		0.00		0.00	
Anand Printers & Publishers	-	-	0.00		0.00		0.00		0.00		70.36	
Total	-	-		**2.94**		**2.67**		**0.00**		**0.00**		**70.36**
Rendering of Services/ Hire charges												
Vijayanand Printers Ltd	-	-	0.00		0.00		0.00		0.00		0.00	
Anand Printers & Publishers (Advt)	-	-	0.00		0.00		0.00		0.00		6.89	
Vijayanand Travels	-	-	0.00		0.00		1249.12		333.47		886.80	
Maruti Parcel Services	-	-	0.00		0.00		94.93		465.92		352.70	
Total	-	-		**0.00**		**0.00**		**1344.05**		**799.39**		**1246.39**
Rent												
Hubli Apparels Pvt Ltd	-	-	16.17		17.64		5.88		0.00		0.00	
Sankeshwar Minerals	-	-	1.92		1.92		2.23		0.00		0.00	

PARTICULARS	Six months ended September 30, 2007		Year ended March 31, 2007		Year ended March 31, 2006		Year ended March 31, 2005		Year ended March 31' 2004		Year ended March 31, 2003	
Pvt. Ltd												
Total	-	-		**18.09**		**19.56**		**8.11**		**0.00**		**0.00**
Water and Electricity Charges												
Hubli Apparels Pvt Ltd	-	-	16.85		8.21		0.00		0.00		0.00	
Sankeshwar Minerals Pvt. Ltd	-	-	7.93		3.17		0.00		0.00		0.00	
Total	-	-		**24.78**		**11.38**		**0.00**		**0.00**		**0.00**
Sale of fixed assets												
Vijayanand Charitable Trust - VIT	4.50	-	7.00		0.00		0.00		0.00		0.00	
Total	-	**4.50**		**7.00**		**0.00**		**0.00**		**0.00**		**0.00**
1.2.2 Payments for services rendered												
Printing and Stationery												
Sankeshwar Printers Ltd	-	-	26.39		20.47		14.03		15.02		12.60	
Prabha Printers	-	-	0.00		2.44		12.59		10.13		10.60	
Mohan Printing Press	-	-	0.00		18.32		12.11		12.46		13.90	
Total	-	-		**26.39**		**41.23**		**38.73**		**37.61**		**37.10**
1.2.3 Balance payable at the year end												
Sankeshwar Printers Ltd	-	-	1.32		1.59		2.06		1.76		0.88	
Prabha Printers	-	-	0.00		0.00		0.41		0.00		0.00	
Mohan Printing Press	-	-	0.00		6.79		2.78		0.26		0.84	
Total				**1.32**		**8.38**		**5.25**		**2.02**		**1.72**
1.2.4 Balance receivable at the year												

PARTICULARS	Six months ended September 30, 2007		Year ended March 31, 2007		Year ended March 31, 2006		Year ended March 31, 2005		Year ended March 31’ 2004		Year ended March 31, 2003	
end												
Sankeshwar Minerals Pvt. Ltd	-	-	10.03		0.00		0.18		0.00		0.00	
Vijayanand Charitable Trust	-	-	3.40		0.00		0.00		0.00		0.00	
Hubli Apparels Pvt Ltd	-	-	0.00		8.00		0.00		0.00		0.00	
Vijayanand Printers Ltd	-	-	0.00		0.00		0.00		0.00		0.00	
Anand Printers & Publishers	-	-	0.00		0.00		0.00		0.00		4.88	
Vijayanand Travels	-	-	0.00		0.00		0.00		362.58		141.41	
Maruti Parcel Services	-	-	0.00		0.00		0.00		124.78		43.79	
Vijayanand Charitable Trust - VIT	3.26		-		-		-		-		-	
Total		**3.26**		**13.43**		**8.00**		**0.18**		**487.36**		**190.08**
1.3 Key Management Personnel												
1.3.1 Remuneration												
Mr.Vijay Sankeshwar	25.01	-	42.01		42.00		30.00		15.14		9.50	
Mr. Anand Sankeshwar	21.01	-	42.01		42.00		22.40		11.78		7.94	
Mr. R.P.Raichur	9.91	-	18.01		13.83		0.00		0.00		0.00	
Mr. K.N.Umesh	-	-					4.60		3.60		3.00	
Mr. L Ramanand Bhat	-	-					3.63		2.63		2.03	
Mr. D.N.Kulkarni	-	-					2.78		0.00		0.00	
Total	-	**55.93**		**102.03**		**97.83**		**63.41**		**33.15**		**22.47**
1.3.2 Dividend Paid												
Mr.Vijay Sankeshwar	-	-	532.00		0.00		0.00		0.00		0.00	

PARTICULARS	Six months ended September 30, 2007		Year ended March 31, 2007		Year ended March 31, 2006		Year ended March 31, 2005		Year ended March 31' 2004		Year ended March 31, 2003	
Mr. Anand Sankeshwar	-	-	1054.20		0.00		0.00		0.00		0.00	
Total	-	-		**1586.20**		**0.00**		**0.00**		**0.00**		**0.00**
1.3.3 Share Application Money Received												
Mr. Anand Sankeshwar	-	-	650.00		0.00		0.00		0.00		0.00	
Total	-	-		**650.00**		**0.00**		**0.00**		**0.00**		**0.00**
1.3.4 Allotment of shares												
Mr.Anand Sankeshwar	65.00		-		-		-		-		-	
Total		**65.00**		-		-		-		-		-
1.3.5 Share Premium received												
Mr.Anand Sankeshwar	585.00		-		-		-		-		-	
Total		**585.00**		-		-		-		-		-
1.3.6 Sale of fixed assets												
Mr.Vijay Sankeshwar	39.61		-		-		-		-		-	
Total		**39.61**		-		-		-		-		-
1.3.7 Balance receivable at the year end												
Mr.Vijay Sankeshwar	-		-		27.09		11.96		-		-	
Mr. Anand Sankeshwar	-		-		-		-		-		-	
Mr. R.P.Raichur	-		-		-		-		-		-	
Mr. K.N.Umesh	-		-		-		-		-		-	
Mr. L Ramanand Bhat	-		-		-		-		-		-	
Mr. D.N.Kulkarni	-		-		-		-		-		-	

PARTICULARS	Six months ended September 30, 2007		Year ended March 31, 2007		Year ended March 31, 2006		Year ended March 31, 2005		Year ended March 31’ 2004		Year ended March 31, 2003	
Total		-		-		**27.09**		**11.96**		-		-
1.3.8 Balance payable at the year end												
Mr.Vijay Sankeshwar	-		-		-		-		12.98		14.76	
Mr. Anand Sankeshwar	-		-		47.50		20.83		19.88		14.36	
Mr. R.P.Raichur	-		-		-		-		-		-	
Mr. K.N.Umesh	-		-		-		-		-		-	
Mr. L Ramanand Bhat	-		-		-		-		-		-	
Mr. D.N.Kulkarni	-		-		-		-		-		-	
Total		-		-		**47.50**		**20.83**		**32.86**		**29.12**
1.4 Relatives of Key Management Personnel												
1.4.1 Remuneration												
Mrs.Lalita Sankeshwar	-	-	5.94		5.94		0.00		0.00		0.00	
Mrs.Vani Sankeshwar	-	-	5.94		5.94		0.00		0.00		0.00	
Total	-	-		**11.88**		**11.88**		**0.00**		**0.00**		**0.00**
1.4.2 Share Application Money Received												
Mrs.Vani Sankeshwar			50.00		0.00		0.00		0.00		0.00	
Total				**50.00**		**0.00**		**0.00**		**0.00**		**0.00**
1.4.3 Dividend Paid												
Mrs.Lalita Sankeshwar			413.60		0.00		0.00		0.00		0.00	
Mrs.Bharati Hulkunde			0.05		0.00		0.00		0.00		0.00	
Total				**413.65**		**0.00**		**0.00**		**0.00**		**0.00**
1.4.4 Allotment of												

PARTICULARS	Six months ended September 30, 2007		Year ended March 31, 2007		Year ended March 31, 2006		Year ended March 31, 2005		Year ended March 31' 2004		Year ended March 31, 2003	
shares												
Mrs.Vani Sankeshwar	5.00		-		-		-		-		-	
Total		**5.00**		-		-		-		-		-
1.4.5 Share Premium received												
Mrs.Vani Sankeshwar	45.00		-		-		-		-		-	
Total		**45.00**		-		-		-		-		-
1.4.6 Balance payable at the year end												
Mrs.Lalita Sankeshwar	-		-		49.60		41.00		-		-	
Mrs.Vani Sankeshwar	-		-		50.11		45.40		-		-	
Total		-		-		**99.71**		**86.40**		-		-

ANNEXURE XVI

SEGMENT REPORTING

(Rs in Lacs)

S. No.	Particulars	Six months ended September 30, 2007	Year Ended March 31, 2007	Year Ended March 31, 2006	Year Ended March 31, 2005
1	**SEGMENT REVENUE (Net Sales/income in each segment from external customers)**				
	a) Goods Transport	20402.46	36184.95	29296.87	22289.30
	b) Bus Operation	4498.20	7551.78	6235.23	5150.36
	c) Sale of Wind Power	2018.57	207.07	--	--
	Total	**26919.23**	**43943.80**	**35532.10**	**27439.66**
	Un-allocable Revenue	279.61	349.62	163.06	106.11
	Net Sales/Income from Operation	**27198.84**	**44293.42**	**35695.16**	**27545.77**
2	**SEGMENT RESULTS**				
	(Profit before extra-ordinary items and taxation for each segment)				
	a) Goods Transport	2020.79	3393.03	2361.62	1909.41
	b) Bus Operation	813.79	960.29	455.58	358.88
	c) Sale of Wind Power	304.12	(820.18)	--	--
	Total	**3138.70**	**3533.14**	**2817.20**	**2268.29**
	Add/(Less) Other un-allocable expenditure net of un-allocable income	(1698.25)	(2444.25)	(2181.93)	(1786.37)
	Profit before extra-ordinary items and taxation	**1440.45**	**1088.89**	**635.27**	**481.92**
3	**OTHER INFORMATION**				
	ASSETS				
	a) Goods Transport	18351.93	15052.36	8520.84	6579.76
	b) Bus Operation	4432.34	4924.47	3473.35	3089.16
	c) Wind Power	21771.53	23961.39	--	--
	d) Un-allocable Assets	17512.36	13172.69	13850.94	12739.99
	Total Assets	**62068.16**	**57110.91**	**25845.13**	**22408.91**
	LIABILITIES				
	a) Goods Transport	12438.84	9886.66	6586.14	4769.51
	b) Bus Operation	3356.01	2666.06	1201.41	1171.43
	c) Wind Power	16491.24	15101.94	--	--
	d) Un-allocable Liabilities	19365.08	19971.19	15511.65	14427.55
	Total Liabilities	**51651.17**	**47625.85**	**23299.20**	**20368.49**
4	**CAPITAL EXPENDITURE**				
	(Total cost incurred during the year to acquire segment assets)				
	1. Goods Transport	3252.58	6934.18	2037.13	3670.37
	2. Bus Operation	287.80	3035.89	604.30	1066.71
	3. Windmills	--	21625.39	--	--
	4. Un-allocable Capital Expenditure	849.19	3463.46	4195.92	1302.90
	Total	**4389.57**	**35058.92**	**6837.35**	**6039.98**

5	**SEGMENT DEPRECIATION/AMORTISATION**				
	1. Goods Transport	956.14	1373.21	941.83	897.42
	2. Bus Operation	316.84	582.63	439.95	418.34
	3. Wind Power	571.72	181.20	--	--
	4. Un-allocable Segment Depreciation/Amortisation	201.76	299.04	271.46	114.88
	Total	**2046.46**	**2436.08**	**1653.24**	**1430.64**
	Profit / Loss on Sale of Segment Assets				
	1. Bus Operation – (Profit) / Loss on Sale of Segment assets)	52.07	299.66	--	--
	2. Profit on sale of unallocable assets	(3.41)	--	--	17.51

Note:

1. Accounting Standard 17, Segment Reporting is mandatory in nature in respect of accounting periods commencing on or after 01.04.2004. Disclosures are made accordingly.

2. The Company operates only in India and therefore, there are no separate geographical segments.

Except as mentioned hereinabove, there are no material notes to the auditor's report, which have bearing on the financial status of the company. Further, notes to the accounts, significant accounting policies as well as the auditor's qualifications, if any, have been incorporated in the Draft Red Herring Prospectus.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our standalone financial condition and results of operations should be read in conjunction with our financial statements, restated in accordance with SEBI Guidelines, including the notes thereto, included in this Draft Red Herring Prospectus. Our restated financial statements are prepared in accordance with Indian GAAP. Unless otherwise indicated, references in this discussion and analysis to our results of operations or financial condition for a specified year are to our Fiscal year ending on March 31 of each year and half year ended September 30, 2007.

Overview of Business

We are into the business of transportation and logistics service of goods and transportation of passengers by road. We have a long operating track record of more than two decades in this business. Our chairman Mr. Vijay Sankeshwar has over three decades of experience in the transportation industry. We have also recently forayed into wind power generation and air charter business.

We offer following services which are summarized below -

1. Goods Transportation
   a. Full truck Load
   b. Less than full truck Load (Parcel)
      - General Parcel
      - Express Cargo
   c. Courier
   d. Passenger Travels
2. Wind Power Generation
3. Air Charter Business

Our Goods Transportation and distribution business is carried across 17 states and 7 Union Territories i.e. Pondicherry, Daman, Silvassa, Chandigarh, Karaikal, Yanam, Mahe covering 649 cities through out India. We cover the states of Karnataka, Andhra Pradesh, Tamilnadu, Kerala, Maharashtra, Goa, Gujarat, Rajasthan, Punjab, Haryana, Delhi, Himachal Pradesh, Uttar Pradesh, Chhattisgarh, Madhya Pradesh, West Bengal (Kolkatta) and Uttarakhand under this business.

Our passenger transport business is carried on under the name of "Vijayanand Travels". We carry on this business within the state of Karnataka, Maharashtra and Tamilnadu covering 56 cities in all. We have 40 branches and 466 franchisees across the states of Karnataka, Maharashtra and Tamilnadu for our passenger transport business.

In September 2006, we commenced our wind energy business in southern India at Kappatgudda, Gadag district in the state of Karnataka. We had issued various purchase and work orders to various Suzlon entities for the supply, commissioning and erection of 34 Wind Turbine Generators (WTGs). We have also entered into power purchase agreements with Hubli Electricity Supply Company Limited ("**HESCOM**"), for sale of entire power generated by us.

We have also entered into air charter business for providing services to individuals and corporate passengers. Recently, the Company has purchased premier 1A aircraft from Hawker Beechcraft Incorporation, USA. Premier 1A is a 2 pilot and 6 passenger seat aircraft (with 4 club configuration seats). We will operate on an all India basis subject to necessary government approvals. We have also entered into an Operation & Maintenance agreement with M/s Indamer Company Private Limited.

Our revenues (including other income) have grown from Rs. 16,856.24 lacs in fiscal 2003 to Rs. 44,293.42 lacs in fiscal 2007, which is a CAGR of 21.32 %. Our net profit before extraordinary income and tax has increased from Rs. 190.14 lacs in fiscal 2003 to Rs. 1,088.99 lacs in fiscal 2007, which is a CAGR of 54.70%.

We were incorporated in 1983 by our Chairman and Managing Director, Mr. Vijay Sankeshwar.

The following table sets forth information related to number of vehicles deployed for Goods transportation and passengers transportation for the period indicated

Year Ended	Goods Transportation	Passenger Transportation	Total
September 30, 2007	2,370	232	2,602
March 31, 2007	2,169	247	2,416
March 31, 2006	1,638	245	1,883
March 31, 2005	1,453	227	1,680
March 31, 2004	1,099	188	1,287
March 31, 2003	1,073	152	1,225

Factors affecting our results of the operations

Our financial condition and results of operations are affected by numerous factors and the following are of particular importance:

- **General economic and business conditions:** As a company with its principal operations in India, we are affected by general economic conditions in the country and in particular economic factors that affect business transportation of goods and services. India's Gross Domestic Product, or GDP, has been and is expected to continue to be of importance in determining our operating results and future growth.
- **Ability to sustain carriage and maximizing revenue:** Our business depends on carriage and passenger traffic and the fares we charge from our customers. Through our Management System, we endeavor to maximize vehicle occupancy and revenue per vehicle. However, trends in carriage and passenger fares and demand for road transport will have bearing on the results of our operations.
- **Fuel cost:** Our operating results are affected by changes in the price of fuel, which constituent a significant portion of our coast and revenue. Historically, our fuel expenditure has been subject to raising trend, which is based primarily on the international price of crude oil, which in turn is influenced by geopolitical issues, government regulation and various supply and demand factors.
- **Financial Charges:** Our results to great extent depend upon the financial charges paid by us on the existing loans taken. Any increase in the rate of interest or the amount of loans to be availed additionally will directly affect our operations.
- **Fixed assets and depreciation:** Fixed assets are stated at cost less accumulated depreciation. Cost includes freight, duties, taxes and incidental expenses related to acquisition and installation of the fixed assets. Depreciation on fixed assets is provided pro rata to the period on Straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 which also represents use full life of the fixed assets. The factors considered for determining the useful life include period over which the assets are expected to be used, obsolescence and experience with similar type of assets. Depreciation for leasehold improvements is calculated on the basis of either the lease term or the estimated useful life of the asset whichever is shorter.

- **Provisions and contingencies:** We create a provision when there is a present obligation resulting from a past event embodying economic benefits which may require an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.
- **Competition:** Our results of operations are affected by competition in the transportation industry, wind energy and air charter in India. We expect competition to intensify due to possible new entrants in the market and existing competitors further expanding their operations. Increased competition could affect our market share and/or the Yield (which is defined as Net tonnage Revenues earned per kilometer traveled). At present, our principal competitors in transport industries are Railways, State Transport corporations and in our wind energy and air charting business we face competition from various public and private players. There is significant price competition with these transporters and we expect this to continue, especially as new competitors enter the market.
- **Composition of our fleet :** The size, age and composition of our fleet have a significant impact on our financial condition and results of operations. We currently have 2,602 fleet as on September 30, 2007. We believe that these additions to our fleet are required to meet the estimated growth in Goods movement and passenger traffic to service additional routes where we propose to operate.
- **Road Infrastructure:** Our Logistics Business depends on Road infrastructure to meet our growth in the volume of goods movement and passenger traffic to provide quality and reliable services. Although the government is taking steps to improve the condition of road in India, there may be constraints relating to quality of road, octroi and check post.
- **Seasonality:** The Logistics business of our company is not seasonal in nature whereas in case of Wind Power business the revenue will be higher in the first half of the financial year as compared to the second half of the financial year. However due to the nature of the business we may experience extreme fluctuation in our quarterly and annual revenue and net profits.
- **Extensive Laws and regulation:** We are subject to extensive national and local government regulations which are specifically applicable to the transport industry. In addition to the above, we are also required to comply with various environmental laws and regulations. Our road and goods transport business are required to comply on a daily basis with the regulations in relation to the loading restrictions which specify the actual weight which may be carried by our vehicles. Further, certain states impose restriction on the age of the fleet entering the state. Compliance with these regulations could cause us to incur substantial costs. While it is difficult to predict the effect of non-compliance with, or future developments in environmental and health and safety laws and regulations on our business, it is possible that such non-compliance or developments will have a material adverse effect upon us.

Results of Operations

The following table sets forth certain information with respect to our Revenue, expenditures and profits for the period indicated.

(Rs. In Lacs)

		Period ended September 30, 2007	% of Total Income	Year ended March 31, 2007	% of Total Income	Year ended March 31, 2006	% of Total Income	Year ended March 31, 2005	% of Total Income	Year ended March 31, 2004	% of Total Income
I.	**Income**										
	Operating Income	26919.23	99.0	43943.80	99.2	35532.10	99.5	27439.66	99.6	20061.68	99.2
	Other Income	279.61	1.0	349.62	0.8%	163.06	0.5	106.11	0.4	167.52	0.8
	TOTAL INCOME	**27198.84**	100.0	**44293.42**	100.0	**35695.16**	100.0	**27545.77**	100.0	**20229.20**	100.0
II.	**EXPENDITURE**										
	Operating Expenses	17372.97	63.9	32538.37	73.5	27470.14	77.0	21316.12	77.4	15431.98	76.3
	Administration expenses	620.26	2.3	1321.80	3.0	821.86	2.3	861.86	3.1	732.78	3.6
	Employee costs	3048.72	11.2	4733.64	10.7	3546.43	9.9	2142.80	7.8	1540.38	7.6
	Financial Expenses	2669.98	9.8	2174.64	4.9	1568.22	4.4	1312.43	4.8	1056.90	5.2
	Depreciation	2046.46	7.5	2436.08	5.5	1653.24	4.6	1430.64	5.2	1000.59	4.9
	TOTAL EXPENDITURE	**25758.39**	**94.7**	**43204.53**	**97.5**	**35059.89**	**98.2**	**27063.85**	**98.3**	**19762.63**	**97.7**
III.	**PROFIT BEFORE EXTRAORDINARY INCOME AND TAXATION**	**1440.45**	**5.3**	**1088.89**	**2.5**	**635.27**	**1.8**	**481.92**	**1.7**	**466.57**	**2.3**
	Provision for Taxation										
	- Current	163.2	0.6	1432.93	3.2	45.27	0.1	28.17	0.1	164.77	0.6
	- Deferred	485.27	1.8	4178.48	9.4	96.04	0.3	264.99	1.0	21.23	0.1
	- Fringe Benefit Taxation	23.25	0.1	40.42	0.1	33.71	0.1	0	0	0	0
	- MAT Credit Entitlement	(163.20)	(0.6)	(1,432.93)	(3.2)	(45.27)	(0.1)	0	0	0	0
IV.	**NET PROFIT BEFORE EXTRAORDINARY ITEMS**	**931.93**	**3.4**	**(3,130.01)**	(7.1)	**505.52**	**1.4**	**188.76**	**0.7**	**280.57**	1.0
	EXTRAORDINARY ITEMS										
	Profit on sale of shares	0.00	0	11649.64	26.3	0.00	0	0.00	0	0	0
	NET PROFIT AFTER EXTRAORDINARY ITEM AS RESTATED	**931.93**	**3.43**	**8,519.63**	**19.23**	**505.52**	**1.1**	**188.76**	**0.68**	**280.57**	**1.0**

Discussion on Results of Operation of Six months ended September 30, 2007

Analysis of Operating Income

(Rs. In lacs)

Income	Period ended September 30, 2007	%
Goods Transport	20,402.46	75.79
Bus Operation	4,498.20	16.71
Total Income from Transportation	**24,900.66**	**92.50**
Sale of Wind Power	2,018.57	7.50
Total Operating Income	**26,919.23**	**100.00**

Total Income: The Total Income for the six months ended on September 30, 2007 was Rs. 27,198.84 Lacs

Income from Operations: The Income from operation for the six months ended on September 30, 2007 was Rs. 26,919.23 lacs. Our income from operation is divided into following segments: goods transport including courier, Bus operation and sale of wind power. Revenue from goods transport comprises 75.79% of total operating income. Revenue from bus operation comprises 16.71 % of total operating income. The sale of wind power commenced in the fiscal 2007. It has generated revenue of Rs. 2,018.57 for the period ended September 30, 2007 comprising 7.50% of total revenue. During the period company generated 5,94,72,677 units of electricity and sold 5,93,80,613 units of electricity to HESCOM.

Other Income: Our Other Income for the six months ended on September 30, 2007 was Rs. 279.61 lacs. The other income mainly comprises of sale of scrap materials of Rs. 142.65 lacs, Rent received (gross) of Rs. 46.14 lacs and Interest on deposit of Rs. 20.99 lacs.

Operating Expenses: Our operating expenses mainly include fuel cost, lorry hire charges, repairs and maintenance, agency commission, hamali charges etc. The operating expense for the six months ended on September 30, 2007 was Rs. 17,372.97 lacs.

Administrative Expenses: Our administrative expenses mainly include traveling and conveyance, printing and stationery, communication expenses, Legal and professional charges etc. The administrative expense for the six months ended on September 30, 2007 was Rs. 620.26 lacs.

Employees Expenses: Our employee's expenses mainly include salaries and wages, contribution to provident fund and other staff & labour welfare expenses. The employee's expense for the six months ended on September 30, 2007 was Rs. 3,048.72 lacs. The total no. of employees as on September 30, is 11,338.

Financial Expenses: Our financial expenses for the six months ended on September 30, 2007 were Rs. 2,669.98 lacs. The increase in financial expenses is mainly due to debt taken for wind power generation project by the company. The Company has installed total 34 wind turbine generators, 10 in the month of September 2006 and 24 in the month of March, 2007 for which loan was taken. Company took loan for Rs. 3,150 lacs in the month of December 2006 and Rs. 12,000 lacs in the month of March 2007 for installation of wind turbines. The interest paid on this loan amount to Rs. 1129.31 lacs for the six months ended on September 30, 2007. The Financial expenses, as a percentage of total income for this period was 9.8%.

Depreciation: The depreciation for the six months ended on September 30, 2007 was Rs.2,046.46 lacs. Depreciation has increased mainly due to installation of wind turbines generators during the Fiscal 2007 and also due to increase in number of vehicles during previous and current year. The depreciation charged on such wind turbines is Rs. 571.72 Lakhs during the period.

Profit before Extraordinary Items and Tax: The net profit before extraordinary items and taxation for the six months ended September 30, 2007 was Rs. 1,440.44 lacs

Total Tax: The total tax for the six months ended September 30, 2007 was Rs. 508.52 lacs primarily due to deferred taxation.

Profit after Tax: As a result of operation, the net profit after taxation for the six months ended September 30, 2007 was Rs. 931.93 lacs.

<u>Comparison of the Fiscal 2007 with Fiscal 2006</u>

Analysis of Operating Income

(Rs. In lacs)

Income	Fiscal 2007	%	Fiscal 2006	%
Goods Transport	36,184.95	82.34	29,296.87	82.45
Bus Operation	7,551.78	17.19	6,235.23	17.55
Total Income from Transportation	**43,736.73**	**99.53**	**35,532.10**	**100.00**
Sale of Wind Power	207.07	0.47	-	-
Total Operating Income	**43,943.80**	**100.00**	**35,532.10**	**100.00**

Analysis of Year on year increase in %

(Rs. In lacs)

Particulars	Fiscal 2007	Fiscal 2006
Total Income	44293.42	35695.16
% Increase	24.09%	
Income from Operation	43943.80	35532.10
% Increase	23.67%	
Income from Goods Transport	36184.95	29296.87
% Increase	23.51%	
Income from Bus Operation	7551.78	6235.23
% Increase	21.11%	
Other Income	349.62	163.06
% Increase	114.41%	
Operating Expenses	32538.37	27470.14
% Increase	18.45%	
Fuel Cost	12,501.72	9,659.01
% Increase	29.43%	
Lorry Hire Charges	6,934.77	6,716.75
% Increase	3.25%	
Repair & Maintenance	5,679.92	5,018.23
% Increase	13.19%	
Agency commission	2,581.41	2213.23
% Increase	16.64%	
Hamali Charges	1,618.21	1,292.58

Particulars	Fiscal 2007	Fiscal 2006
% Increase	25.19%	
Administrative Charges	1321.8	821.86
% Increase	60.83%	
Employees Expenses	4733.64	3546.43
% Increase	33.48%	
Financial expenses	2174.64	1568.22
% Increase	38.67%	
Depreciation	2436.08	1653.24
% Increase	47.35%	
Profit Before Extraordinary Items and Tax	1088.89	635.27
% Increase	71.41%	

Total Income: Our Total Income increased by 24.09 % to Rs. 44,293.42 lacs in Fiscal 2007 from Rs. 35,695.16 lacs in Fiscal 2006.

Income from Operations: Our Income from operations increased by 23.67% to Rs. 43,943.80 lacs in Fiscal 2007 from Rs. 35,532.10 lacs in Fiscal 2006. This increase resulted from a substantial increase in the company's fleet for goods transport and Bus operation. Our fleet strength increased from 1,883 vehicles in Fiscal 2006 to 2,416 vehicles in Fiscal 2007 along with increase in branches and agencies. Revenue from goods transport increased by 23.51% to Rs. 36,184.95 lacs in Fiscal 2007 from Rs. 29,296.87 lacs in Fiscal 2006. Revenue from bus operation increased by 21.11% to Rs. 7,551.78 lacs in Fiscal 2007 from Rs. 6,235.23 lacs in Fiscal 2006. In the Fiscal 2007 we also commenced wind power generation operations. We generated revenue of Rs. 207.07 lacs through that sale. Our company generated 62, 67,745 Units and sold 60, 95,866 units of electricity to HESCOM.

Other Income: Our other Income has increased by 114.41% to Rs. 349.62 lacs in Fiscal 2007 from Rs. 163.06 lacs in Fiscal 2006. The increase resulted mainly due to sale of scrap materials of Rs. 127.29 lacs, rent from the premises let out (gross) of Rs. 68.50 lacs, receipt of interest on deposit of Rs. 31.65 lacs, receipt of interest on deposit of Rs. 29.54 Lakhs and miscellaneous income including advertisement income on fleet of Rs. 91.00 Lakhs during the Fiscal 2007.

Operating Expenses: Our operating expenses have increased by 18.45% to Rs. 32,538.37 lacs in Fiscal 2007 from Rs. 27,470.14 lacs in Fiscal 2006. However as a percentage of total Income, Operating expenses were 73.5% in Fiscal 2007 and 77.0% in Fiscal 2006. Our operating expenses mainly include fuel cost, lorry hire charges, repairs and maintenance, agency commission etc. which put together will be 90.10 % of the total operating expenditure of the company.

Fuel cost: Fuel is the largest component of our expenditure. Fuel costs are derived on the basis of consumption and fuel price. The fuel cost increased by 29.43% in Fiscal 2007 as compared to Fiscal 2006. In terms of value it has increased from Rs. 9,659.01 lacs in Fiscal 2006 to Rs. 12,501.72 lacs in Fiscal 2007. This is because of increase in the company's fleets during the year and also due to increase in fuel cost. However as a percentage of total transportation income, fuel cost in both the Fiscal years remained close to 28%.

Lorry Hire charges: Due to larger flow of parcels we have to hire lorries for transferring goods from one destination to another. We have our own fleets which are not sufficient to match with our volume of parcels. In this case we generally hire Lorries from outsiders and conduct out business. The overall cost of lorry hire has remained same during Fiscal 2006 and Fiscal 2007 due to addition of our own fleet during Fiscal 2007 for carrying increased in our volume of our parcels. There was a marginal increase in the cost of the lorry hire from Rs. 6,716.75 in Fiscal 2006 to Rs. 6,934.77 in Fiscal 2007. The lorry hire charges in Fiscal 2007 were almost 15.16% of total income.

Repairs and Maintenance: Our maintenance and repair expenses consist of scheduled and unscheduled maintenance for our fleets, engines and other parts. In order to optimize and control maintenance costs, we have in place Preventative maintenance for each vehicle, where each vehicle has to compulsorily go for preventive maintenance after running for certain mileages. Repairs and maintenance expenses also includes repairs of plant & machinery, computer maintenance etc. The repairs and maintenance increased by 13.19% from Fiscal 2007 as compared with Fiscal 2006 due to increase in company's fleet and assets base over a year. In amount terms it has increased from Rs.5, 018.23 lacs in fiscal 2006 to Rs. 5,679.92 lacs in Fiscal 2007.

Agency Commission: Many of our parcel bookings are done through our agents who are spread throughout the country. We have agents for booking parcels on our behalf. It increased by 16.64% from Rs.2, 213.23 lacs in fiscal 2006 to Rs. 2,581.41 lacs in Fiscal 2007 due to increase in branches and agencies for parcel booking from 714 in Fiscal 2006 to 788 in Fiscal 2007 during the year. It is 5.87% of our total operating Income and 7.93% of our total operating expenditure for Fiscal 2007.

Hamali Charges: Our Hamali charges are mainly loading and unloading charges at out transhipment hubs, booking points and delivery points. It has increased by 25.19 % to Rs. 1,618.21 lacs in Fiscal 2007 from Rs. 1,292.58 lacs in Fiscal 2006 due to increase in volume of parcels, increase in number of transhipment hubs as well as increase in hamali rate.

Administrative Expenses: Our administrative expenses mainly include office maintenance, traveling and conveyance, printing and stationery, communication expenses, Legal and professional charges etc. Our Administrative expenses increased by 60.82% to Rs. 1,321.80 lacs in Fiscal 2007 from Rs. 821.86 lacs in Fiscal 2006. However as a percentage of total Income, Administrative expenses were 3.0% in Fiscal 2007 and 2.3% in Fiscal 2006.

Employees Expenses: Our employee's expenses mainly include office salaries and wages, contribution to provident fund and other staff & labour welfare expenses. Our employee's expenses increased by 33.48% to Rs. 4,733.64 lacs in Fiscal 2007 from Rs. 3,546.43 lacs in Fiscal 2006. However as a percentage of total Income, Employees expenses were 10.7% in Fiscal 2007 and 9.9% in Fiscal 2006. The number of employees has increased from 7,353 in Fiscal 2006 to 10, 709 in Fiscal 2007.

Financial Expenses: The financial expenses increased by 38.67% to Rs. 2,174.64 lacs in Fiscal 2007 from Rs. 1,568.22 lacs in Fiscal 2006. The increase in financial expenses is mainly due to debt taken for installation of wind turbine generators, purchase of vehicles by the company through debt. During the Fiscal 2007 Rs. 25, 858.65 lacs of loan taken for installation of wind turbine generators and for purchase of vehicles.

Depreciation: The depreciation increased by 47.35% to Rs. 2,436.08 lacs in Fiscal 2007 from Rs.1,653.24 lacs in Fiscal 2006. The increase in depreciation is due to increase in company's fleet to 2,416 in fiscal 2007 from 1,883 in fiscal 2006 and purchase of 10 wind turbine generator in the month of September 2006.

Profit Before Extraordinary Items and Tax: The Profit before extraordinary items and taxation increased by 71.41 % to Rs. 1,088.89 lacs in Fiscal 2007 from Rs. 635.27 lacs in Fiscal 2006.

Extraordinary Item: During Fiscal 2007, company dis-invested its entire equity & preference holding in Vijayanand Printers Ltd., subsidiary of the company and realized profit of Rs.11,639.64 lacs. Company also earned net profits of Rs.10 lacs by purchasing and selling shares of Hubli Apparels Pvt. Ltd.

Total Tax: The total tax increased to Rs. 4,218.90 lacs in Fiscal 2007 from Rs. 129.75 lacs in Fiscal 2006. Company has recognized a deferred tax liability of Rs. 4,178.48 lacs mainly on account of depreciation on Wind turbine generators installed during the year.

Profit after Tax and before Extraordinary Items: As results of foregoing, Profit after tax but before extraordinary items decreased to Rs. (3,130.01) lacs in Fiscal 2007 from Rs. 505.52 lacs in Fiscal 2006 because of deferred tax liability.

Comparison of the Fiscal 2006 with Fiscal 2005

(Rs. In lacs)

Income	Fiscal 2006	%	Fiscal 2005	%
Goods Transport	29,296.87	82.45	22,289.30	81.23
Bus Operation	6,235.23	17.55	5,150.36	18.77
Total Income from Transportation	**35,532.10**	**100.00**	**27,439.66**	**100.00**

Analysis of Year on year increase in %

(Rs. In lacs)

Particulars	Fiscal 2006	Fiscal 2005
Total Income	35695.16	27545.77
% Increase	29.58%	
Income from Operation	35532.10	27439.66
% Increase	29.49%	
Income from Goods Transport	29296.87	22289.3
% Increase	31.44%	
Income from Bus Operation	6235.23	5150.36
% Increase	21.06%	
Other Income	163.06	106.11
% Increase	53.67%	
Operating Expenses	27470.14	21316.12
% Increase	28.87%	
Fuel Cost	9,659.01	6,385.94
% Increase	51.25%	
Lorry Hire Charges	6,716.75	5,480.29
% Increase	22.56%	
Repair & Maintenance	5,018.23	4,778.42
% Increase	5.02%	
Agency commission	2213.23	1,626.10
% Increase	36.11%	
Hamali Charges	1,292.58	1,012.97
% Increase	27.60%	
Administrative Charges	821.86	861.86
% Increase	-4.64%	
Employees Expenses	3546.43	2142.8
% Increase	65.50%	
Financial expenses	1568.22	1312.43
% Increase	19.49%	
Depreciation	1653.24	1430.64
% Increase	15.56%	

Profit Before Extraordinary Items and Tax	635.27	481.92
% Increase	31.82%	

Total Income: Our Total Income increased by 29.58 % to Rs. 35,695.16 lacs in Fiscal 2006 from Rs. 27,545.77 lacs in Fiscal 2005.

Income from Operations: Our Income from operations increased by 29.49% to Rs. 35,532.10 lacs in Fiscal 2006 from Rs. 27,439.66 lacs in Fiscal 2005. This increase resulted due to expansion of express cargo business, growth of volume and was facilitated by an increase in the company's fleet for goods transport and bus operation from 1,680 in Fiscal 2005 to 1,883 in Fiscal 2006. Further number of agencies and branches for parcel booking has increased from 660 in Fiscal 2005 to 714 in Fiscal 2006. Revenue from goods transport increased by 31.44% to Rs. 29,296.87 lacs in Fiscal 2006 from Rs. 22,289.30 lacs in Fiscal 2005. Revenue from bus operation increased by 21.06% to Rs. 6,235.23 lacs in Fiscal 2006 from Rs. 5,150.36 lacs in Fiscal 2005. The increase in revenue was also on account of increase in freight rate necessitated due to hike in diesel price.

Other Income: Our other Income has increased by 53.67% to Rs. 163.06 lacs in Fiscal 2006 from Rs.106.11 Lacs in Fiscal 2005. The increase resulted due to receipt of rent (gross) of Rs. 61.29 lacs and sale of assets of Rs. 54.55 lacs during the year.

Operating Expenses: Our operating expenses have increased by 28.87% to Rs. 27,470.14 lacs in Fiscal 2006 from Rs. 21,316.12 lacs in Fiscal 2005. However as a percentage of total Income, Operating expenses were 77.0% in Fiscal 2006 and 77.4% in Fiscal 2005. Our operating expenses mainly include fuel cost, lorry hire charges, repairs and maintenance, agency commission etc. which put together will be 90.64 % of the total operating expenditure of the company.

Fuel cost: Fuel is the largest component of our expenditure. There was an increase in fuel cost by 51.25% to Rs. 9,659.01 lacs in Fiscal 2006 from Rs. 6,385.94 lacs in Fiscal 2005. Further as a percentage of total transportation income, fuel cost in Fiscal years 2006 was 27.18% and in Fiscal year 2005 was 23.27%. The fuel price witnessed an increase of 16.44% during the year. Diesel price in Hubli as at 31.03.2005 was Rs.30.40 per liter, which was Rs.35.40 per liter as at 31.03.2006. Further the consumption of diesel was also increased due to our bus operation which was operated for nine months in Fiscal 2005 and for full year in Fiscal 2006.

Lorry Hire charges: The lorry hire charges have increased by 22.56% to Rs. 6,716.75 lacs in fiscal 2006 from Rs. 5,480.29 lacs in Fiscal 2005. The increase was due to increase in the volume of parcels during the year.

Repairs and Maintenance: There was increase in the cost of the repairs and maintenance by 5.02% to Rs 5, 018.23 lacs in fiscal 2006 from Rs. 4,778.42 lacs in Fiscal 2005. The increase was due to increase in number of vehicles over the year.

Agency Commission: There was an increase in agency commission by 36.11% from Rs.1, 626.10 lacs in fiscal 2005 to Rs. 2,213.23 lacs in Fiscal 2006. The increase was on account of increase in the number of agents. Further in Fiscal 2005, MPC and Vijayanand Travels has been acquired. Due to this acquisition the agency commission paid in Fiscal 2005 was for nine months and for full year in Fiscal 2006.

Hamali Charges: Our Hamali charges are mainly loading and unloading charges at out transshipment hubs. It has increased by 27.60 % to Rs. 1,292.58 lacs in Fiscal 2006 from Rs. 1,012.97 lacs in Fiscal 2005. The increase was on account of increase in volume of parcels as well as increase in hamali rates.

Administrative Expenses: Our administrative expenses mainly include traveling and conveyance, printing and stationery, communication expenses, Legal and professional charges etc. Our Administrative expenses decreased to Rs.821.86 lacs in Fiscal 2006 from Rs. 861.86 lacs in Fiscal 2005. However as a percentage of total Income, Administrative expenses were 2.3% in Fiscal 2006 and 3.1% in Fiscal 2005.

Employees Expenses: Our employee's expenses mainly include salaries and wages, contribution to provident fund and other staff & labour welfare expenses. Our employee's expenses increased by 65.50% to Rs. 3,546.43 lacs in Fiscal 2006 from Rs. 2,142.80 lacs in Fiscal 2005. However as a percentage of total Income, Employees expenses were 9.9% in Fiscal 2006 and 7.8% in Fiscal 2005.The number of employees has increased from 6,358 in Fiscal 2006 to 7,353 in Fiscal 2006.

Financial Expenses: The financial expenses increased by 19.49% to Rs. 1,568.22 lacs in Fiscal 2006 from Rs. 1,312.43 lacs in Fiscal 2005. The increase in financial expenses is mainly due to purchase of fleet by the company through debt. During the Fiscal 2006 company mainly took a loan of Rs. 8,126.88 lacs for purchase of vehicles.

Depreciation: The depreciation increased by 15.56% to Rs. 1,653.24 lacs in Fiscal 2006 from Rs.1,430.64 lacs in Fiscal 2005. The increase in depreciation is due to increase in company's fleet to 1,883 in fiscal 2006 from 1,680 in fiscal 2005

Profit before Tax: As a results of foregoing, Profit before taxation increased by 31.82 % to Rs. 635.27 lacs in Fiscal 2006 from Rs. 481.92 lacs in Fiscal 2005.

Total Tax: The total tax increased to Rs. 129.75 lacs in Fiscal 2006 to Rs. 293.16 lacs in Fiscal 2005.

Profit after Tax: As a result of foregoing, Profit after taxation increased by 134.81% to Rs. 505.52 lacs in Fiscal 2006 from Rs. 188.76 lacs in Fiscal 2005.

<u>Comparison of the Fiscal 2005 with Fiscal 2004</u>

Income	Fiscal 2005	%	Fiscal 2004 *	%
Goods Transport	22,289.30	81.23	-	-
Bus Operation	5,150.36	18.77	-	-
Total Income from Transportation	**27,439.66**	**100.00**	**20,061.68**	**100.00**

Note: * The segment reporting has been started from fiscal 2005 and hence there is no segment revenue detail available fro fiscal 2004.

Analysis of Year on year increase in %

(Rs. In lacs)

Particulars	Fiscal 2005	Fiscal 2004
Total Income	27545.77	20229.2
% Increase	36.17%	
Income from Operation	27439.66	20061.68
% Increase	36.78%	
Other Income	106.11	167.52
% Increase	-36.66%	
Operating Expenses	21316.12	15431.98
% Increase	38.13%	
Fuel Cost	6,385.94	3,455.91
% Increase	84.78%	
Lorry Hire Charges	5,480.29	4,798.75
% Increase	14.20%	
Repair & Maintenance	4,778.42	3,229.66
% Increase	47.95%	
Agency commission	1,626.10	1,264.25

Particulars	Fiscal 2005	Fiscal 2004
% Increase	28.62%	
Hamali Charges	1,012.97	822.69
% Increase	23.13%	
Administrative Charges	861.86	732.78
% Increase	17.62%	
Employees Expenses	2142.8	1,540.38
% Increase	39.11%	
Financial expenses	1312.43	1,056.90
% Increase	24.18%	
Depreciation	1430.64	1,000.59
% Increase	42.98%	
Profit Before Extraordinary Items and Tax	481.92	466.57
% Increase	3.29%	

Total Income: Our Total Income increased by 36.17 % to Rs. 27,545.77 lacs in Fiscal 2005 from Rs.20, 229.20 lacs in Fiscal 2004.

Income from Operations: Our Income from operations increased by 36.78% to Rs. 27,439.66 lacs in Fiscal 2005 from Rs. 20,061.68 lacs in Fiscal 2004. This increase resulted from increase in the company's fleets from 1,287 in Fiscal 2004 to 1,680 in Fiscal 2005. Previously buses were hired to outsiders and hire charges was collected. Later on during this period company have started its own bus operation and due to which there is a sharp rise in our operation income. During the Fiscal 2005 business of Vijayanand Travels has been acquired and the revenue generated was Rs. 5,128.35 lacs which is included in income from operation. In the same period business of Maruti parcel carriers has also been acquired and the revenue generated was Rs. 430.40 lacs included in income from operation.

Other Income: Our other Income has decrease to Rs. 106.11 lacs in Fiscal 2005 from Rs.167.52 Lacs in Fiscal 2004. The decrease resulted mainly due to reduction of sale of assets from Rs. 41.28 lacs in fiscal 2004 to Rs. 17.64 lacs in Fiscal 2005 and sale of scrap materials from Rs. 52.93 lacs in Fiscal 2004 to Rs. 31.52 lacs in Fiscal 2005.

Operating Expenses: Our operating expenses have increased by 38.13% to Rs. 21,316.12 lacs in Fiscal 2005 from Rs. 15,431.98 lacs in Fiscal 2004. However as a percentage of total Income, Operating expenses were 77.4% in Fiscal 2005 and 76.3% in Fiscal 2004.Our operating expenses mainly include fuel cost, lorry hire charges, repairs and maintenance, agency commission etc which put together will be 90.47 % of the total operating expenditure of the company.

Fuel cost: Fuel is the largest component of our expenditure. There was an increase in fuel cost by 84.78% to Rs. 6,385.94 lacs in Fiscal 2005 from Rs.3, 455.91 lacs in Fiscal 2004. This is mainly due to starting our own bus operation during Fiscal 2005. Further as a percentage of total transportation income, fuel cost in Fiscal 2005 was 23.27% and in Fiscal 2004 was 17.23%.

Lorry Hire charges: The lorry hire charges have increased by 14.20% to Rs. 5,480.29 in fiscal 2005 from Rs. 4,798.75 lacs in Fiscal 2004.

Repairs and Maintenance: There was increase in the cost of the repairs and maintenance by 47.95% to Rs 4,778.42 in fiscal 2005 from Rs. 3,229.66 in Fiscal 2004.

Agency Commission: There was an increase in agency commission by 28.62% from Rs. 1,264.25 lacs in fiscal 2004 to Rs. 1,626.10 lacs in Fiscal 2005

Hamali Charges: Our Hamali charges are mainly loading and unloading charges at out transshipment hubs. It has increased by 23.13 % to Rs. 1,012.97 lacs in Fiscal 2005 from Rs. 822.69 lacs in Fiscal 2004.

Administrative Expenses: Our administrative expenses mainly include traveling and conveyance, printing and stationery, communication expenses, Legal and professional charges etc. Our Administrative expenses increased by 17.62% to Rs. 861.86 lacs in Fiscal 2005 from Rs. 732.78 lacs in Fiscal 2004. However as a percentage of total Income, Administrative expenses were 3.1% in Fiscal 2005 and 3.6% in Fiscal 2004.

Employees Expenses: Our employee's expenses mainly include salaries and wages, contribution to provident fund and staff & labour welfare expenses. Our employee expenses increased by 39.11% to Rs. 2,142.80 lacs in Fiscal 2005 from Rs. 1,540.38 lacs in Fiscal 2004 due to starting our own bus operation. However as a percentage of total Income, Employees expenses were 7.8% in Fiscal 2005 and 7.6% in Fiscal 2004.The number of employees has increased from 4,656 in Fiscal 2004 to 6,358 in Fiscal 2005.

Financial Expenses: The financial expenses increased by 24.18% to Rs. 1,312.43 lacs in Fiscal 2005 from Rs. 1,056.90 lacs in Fiscal 2004. The increase in financial expenses is mainly due to purchase of fleet by the company through debt. During the Fiscal 2005 company mainly took loan of Rs. 15,260.82 lacs for purchase of vehicles and for construction of building for transhipment hub.

Depreciation: The depreciation increased by 42.98% to Rs. 1,430.64 lacs in Fiscal 2005 from Rs. 1,000.59 lacs in Fiscal 2004. The increase in depreciation is due to increase in company's fleet to 1,680 in fiscal 2005 from 1,287 in fiscal 2004.Also there was an increase in building during the year.

Profit before Tax: As a results of foregoing, Profit before taxation has increased marginally to Rs. 481.92 lacs in Fiscal 2005 from Rs.466.57 lacs in Fiscal 2004.

Total Tax: The total tax increased to Rs. 293.16 lacs in Fiscal 2005 to Rs. 186.00 lacs in Fiscal 2004. This is mainly due to deferred taxation for Fiscal 2005.

Profit after Tax: As results of foregoing, Profit after taxation decreased by 32.72% to Rs. 188.76 lacs in Fiscal 2005 from Rs. 280.57 lacs in Fiscal 2004.

Liquidity and Capital Resources

Liquidity

Historically, our primary liquidity requirements have been to finance our working capital requirements for our operations and our capital expenditures. We have met these requirements from cash flows from operations as well as from borrowings.

We seek to maintain a heavy cash balance as compared to the total expenditures due to decentralization of operations through various branches and each company owned branch is having an authority to discharge the expenses and we also have working capital facilities extended by various banks.

Cash flows

The table below summarizes our cash flows, as restated, for the periods indicated:

(Rs. In Lacs)

Particular	Period ended September 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2005
Net Cash flow from Operating activities	5,068.70	3,018.84	3,735.29	3,713.31
Net cash flow from (used in) investing	(4,614.60)	(18,123.28)	(3,929.07)	(8,319.37)

activities				
Net cash flow from (used in) financing activities	445.70	15,912.14	387.99	4,727.26
Cash and Cash equivalents at the beginning of the period	1,515.85	708.15	513.94	392.74
Cash and cash equivalent at the end of the period	2,415.65	1,515.85	708.15	513.94

Operating activities

Net cash generated from our operating activities for the six months ended September 30, 2007 amounted to Rs. 5,068.70 lacs after payment of Direct tax of Rs. 130.11 lacs. This consist of net profit before tax and extraordinary items of Rs. 1,440.45 lacs and a net positive adjustment of Rs. 4,777.01 lacs, principally comprising of a positive adjustment for depreciation of Rs. 2,046.46 lacs and for financial cost on long term borrowings of Rs. 2,669.98 lacs. This resulting in operating profit before carrying working capital changes of Rs. 6,128.86 lacs. During this period our negative cash adjustments for working capital requirement was Rs. 930.05 lacs. The working capital adjustments include increase in sundry debtors by Rs. 1,661.89 lacs which were mainly on account of windmills debtors of Rs. 1,241.39 lacs, decrease of loans and advances by Rs. 344.23 lacs and decrease in trade and other payables by Rs. 347.38 lacs.

Net cash generated from our operating activities for Fiscal 2007 amounted to Rs. 3,018.84 lacs after payment of direct tax of Rs. 1,440.55 lacs. This consisted of net profit before tax and extraordinary items of Rs. 1,088.89 lacs and a net positive adjustment of Rs. 4,898.95 lacs, principally comprised of a positive adjustment for depreciation of Rs. 2,436.08 lacs and financial costs on long term borrowings of Rs. 2,174.64 lacs, resulting in operating profit before working capital changes of Rs. 5,856.50 lacs. For the Fiscal 2007, our negative adjustment for change in working capital requirement was Rs. 1,397.11 lacs. The working capital adjustments include increase in sundry debtors by Rs. 650.07 lacs, increase in loans and advances by Rs. 1,137.13 lacs, decrease in trade and other payables by Rs. 178.82 lacs and increase in cash credit by Rs. 659.71 lacs.

Net cash generated from our operating activities for Fiscal 2006 amounted to Rs. 3,735.29 lacs after payment of direct tax of Rs. 158.16 lacs. This consisted of net profit before tax and extraordinary items of Rs. 635.27 lacs and a net positive adjustment of Rs. 3,130.80 lacs, principally comprised of a positive adjustment for depreciation of Rs. 1,653.24 lacs and financial cost on long term borrowings of Rs. 1,568.22 lacs, resulting in operating profit before working capital changes of Rs. 3,766.07 lacs. For the Fiscal 2006, our positive cash adjustment for working capital requirement was Rs. 127.38 lacs. The working capital adjustments include increase in sundry debtors by Rs. 494.10 lacs, increase in loans and advances by Rs. 38.97 lacs, increase in inventories by Rs. 218.03 lacs, increase in trade and other payables by Rs. 435.46 lacs and increase in cash credit by Rs. 443.02 lacs.

Net cash generated from our operating activities for Fiscal 2005 amounted to Rs. 3,713.31 lacs after payment of direct tax of Rs. 28.17 lacs. This consisted of net profit before tax and extraordinary items of Rs. 481.92 lacs and a net positive adjustment of Rs. 2,686.16 lacs, principally comprised of a positive adjustment for depreciation of Rs. 1,430.64 lacs and financial cost on long term borrowings of Rs. 1,312.43 lacs, resulting in operating profit before working capital changes of Rs. 3,168.08 lacs. For the Fiscal 2005, our positive cash adjustment for working capital requirement was Rs. 573.40 lacs. The working capital adjustments include increase in sundry debtors by Rs. 440.35 lacs, decrease in loans and advances by Rs. 301.22 lacs, increase in inventories by Rs. 350.79 lacs, increase in trade and other payables by Rs. 1,038.49 lacs.

Investing Activities

Our net cash flow used in investing activities is determined by our fleets and other capital asset acquisition program.

In the six months ended September 30, 2007, we utilised Rs. 4,614.60 lacs for investment activities. We utilised Rs. 4,386.04 lacs for purchase of fixed assets, primarily for acquiring 220 no. of trucks and 8 buses during the period. The amount of Rs. 566.69 lacs was also invested in capital work in progress i.e. advance paid for purchasing aircraft, vehicles pending registration and building under construction. We have also received Rs. 252.77 lacs from sale of our fixed assets during the period.

In Fiscal 2007, we utilised Rs. 18,123.28 lacs for our investment activities. We generated funds primarily from our sale of Investment in our 100% subsidiary company Vijayanand Printers limited for an amount of Rs. 16,120.71 lacs. We utilised funds mainly for purchase of fixed assets of Rs. 35,054.01 lacs including purchase of 34 wind turbine and 531 no. of trucks. We have also received Rs. 630.13 lacs from sale of our fixed assets during the period.

In Fiscal 2006, we utilised Rs. 3,929.07 lacs for our investment activities. We mobilised funds primarily from capital work in progress of Rs. 1,727.13 lacs. We utilised funds mainly for purchase of fixed assets of Rs. 5,764.26 lacs. We have also received Rs. 44.24 lacs from sale of our fixed assets during the period.

In Fiscal 2005, we utilised Rs. 8,319.37 lacs for our investment activities. We utilised funds mainly for purchase of fixed assets of Rs. 6,039.98 lacs including purchase of 1,680 vehicles. We purchased shares of Vijayanand Printers limited for Rs. 1,650.00 lacs. We have also invested in our Capital work in progress of Rs. 765.94 lacs. Due to sale of our fixed assets we have received Rs. 96.52 during the period.

Financing activities

In the six months ended September 30, 2007, we mobilised Rs. 445.70 lacs from our financing activities. We raised Rs. 3,115.68 lacs from long term borrowings for purchase of vehicles. We have also utilised Rs. 2,669.98 lacs for interest on long term borrowings.

In Fiscal 2007, we mobilised Rs. 15,912.14 lacs from our financing activities. We raised Rs. 20,133.13 lacs from long term borrowings for funding our wind turbine acquisition and for purchase of vehicles. Also received Rs. 700 lacs from promoters as contribution of issue of shares – pending allotment. We utilised Rs. 2,174.64 lacs for payment of interest on long term borrowings, Rs. 2,000 lacs for payment of dividends and Rs. 280.50 lacs towards payment of dividend tax. During the same period we have repaid Rs. 465.85 lacs as refund of our fixed deposits.

In Fiscal 2006, we mobilised Rs. 387.99 lacs from our financing activities. We raised Rs. 2,106.95 lacs from long term borrowings for purchase of vehicles. We utilised Rs. 1,568.22 lacs for payment of interest on long term borrowings and repaid Rs. 150.75 lacs as refund of our fixed deposits.

In Fiscal 2005, we mobilised Rs. 4,727.26 lacs from our financing activities. We raised Rs. 5,991.48 lacs from long term borrowings for purchase of vehicles. We utilised Rs. 1,312.43 lacs for payment of interest on long term borrowings.

Quantitative and Qualitative Disclosure about Market Risk

Cost of fuel

Over a past few years, cost of fuel has increased significantly. If the raising trend continue, our operating results will affect as fuel cost constituents a significant portion of our expenses.

Credit Risk

We are exposed to credit risk on accounts receivable owed to us by our clients. If our clients, do not pay promptly or at all it is possible that we may have to make provisions for or write off such amounts.

Interest Rate Risk

Our financial results are subject to changes in interest rates, which may affect our debt service obligations and our access to funds. As of September 30, 2007, our long-term indebtedness aggregated Rs. 40,002.31 Lacs, of which approximately 59.24% is on a floating rate basis.

Inflation

Over the past few years, inflation rates have increased significantly. According to the Office of the Economic Advisor, Department of Industrial Policy and Promotion, the annual rate of inflation, calculated on a point to point basis, was provisionally 5.11% for the week ended March 01, 2008. Although the Government has initiated several economic measures to curb the rise in inflation rates, it is unclear at this stage whether these measures will have the desired effect. This sharp rise in inflation rates in recent months may adversely affect growth in the Indian economy and our results of operations.

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

Unusual or infrequent events or transactions

To our knowledge there have been no unusual or infrequent events or transactions that have taken place during the last three years except as mention below

- Sale of Vijayanand Printers Limited: Vijayanand Printers Limited was a subsidiary of the Company and the Promoters were directors and shareholders. By way of sale of equity shares on August 12, 2006 Vijayanand Printers Limited was sold to Vardhaman Publishers Limited and Banhem Financial and Investment Consultants Limited which are part of Times of India Group on account of it being a loss making entity.

- Deferred tax on account of WTGs: The Company diversified into Wind power generation in the financial year ended March 31 2007. The company made an investment to the tune of Rs.21115 lacs for acquisition and installation of windmills. The company got significant tax advantage on this account and recorded deferred tax liability of Rs.4178.48 lacs for the year ended March 31, 2007, which was mainly on this account as windmill is chargeable to depreciation at the rate of 80% under the Income Tax Act, 1961.

Significant Regulatory Changes

Except as described in the chapter titled "Key Industry Regulations and Policies" on page [●], there have been no significant regulatory changes that could affect our income from continuing operations.

Known trends or uncertainties

Except as described in this Draft Herring Prospectus in general and the section titled "Risk Factors" on page [●] and this section, in particular, to the best of our knowledge and belief, there are no known trends or uncertainties that have or had or are expected to have any material adverse impact on revenues or income of our Company from continuing operations.

Future relationship between expenditure and revenues

Except as described in chapters titled “Risk Factors”, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page [●] respectively, to the best of our knowledge, there is no future relationship between expenditure and income that will have a material adverse impact on the operations and finances of our Company.

Extent to which material increase in net sales or revenue are due to increased sale volume, introduction of new products or services or increased sales price

Total turnover of each major industry segment in which the issue company operated

We operate in Logistics Industry as well as in power generation. Relevant published data, as available, for the industry has been included under the chapter titled “Industry Overview” on page [●] of this Draft Red Herring Prospectus.

New products or business segment

We have recently started our Air chartering business.
For further details on our business strategy, see paragraph titled “Our Business” beginning on page [●].

Seasonality of business

The Logistics business of our company is not seasonal in nature whereas in case of Wind Power business the revenue will be higher in the first half of the financial year as compared to the second half of the financial year. However due to the nature of the business we may experience extreme fluctuation in our quarterly and annual revenue and net profits.

Over dependence on single supplier/Customers

Our customers are based all over India and we are not under threat from excessive dependence on any single customer. We depend on some suppliers for purchase of our vehicle as per the nature of industry in which operate.

Competitive conditions

We face competition from both organised and unorganized players in the logistics industry as well from well-established players and smaller proprietary firms. We have also been securing repeat business from the private sector companies to whom we have been catering.

Significant developments after September 30, 2007 that may affect our future results of operations

Purchase of aircraft

Recently, the Company has purchased premier 1A aircraft from Hawker Beechcraft Incorporation, USA. Premier 1A is a 2 pilot and 6 passenger seat aircraft (with 4 club configuration seats). We will operate on an all India basis subject to necessary government approvals. We have also entered into an Operation & Maintenance agreement with M/s Indamer Company Private Limited. Any delay in receipt of approval from government will impact our results of operation in future. The total cost of the aircraft is Rs. 2,461 lacs. The financing is been done from SREI Infrastructure finance limited for Rs. 2,092 lacs.

REPORT OF INDEPENDENT AUDITOR

To
The Board of Directors
VRL Logistics Limited

1. We have audited the attached Statement of Assets and Liabilities of VRL Logistics Limited, (the 'Company') as at September 30, 2007 and March 31, 2007 and also the related Statement of Profits and Losses and Statement of Cash Flows (collectively called as 'financial statements') for the six months ended September 30, 2007 and for the year ended March 31, 2007, annexed thereto, which we have initialled under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

2. We conducted our audits in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

3. We did not observe the counting of physical inventories as at September 30, 2007 and March 31, 2007, since these dates were prior to the time we were engaged to carry out the respective independent audits of the Company. Accordingly, the valuation of inventories as at September 30, 2007 and as at March 31, 2007 have been carried out on the physical quantities of inventories, as certified by the management at the respective dates.

4. As stated in Note 2 (a) to the financial statements, these financial statements do not include comparative financial information in the Statement of Profits and Losses and Statement of Cash Flows for the six months ended September 30, 2006, as required by Accounting Standard – 25, Interim Financial Reporting.

5. The financial statements do not include the comparative financial information for the year ended March 31, 2006, as required under accounting principles generally accepted in India.

6. The financial statements of the Company for the year ended March 31, 2006 were audited and reported by another firm of Chartered Accountants, vide their unqualified report dated. June 26, 2006. The balances as at March 31, 2006 as per such audited financial statements, regrouped or restated where necessary, have been considered as opening balances for the purpose of the financial statements for the year ended March 31, 2007.

7. In our opinion, except for the effects of matters described in paragraphs 3, 4 and 5 above, the said financial statements, together with the notes thereon and attached thereto, present fairly, in all material respects, the financial position of the Company as at September 30, 2007 and as at March 31, 2007 and of its financial performance and its cash flows for the six months ended September 30, 2007 and the year ended March 31, 2007, in accordance with accounting principles generally accepted in India.

Grant Thornton
Mumbai
March 17, 2008

Statement of Assets and Liabilities				
	Particulars	**Notes**	**As at September 30, 2007**	**As at March 31, 2007**
			Rs. lacs	**Rs. lacs**
I.	**Fixed Assets**	8		
	Gross Block		59767.39	55988.83
	Less : Depreciation		10595.21	8852.55
	Net Block		**49172.18**	**47136.28**
	Less: Revaluation Reserve		-	-
	Net block after adjustment for		**49172.18**	**47136.28**
	Revaluation reserve			
	Capital Work in process		1857.60	1289.32
	Net Fixed Assets		**51029.78**	**48425.60**
II.	**Investments**	9	11.11	7.87
III.	**Current Assets, Loans and Advances**			
	Inventory	10	999.50	960.29
	Sundry Debtors	11	4033.21	2371.32
	Cash and Bank Balances	12	2415.65	1515.85
	Loans and Advances	13	3578.91	3829.98
	Total		**11027.27**	**8677.44**
IV.	**Less: Liabilities and Provisions**			
	Secured Loans	6	42237.33	39042.20
	Unsecured Loans		-	-
	Current Liabilities	14	3106.56	2802.67
	Provisions	15	321.46	280.43
	Deferred Tax Liability (net)	7	5985.82	5500.55
	Total		**51651.17**	**47625.85**
V.	**Net Worth (I+II+III-IV)**		**10416.99**	**9485.06**
	Net Worth represented by:			
VI.	**Equity Share Capital**	4	7070.00	7000.00
VII.	**Share Application Money**		-	700.00
VIII	**Reserves and Surplus**	5		
	General Reserve		1150.00	1150.00
	Share Premium		630.00	-
	Profit and Loss Account		1566.99	635.06
	Total		**3346.99**	**1785.06**
	Less Revaluation Reserve		-	-
	Reserves (Net of Revaluation			
	Reserves)		**3346.99**	**1785.06**
IX.	**Net Worth (VI+VII+VIII)**		**10416.99**	**9485.06**

The accompanying notes are an integral part of these financial statements.

Statement of Profits and Losses				
	Particulars	**Notes**	**Six months ended September 30, 2007**	**Year ended March 31, 2007**
			Rs. lacs	**Rs. lacs**
I.	**Income**			
	Operating Income	16	26919.23	43943.80
	Other Income	17	279.61	349.62
	TOTAL INCOME		**27198.84**	**44293.42**
II.	**EXPENDITURE**			
	Operating Expenses	18	17372.97	32538.37
	Administration expenses	19	620.26	1321.80
	Employee costs	20	3048.72	4733.64
	Financial Expenses	21	2669.98	2174.64
	Depreciation		2046.46	2436.08
	TOTAL EXPENDITURE		**25758.39**	**43204.53**
III.	**NET PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX**		**1440.45**	**1088.89**
	Provision for Taxation			
	- Current tax (including MAT)#		163.20	113.03
	- Deferred tax		485.27	4178.48
	- Fringe Benefit Tax		23.25	40.42
	- MAT Credit Entitlement		(163.20)	(113.03)
IV.	**NET PROFIT/ (LOSS) BEFORE EXCEPTIONAL ITEMS AND AFTER TAX**		**931.93**	**(3,130.01)**
	EXCEPTIONAL ITEMS			
	Profit on sale of shares	22 (c)	-	11649.64
	Less: Tax on exceptional items			(1319.90)
	Add: Mat Credit Entitlement			1319.90
	EXCEPTIONAL ITEMS NET OF TAX			**11,649.64**
	NET PROFIT AFTER EXCEPTIONAL ITEMS AND TAX		**931.93**	**8,519.63**
V	**Surplus brought forward from earlier year**		635.06	545.93

VI	**PROFITS AVAILABLE FOR APPROPRIATION**		**1566.99**	**9065.56**
	Interim Dividend and tax thereon		-	2280.50
	Transfer to General Reserve		-	1150.00
	Utilized for Bonus Shares		-	5000.00
	Balance carried forward		**1566.99**	**635.06**
	EARNINGS PER SHARE EXCLUDING EXCEPTIONAL ITEMS			
	Basic - (Rs.)		1.33	(4.47)
	Diluted - (Rs.)		1.33	(4.47)
	EARNINGS PER SHARE INCLUDING EXCEPTIONAL ITEMS			
	Basic - (Rs.)		1.33	12.17
	Diluted - (Rs.)		1.33	12.05
	NOMINAL VALUE PER SHARE (Rs.)		10	10

The accompanying notes are an integral part of these financial statements.

The Company was liable to Minimum Alternative Tax (MAT) under Section 115 JB of the Income-tax Act, 1961 for the six months ended September 30, 2007 and for the year ended March 31, 2007.

Statement of Cash Flows			
	Particulars	**Six months ended September 30, 2007**	**Year ended March 31, 2007**
		Rs. lacs	**Rs. Lacs**
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit Before Tax and Exceptional Items	**1440.45**	**1088.89**
	Add (Less) : Adjustments for		
	Depreciation	2046.46	2436.08
	Financial expenses	2669.98	2174.64
	Interest Income	(41.79)	(61.20)
	Dividend on Investments	(0.67)	(1.64)
	Loss on sale of Fixed Assets (Net)	49.33	288.23
	Exchange Rate difference	11.24	-
	Rent Receipts	(46.14)	(68.50)
	Operating Profit Before Working Capital Changes	**6128.86**	**5856.50**
	Adjustments For Changes in Working Capital :		
	(INCREASE) / DECREASE in Sundry Debtors	(1661.89)	(650.07)
	(INCREASE) / DECREASE in Loans and Advances	344.23	(1137.13)
	(INCREASE) / DECREASE in Inventories	(39.22)	(90.80)
	INCREASE / (DECREASE) in Trade and Other Payables	347.38	(178.82)
	INCREASE/ (DECREASE) in Cash Credit	79.45	659.71
	Cash Generated from Operating Activities	**5198.81**	**4459.39**
	Direct Taxes Paid	(130.11)	(1440.55)
	Net Cash From Operating Activities (A)	**5068.70**	**3018.84**

B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Fixed Assets (net of adjustments)	(4386.04)	(35054.01)
	Capital Work in Progress	(566.69)	48.55
	Proceeds from Sale of Fixed Assets	252.77	630.13
	Sale / (Purchase) of Investments	(3.24)	16120.71
	Interest Received	41.79	61.20
	Dividend on Investments	0.67	1.64
	Rent Receipts	46.14	68.50
	Net Cash used in Investing Activities (B)	**(4614.60)**	**(18123.28)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from Issue of Shares – Pending Allotment	-	700.00
	Proceeds from Long Term Borrowings (Net)	3115.68	20133.13
	Refund of Fixed Deposits (Net)	-	(465.85)
	Dividend paid	-	(2000.00)
	Dividend distribution tax	-	(280.50)
	Interest expense	(2669.98)	(2174.64)
	Net Cash from Financing Activities (C)	**445.70**	**15912.14**
	Net Increase / (Decrease) in Cash and Cash Equivalents (A) + (B) + (C)	**899.80**	**807.70**
	Opening Cash and Cash Equivalents	**1515.85**	**708.15**
	Closing Cash and Cash Equivalents	**2415.65**	**1515.85**
	Cash and Cash Equivalents Comprise		
	Cash balance in hand	378.87	255.99
	Cheques in hand/transit	229.70	172.33
	Balances with Scheduled Banks	1807.08	1087.53
		2415.65	**1515.85**

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements
(All amounts in INR Lacs, unless otherwise stated)

1. Organization and Nature of Operations

VRL Logistics Ltd. ('VRL'), a public limited company, was incorporated on March 31, 1983 and is one of the leading logistics companies in India with operations in parcel transportation, passenger transportation, express cargo, courier segments and Wind Power Generation. The Company has its registered office at Hubli.

2. Significant Accounting Policies

a] Basis for Preparation of Financial Statements

The financial statements have been presented for the six months ended September 30, 2007 and year ended March 31, 2007. These financial statements do not include comparative financial information in the Statement of Profits and Losses and Statement of Cash Flows for the six months ended September 30, 2006 as required by Accounting Standard 25, Interim Financial Reporting (AS 25). Accordingly, the comparative amounts for the Statement of Profits and Losses and Statement of Cash Flows and related notes are not entirely comparable.

The financial statements are prepared under the Historical Cost Convention on accrual basis, using Generally Accepted Accounting Principles accepted in India and comply with the Accounting Standards referred to in the "Companies (Accounting Standards) Rules, 2006", to the extent applicable (except for non compliance with AS 25, as mentioned above) and the provisions of the Companies Act, 1956 as adopted consistently by the Company.

b) Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities on the date of the financial statements and reported amounts of revenue and expenses for the period/year. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

c) Fixed Assets and Capital Work in progress

i) Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes inward freight, taxes and expenses incidental to acquisition and installation, up to the point the asset is ready for its intended use.

ii) Direct expenses as well as clearly identifiable indirect expenses, incurred during the period of construction of building and body designing of vehicles are capitalized with the respective assets and all other allocable expenses (net of expenses charged to revenue) according to the ratio determined and certified by the Company's Management.

iii) Capital Advance in respect of Capital Work in progress or assets acquired but not ready for use are classified under Capital Work in progress.

d) Depreciation

i) Depreciation on assets is provided on straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, which also represent the useful life of the fixed assets.

ii) Cost of leasehold land is amortised over the period of the lease or useful life, whichever is lower.

iii) Depreciation on replaced body built on vehicles will be restricted to the period that would be co-terminus with balance working life of the vehicles

iv) Goodwill is amortised over a period of five years.

v) Software is amortised over a period of five years.

vi) Assets costing less than Rs. 5,000 are fully depreciated during the year of purchase.

e) Leased Assets

i) Operating Leases: Rentals are expensed with reference to lease terms and other considerations.

ii) Finance Leases: The lower of the fair value of the assets and present value of the minimum lease rentals is capitalized as fixed assets with corresponding amount shown as lease liability. The principal component in the lease rental is adjusted against the lease liability and the interest component is charged to Profit and Loss Account.

f) Impairment of Assets

Management evaluates at regular intervals, using external and internal sources, the need for impairment of any asset. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its net realizable value on its eventual disposal. Any loss on account of impairment is expensed as the excess of the carrying amount over the higher of the asset's net realizable value or present value as determined.

g) Foreign Currency transactions

i) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction.

ii) Monetary assets and liabilities denominated in foreign currencies at the period end/year end are restated at the rate of exchange prevailing on the date of the Balance Sheet.

iii) Any income or expense on account of exchange differences is recognized in the Profit and Loss Account for the respective period/year.

h) Investments

Investments are classified into long term investments and current investments. Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such decline is other than temporary, in the opinion of the Management. Current investments are valued at lower of cost and net realizable value.

i Valuation of Inventories

Body designing materials, consumables, stores and spares are valued at lower of cost computed on First-in-First out basis and net realizable value. Obsolete, defective, unserviceable and slow/non moving stocks are duly provided for.

j) Recognition of Income and Expenditure

Income and Expenditure is recognized on accrual basis and provision is made for known losses and liabilities.

Revenue from Goods transport and Courier service is recognized when goods / documents are delivered to the customers.

Revenue from passenger transport is recognized upon commencement of journey of passengers

Interest on deposits is recognized on time proportion basis.

Dividend income is recognized when the right to receive the dividend is established.

Rent income is recognized on time proportion basis.

k) Employees' Retirement benefits

i) Contribution to Provident and Family Pension Funds is funded as a percentage of salary/wages and charged to the Profit and Loss Account every period/year.

ii) Gratuity liability is provided on the basis of an actuarial valuation made at the end of the period/year.

Accounting for employee benefits is made in accordance with Accounting Standard (AS) 15 (revised), Employee Benefits referred to in "Companies (Accounting Standards) Rules, 2006"

l) Borrowing Costs

Borrowing costs attributable to the acquisition and construction of an asset are capitalized as part of the cost of such asset up to the date when such asset is ready for its intended use. Other borrowing costs are charged to the Profit and Loss Account.

m) Taxation

i) Tax expenses comprise current tax and fringe benefit tax (i.e., amount of tax for the period determined in accordance with the income tax law in India) and deferred tax charge or credit (reflecting the tax affects of timing differences between accounting income and taxable income for the period).

ii) The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward losses under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each Balance Sheet date and written down or written up to reflect the amount that is reasonable / virtually certain as the case may be to be realized.

iii) Tax credit is recognized in respect of Minimum Alternate Tax (MAT) as per the provisions of Section 115JAA of the Income Tax Act, 1961 based on convincing evidence that the Company will pay normal income tax within statutory time frame and is reviewed at each Balance Sheet date.

n) **Provisions and Contingent Liabilities**

Provisions are recognized in the financial statements in respect of present probable obligations, for amounts which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

3. The figures for the year ended March 31, 2007 have been regrouped, wherever necessary only to confirm to current period's presentation. The figures for the prior year are not comparable with the figures for the current period since the current period is a period of six months as against the prior year which comprised of twelve months.

4. Share Capital

Particulars	As at September 30 , 2007	As at March 31, 2007
Authorized		
12,50,00,000 equity shares of Rs. 10 each	12500.00	12500.00
Issued & Subscribed		
7,07,00,000 equity shares of Rs.10 each fully paid up (Previous year 7,00,00,000 equity shares of Rs.10 each)	7070.00	7000.00

Notes:

1) Out of the above equity shares,
   a) 1,97,480 shares of Rs.1000 each were issued as fully paid up bonus shares by capitalization of capital reserves in 1997
   b) 5,00,00,000 equity shares of Rs.10 each were issued as fully paid up bonus shares by capitalization of profits during the year 2006-07.
2) Equity shares of nominal value of Rs.1000 each have been sub-divided into 100 equity shares of Rs.10 each pursuant to resolution passed by the shareholders at the Annual General Meeting held on 07.08.2006.

5. Reserves and Surplus

Particulars	As at September 30 , 2007	As at March 31, 2007
General Reserve	1150.00	1150.00
Profit and Loss Account	1566.99	635.06
Share Premium	630.00	-
Total	**3346.99**	**1785.06**

6. Secured Loans

Particulars	As at September 30 , 2007	As at March 31, 2007
Long term loans :		
a. From Banks	28322.16	23487.23
b. From Others	11680.15	13365.47
c. Interest accrued and due	-	33.93
Short-term loans	2235.02	2155.57
Total	**42237.33**	**39042.20**

Long term loans from Banks are secured by:

A) i. First charge by way of equitable mortgage on Land and Building.
   ii. First charge by way of Hypothecation of certain Lorries & Vans, Buses, Cars and Autos acquired there against.
   iii. First charge by way of Hypothecation of Plant & Machinery (Logistics Division), Furniture & Fixtures and Office Equipments thereat.
   iv. Collateral Security by way of Mortgage of land & Building and Hypothecation of Furniture & Fixtures and certain Lorries.
   v. Loans of Rs. 27070.89 lacs are secured by personal guarantee of whole-time Directors

B) First charge by way of hypothecation of 34 Wind Turbine Generators (WTGs) of Wind Power Project and first charge by way of hypothecation / assignment of receivables from the said Wind Power Project.

Long term loans from others are secured by:

i. First charge by way of Hypothecation of certain Lorries & Vans, Buses and Autos
ii. Loans of Rs.9374.60 lacs are secured by personal guarantee of whole-time Directors

Short term loans are secured by:

i. First charge by way of Hypothecation of the Company's inventories and book debts.
ii. First charge by way of Hypothecation of certain Lorries
iii. Collateral security by way of equitable mortgage of few Land and Building and personal guarantee of whole time Directors.

7. Deferred Tax Liability (Net)

Particulars	As at September 30, 2007	As at March 31, 2007
(a) Liabilities		
Depreciation (net)	(7409.97)	(5878.91)
(b) Assets		
Unabsorbed depreciation	1239.56	256.84
Expenses allowed on payment basis for tax purposes	184.59	121.52
Deferred tax liability / (Asset)	**5985.82**	**5500.55**

8. Fixed Assets:

Gross Block

Asset	As at March 31, 2007	Additions during the six months ended September 30, 2007	Deletions / Adjustments during the six months ended September 30, 2007	As at September 30 , 2007
Intangibles				
Goodwill	78.39	-	-	78.39
Software	18.95	393.51	-	412.46
Tangibles				
Freehold Land	2517.20	285.08	(35.48)	2766.80
Leasehold land	510.00	-	-	510.00
Buildings	5758.84	26.53	(3.52)	5781.85
Plant & Machinery	22022.82	51.85	9.17	22083.84
Furniture, Fixtures & Office Equipments	1067.85	85.75	(15.77)	1137.83
Vehicles	24014.78	3546.84	(565.40)	26996.22
Total	**55988.83**	**4389.56**	**(611.00)**	**59767.39**

Depreciation

Asset	As at March 31 , 2007	For six months ended September 30, 2007	Deletions / Adjustments	As at September 30 , 2007
Intangibles				
Goodwill	43.11	7.84	-	50.95
Software	2.56	34.07	0.43	37.06
Tangibles				
Freehold Land	-	-	-	-
Leasehold land	3.75	12.75	-	16.50
Buildings	320.42	54.74	(0.02)	375.14
Plant & Machinery	283.23	581.68	(5.70)	859.21
Furniture, Fixtures & Office Equipments	386.25	61.25	85.33	532.83
Vehicles	7813.23	1294.13	(383.84)	8723.52
Total	**8852.55**	**2046.46**	**(303.80)**	**10595.21**

Net Block

Asset	As at September 30, 2007	As at March 31, 2007
Intangibles		
Goodwill	27.44	35.28
Software	375.40	16.39
Tangibles		
Freehold Land	2766.80	2517.20
Leasehold land	493.50	506.25
Buildings	5406.71	5438.42

Plant & Machinery	21224.63	21739.59
Furniture, Fixtures & Office Equipments	605.00	681.60
Vehicles	18272.70	16201.55
Total	**49172.18**	**47136.28**

9. Investments

Particulars	Face value of each share (Rs.)	As at September 30, 2007	As at March 31, 2007
LONG TERM			
Trade & unquoted – in equity shares			
Shri. Basaveshwar Co-op. Bank Ltd	100	5.50	5.50
Sri. Siddeshwar Co-op Bank	100	-	-
Sirsi Urban Co-op. Bank Ltd	100	0.10	0.60
The Saraswat Co-op. Bank Ltd	10	0.00	0.25
The Shamrao Vithal Co-op. Bank Ltd	25	5.50	1.51
North Canara GSB Co-op. Bank Ltd	10	0.01	0.01
Total		**11.11**	**7.87**

10. Inventory

Particulars	As at September 30, 2007	As at March 31, 2007
Diesel	39.80	39.16
Stores & Spares	929.10	895.60
Stationery	30.60	25.53
Total	**999.50**	**960.29**

11. Sundry Debtors

Particulars	As at September 30, 2007	As at March 31, 2007
(Unsecured, considered good)		
Promoter, Promoter Group, Directors, Associates & other Related Parties (A)		
--- Exceeding six months	-	-
----- Others	-	-
Others (B)		
--- Exceeding six months	71.64	52.58
----- Others	3961.57	2318.74
Total (A+B)	**4033.21**	**2371.32**

12. Cash and Bank Balances

Particulars	As at September 30, 2007	As at March 31, 2007
Cash Balance in hand	378.87	255.99
Cheques in hand / Transit	229.70	172.33
Balances with Scheduled Banks		
a. In current accounts	1648.25	933.61
b. In term deposit accounts	158.83	153.92
Total	**2415.65**	**1515.85**

13. Loans and Advances

Particulars	As at September 30, 2007	As at March 31, 2007
(Unsecured, considered good)		
Advances recoverable in cash or in kind		
or for value to be received	1780.60	2226.96
Fringe Benefit Tax excess paid	5.80	5.88
Advance tax (net of provision)	697.49	118.94
MAT Credit Entitlement	1095.02	1478.20
Total	**3578.91**	**3829.98**
Out of which, pertaining to Promoters, Promoter Group, Directors, Associates and other Related Parties	Nil	Nil

14. Current Liabilities

Particulars	As at September 30, 2007	As at March 31, 2007
Sundry Creditors	1829.27	1680.97
Deposits from agents and others	980.79	880.88
Other liabilities	198.96	181.31
Interest accrued and not due	97.54	59.51
Total	**3106.56**	**2802.67**

15. Provisions

Particulars	As at September 30, 2007	As at March 31, 2007
Income tax	-	-
Gratuity	321.46	280.43
Total	**321.46**	**280.43**

16. Operating Income

Particulars	Six months ended September 30 , 2007	Year ended March 31, 2007
Goods Transport	20560.72	36533.49
Courier Operation	230.42	399.39
Passenger transport	4109.53	6803.85
Revenue from sale of wind power	2018.56	207.07
Total	**26919.23**	**43943.80**

17. Other Income

Particulars	Six months ended September 30, 2007	Year ended March 31, 2007
Interest on deposits	41.79	61.20
Dividend Received	0.67	1.64
Profit on sale of land	4.13	-
Rent received	46.14	68.50
Sale of scrap materials	142.65	127.28
Miscellaneous Income	44.23	91.00
Total	**279.61**	**349.62**

18. Operating Expenses

Particulars	Six months ended September 30 , 2007	Year ended March 31, 2007
Lorry Hire	3178.72	6934.77
Diesel Cost	6686.87	12501.72
Vehicle Maintenance	3087.68	5214.34
Plant & Machinery Maintenance	7.98	17.06
Building & Office Maintenance	216.11	411.77
Computer Maintenance	27.40	36.75
Rent	658.05	1081.86
Rates & Taxes	650.97	1059.12
Insurance	120.35	246.15
Agency Commission	1360.98	2581.41
Hamali expenses	901.96	1618.27
Clearing & Forwarding expenses	406.32	719.81
Claims & other expenses	69.58	115.34
Total	**17372.97**	**32538.37**

19. Administration Expenses

Particulars	Six months ended September 30, 2007	Year ended March 31, 2007
Travelling & Conveyance	152.27	251.24
Printing & Stationery	111.26	253.86
Professional & Legal Expenses	89.03	58.57
Auditor's Remuneration	1.50	4.14
Communication Expenses	187.43	279.85
Advertisement & Business Promotion	11.19	172.23
Loss on sale / discard of assets	52.07	288.23
Exchange Difference	11.24	6.87
Other expenses	4.27	6.81
Total	**620.26**	**1321.80**

20. Employee Cost

Particulars	Six months ended September 30 , 2007	Year ended March 31 , 2007
Payments to and provision for Employees (including managerial remuneration)		
Salaries & Wages	2660.60	3906.04
Contribution to Provident Fund and Other funds	275.42	627.98
Staff and Labour welfare expenses	112.70	199.62
Total	**3048.72**	**4733.64**

21. Financial Expenses

Particulars	Six months ended September 30, 2007	Year ended March 31 , 2007
Interest on:		
a. Fixed Loans	2624.59	2059.79
b. Others	22.14	55.01
Finance Charges	23.25	59.84
Total	**2669.98**	**2174.64**

22. Earnings per Share

Particulars	Six months ended September 30, 2007	Year ended March 31, 2007
Earnings Per Share (EPS) excluding exceptional items		
Basic - (Rs.)	1.33	(4.47)
Diluted - (Rs.)	1.33	(4.47)*
Earnings Per Share including exceptional items		
Basic - (Rs.)	1.33	12.17
Diluted - (Rs.)	1.33	12.05
Net profit (loss) after tax and before exceptional items	931.93	(3130.01)
Net profit after tax (including exceptional items)	931.93	8519.63
Weighted Average number of Equity Shares outstanding during the period/year considered for Basic EPS.	70007778	70000000
Weighted Average number of Equity shares outstanding during the period/year considered for Diluted EPS.	70007778	70700000

* In accordance with Accounting Standard 20, Earnings per Share (AS 20), Share application money is not considered for calculating the diluted EPS as at March 31, 2007, as there is a net loss after excluding exceptional income.

Earnings per Share have been computed as follows:

Net Profit After tax
Weighted average number of equity shares outstanding during the period/year

Notes:

1) Net profit, as appearing in the Statement of Profits and Losses has been considered for computing the above ratios.

2) During the year ended March 31, 2007, the Company has issued 5,00,00,000 bonus shares to the shareholders in the ratio of five shares for every two shares held by them. Since the bonus issue is an issue without consideration, it has been treated as if it had occurred at the beginning of the financial year.

3) During financial year 2006-07, the Company disinvested its entire equity holding in Vijayanand Printers Ltd., a subsidiary of the Company and realized long term capital gains of Rs.11639.64 lacs. The Company also earned net profits of Rs.10 lacs by purchasing and selling shares of Hubli Apparels Pvt. Ltd. The amount of Rs.11649.64 lacs represents exceptional income. In order to save long term capital gains tax, the Company invested in wind power projects. The Company recognized deferred tax liability of Rs.4350.61 lacs on account of differential depreciation on Wind Turbine Generators added during the year.

4) Shares having the face value of Rs.70 Lakhs were issued on 29.09.2007.

5) EPS stated above for the six months ended September 30, 2007 is not annualized.

6) EPS is calculated in accordance with AS 20 issued by the Institute of Chartered Accountants of India.

23. Leases

The Company has acquired 34 acres of land on lease at Kappatgudda Gadag Dist., Karnataka, whereat 34 Wind Turbine Generators (WTGs) are installed. The said land leased to Suzlon Energy Limited by the Karnataka Forest Department, Karnataka will be lease transferred to the Company. The lease transfer agreement between the Company and the Karnataka Forest Department is in the process of being finalised.

The Company has also entered into Operating leases for godowns and office facilities and the said leases are basically cancellable in nature.

24.

A] Contingent liabilities not provided for

Particulars	**As at September 30, 2007**	**As at March 31 2007**
a] Claims against the Company not acknowledged as Debts.		
• Income tax matters	385.37	385.37
• Service tax matters	1723.55	1723.55
• Provident Fund and ESIC matters	32.62	32.62
• Other contractual matters	15.44	35.19
Sub total	**2156.98**	**2176.73**
b] Disputed claims pending in Courts	4621.94	4678.32
Total	**6778.92**	**6855.05**

Notes:

- The Company is in appeal against demands from income tax, provident fund and ESIC authorities. In respect of service tax, the Company has received an order from the Commissioner of Central Excise and Customs, Belgaum demanding payment of service tax with applicable interest and penalty. The Company is in the process of filing an appeal with the Appellate authorities within the time frame prescribed in the said order.
- Future cash outflows in respect of (a) and (b) above are determinable only on receipt of judgements/decisions pending with various forums/authorities.

B]

Particulars	**As at September 30, 2007**	**As at March 31, 2007**
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	2238.57	2665.48

25. Related Party Disclosures

(List of related parties, as certified by the management, together with the transactions and related balances at the period end / year end are given below):

Names of related parties

PARTICULARS	Six months ended September 30, 2007	Year ended March 31, 2007
1. Subsidiary (up to 12.08.2006)	Nil	Vijayanand Printers Limited.
2. Key Management Personnel	Mr.Vijay Sankeshwar	Mr.Vijay Sankeshwar
	Mr.Anand Sankeshwar	Mr.Anand Sankeshwar
	Mr. R.P.Raichur	Mr. R.P.Raichur
3. Associates	Vijayanand Charitable Trust	a. Sankeshwar Printers Ltd.
		b. Sankeshwar Minerals (P) Ltd.
		c. Hubli Apparels (P) Ltd
		(up to 16.03.2007)
		d. Vijayanand Charitable Trust
4. Relatives of Key Management Personnel	Mrs. Vani Sankeshwar	a. Mrs. Lalita Sankeshwar
		b. Mrs. Vani Sankeshwar
		c. Mrs. Bharati Hulkunde

Details of transactions with related parties are as under:

PARTICULARS	Six months ended September 30, 2007		Year ended March 31, 2007	
1.1 Subsidiary				
1.1.1 Receipts/Receivables				
Freight				
Vijayanand Printers Ltd	-	-		31.75
Rent				
Vijayanand Printers Ltd	-	-		17.98
Water and Electricity Charges				
Vijayanand Printers Ltd	-	-		9.06
1.1.2 Finance				
Vijayanand Printers Ltd -				
Loans given	-	-		900.00
Vijayanand Printers Ltd -				
Loans repaid	-	-		58.39
1.1.3 Payments for Services availed				

Advertisement				
Vijayanand Printers Ltd -	-	-		74.22
1.1.4 Balance receivable at the year end				
Vijayanand Printers Ltd -	-	-		-
1.2 Associates				
1.2.1 Receipts/Receivables				
Freight				
Sankeshwar Printers Ltd	-	-	0.56	
Hubli Apparels Pvt Ltd	-	-	2.26	
Sankeshwar Minerals Pvt. Ltd	-	-	0.12	
Anand Printers & Publishers	-	-	-	
Total	-	-		**2.94**
Rent				
Hubli Apparels Pvt Ltd	-	-	16.17	
Sankeshwar Minerals Pvt. Ltd	-	-	1.92	
Total	-	-		**18.09**
Water and Electricity Charges				
Hubli Apparels Pvt Ltd	-	-	16.85	
Sankeshwar Minerals Pvt. Ltd	-	-	7.93	
Total	-	-		**24.78**
Sale of fixed assets				
Vijayanand Charitable Trust - VIT	4.50	-	7.00	
Total	-	**4.50**		**7.00**
1.2.2 Payments / Payables for services rendered				
Printing and Stationery				
Sankeshwar Printers Ltd	-	-	26.39	
Total	-	-		**26.39**
1.2.3 Balance payable at the year end				
Sankeshwar Printers Ltd	-	-	1.32	
Total				**1.32**
1.2.4 Balance receivable at the year end				
Sankeshwar Minerals Pvt. Ltd	-	-	10.03	
Vijayanand Charitable Trust	-	-	3.40	
Vijayanand Charitable Trust - VIT	3.26		-	
Total		**3.26**		**13.43**
1.3 Key Management Personnel				
1.3.1 Remuneration				
Mr.Vijay Sankeshwar	25.01	-	42.01	
Mr. Anand Sankeshwar	21.01	-	42.01	
Mr. R.P.Raichur	9.91	-	18.01	
Total	-	**55.93**		**102.03**
1.3.2 Dividend Paid				
Mr.Vijay Sankeshwar	-	-	532.00	
Mr. Anand Sankeshwar	-	-	1054.20	
Total	-	-		**1586.20**

1.3.3 Share Application Money Received				
Mr. Anand Sankeshwar	-	-	650.00	
Total	-	-		**650.00**
1.3.4 Allotment of shares				
Mr.Anand Sankeshwar	65.00		-	
Total		**65.00**		-
1.3.5 Share Premium received				
Mr.Anand Sankeshwar	585.00		-	
Total		**585.00**		-
1.3.6 Sale of fixed assets				
Mr.Vijay Sankeshwar	39.61		-	
Total		**39.61**		-
1.3.7 Balance receivable at the year end				
Mr.Vijay Sankeshwar	-		-	
Mr. Anand Sankeshwar	-		-	
Mr. R.P.Raichur	-		-	
Mr. K.N.Umesh	-		-	
Mr. L Ramanand Bhat	-		-	
Mr. D.N.Kulkarni	-		-	
Total		-		-
1.3.8 Balance payable at the year end				
Mr.Vijay Sankeshwar	-		-	
Mr. Anand Sankeshwar	-		-	
Mr. R.P.Raichur	-		-	
Mr. K.N.Umesh	-		-	
Mr. L Ramanand Bhat	-		-	
Mr. D.N.Kulkarni	-		-	
Total		-		-
1.4 Relatives of Key Management Personnel				
1.4.1 Remuneration				
Mrs.Lalita Sankeshwar	-	-	5.94	
Mrs.Vani Sankeshwar	-	-	5.94	
Total	-	-		**11.88**
1.4.2 Share Application Money Received				
Mrs.Vani Sankeshwar			50.00	
Total				**50.00**
1.4.3 Dividend Paid				
Mrs.Lalita Sankeshwar			413.60	
Mrs.Bharati Hulkunde			0.05	
Total				**413.65**
1.4.4 Allotment of shares				
Mrs.Vani Sankeshwar	5.00		-	
Total		**5.00**		-
1.4.5 Share Premium received				
Mrs.Vani Sankeshwar	45.00		-	
Total		**45.00**		-
1.4.6 Balance payable at the year end				

Mrs.Lalita Sankeshwar	-		-	
Mrs.Vani Sankeshwar	-		-	
Total		-		-

26. Segment Reporting

Sr NO	PARTICULARS	Six months ended September 30, 2007	Year ended March 31, 2007
1	**SEGMENT REVENUE (Net Sales/income from each segment to external customers)**		
	a) Goods Transport	20402.46	36184.95
	b) Bus Operation	4498.20	7551.78
	c) Sale of Wind Power	2018.57	207.07
		26919.23	**43943.80**
	Un-allocable Revenue	279.61	349.62
	Net Sales/Income from Operation	**27198.84**	**44293.42**
2	**SEGMENT RESULTS**		
	(Profit before exceptional items and taxation from each segment)		
	a) Goods Transport	2020.79	3393.03
	b) Bus Operation	813.79	960.29
	c) Sale of Wind Power	304.12	(820.18)
		3138.70	**3533.14**
	Add/(Less) Other un-allocable expenditure net of un-allocable income	(1698.25)	(2444.25)
	Profit before exceptional items and taxation	**1440.45**	**1088.89**
3	**OTHER INFORMATION**		
	ASSETS		
	a) Goods Transport	18351.93	15052.36
	b) Bus Operation	4432.34	4924.47
	c) Wind Power	21771.53	23961.39
	d) Un-allocable Assets	17512.36	13172.69
	Total Assets	**62068.16**	**57110.91**
	Note: Assets include intangible assets of Rs. 10.06 lacs in case of Goods Transport and Rs. 17.38 lacs in case of Bus Operation		
	LIABILITIES		
	a) Goods Transport	12438.84	9886.66
	b) Bus Operation	3356.01	2666.06
	c) Wind Power	16491.24	15101.94
	d) Un-allocable Liabilities	19365.08	19971.19
	Total Liabilities	**51651.17**	**47625.85**

	CAPITAL EXPENDITURE		
	Total cost incurred during the period/year to acquire segment assets		
	1. Goods Transport	3252.58	6934.18
	2. Bus Operation	287.80	3035.89
	3. Windmills	-	21625.39
	4. Un-allocable Capital Expenditure	849.19	3463.46
	Total	**4389.57**	**35058.92**
	SEGMENT DEPRECIATION/AMORTISATION		
	1. Goods Transport	956.14	1373.21
	2. Bus Operation	316.84	582.63
	3. Windmills	571.72	181.20
	4. Un-allocable Segment Depreciation	201.76	299.04
	Total	**2046.46**	**2436.08**
	Profit or Loss on sale of segment assets		
	1. Bus Operation (Loss on Sale of Buses)	52.07	299.66
	2. Profit on sale of lorries and vans	(3.41)	--

FINANCIAL INDEBTEDNESS

Details of Secured Borrowings

Our total borrowings as of September 30, 2007 and the details in relation to the same are provided below:

In Rs. Lacs

S. No.	Nature of Borrowing	Amount
1.	Term loan	23604.57
2.	Working Capital Facility	2235.02
3.	Vehicle loans	16397.74

Term loan

A. Shamrao Vithal Co-operative Bank Limited

1. Hypothecation Agreement dated August 13, 2003

In Rs. Lacs

Sanctioned Amount	Amount Outstanding as at 30.09.2007	Interest (%)	Repayment and security
300	43.57	13.25	• Repayable in 60 months from the date of availment at the rate of Rs 6,86,500 per month. • Hypothecation of 71 vehicles • Personal guarantee of Mr. Anand Sankeshwar, Mr. Vijay Sankeshwar and Ms. Lalita Sankeshwar • Equitable mortgage of land and building situated at Vashi, Bhiwandi and Gulbarga

2. Hypothecation Agreement dated March 6, 2004

In Rs. Lacs

Sanctioned Amount	Amount Outstanding as at 30.09.2007	Interest (%)	Repayment and security
400	78.22	13.25	• Repayable in 60 months from the date of availment at the rate of Rs ,9,15,500 per month. • Hypothecation of 56 vehicles • Personal guarantee of Mr. Anand, Mr. Vijay Sankeshwar and Ms. Lalita • Equitable mortgage of land and building situated at Vashi and Gulbarga

3. Hypothecation Agreement dated March 15, 2005

In Rs. Lacs

Sanctioned Amount	Amount Outstanding as at 30.09.2007	Interest (%)	Repayment and security
264	63.21	11.50	• Repayable in 60 months from the date of availment at the rate of Rs. 9,15,500 per month • Hypothecation of 63 vehicles • Personal guarantee of Mr. Anand, Mr. Vijay Sankeshwar and Ms. Lalita • Equitable mortgage of land and building situated at Vashi and Gulbarga

4. Hypothecation Agreement dated March 31, 2004

In Rs. Lacs

Sanctioned Amount	Amount Outstanding as at 30.09.2007	Interest (%)	Repayment and security
5.90	0.48	13.25	• Repayable on demand / in 60 months by monthly instalments of Rs.13500/- each inclusive of interest • Hypothecation of 20 computers and 1 Server. • Personal Guarantee of Mr.Vijay Sankeshwar and Mr. Anand Sankeshwar

Working Capital Facility

5. Sanction letter dated February 20, 2007 and Hypothecation Agreement dated March 16, 2007

In Rs. Lacs

Sanctioned Amount	Amount Outstanding as at 30.09.2007	Interest (%)	Repayment and security
2500	2235.02	11.5% (being PLR-1%)	• Repayable on demand subject to renewal every year • Hypothecation of 22 vehicles • Personal guarantee of Mr. Anand and Mr. Vijay Sankeshwar • Equitable mortgage of land and building situated at Vashi, Bhiwandi Gulbarga and Davangere • Hypothecation of tyres, oils, tubes, spares, tools and other spares used in the garage • Hypothecation of present and future book debts, outstanding monies, receivables, claims

B. Sri Basaveshwara Sahakari Bank Niyamit, Bagalkot

Term Loan

1. Hypothecation Agreement dated April 28, 2006

In Rs. Lacs

Sanctioned Amount	Amount Outstanding as at 30.09.2007	Interest (%)	Repayment and security
200	115.55	15	• Repayable in 36 instalments from the date of availment at the rate of Rs. 6,93, 300 per month • Personal guarantee provided by Ms. Lalita Sankeshwar, Mr. Anand Sankeshwar and Mr. L. Ramanand Bhat. • All machinery and spare parts situated at Varur.

C. NKGSB Co-op Bank Limited

1. Sanction letter dated March 5, 2007 and Agreement for loan dated March 12, 2007

In Rs. Lacs

Sanctioned Amount	Amount Outstanding as at 30.09.2007	Interest (%)	Repayment and security
600	576.10	12	• Repayable in 84 months from the date of availment from the date of availment at the rate of Rs. 10,60,000 per month • Exclusive first charge on Davangere land, land and building situated at NCM, HDMC complex and Neeligin Road, Hubli • Primary security on godowns etc to be built on the above land • Personal guarantee of Mr. Vijay Sankeshwar and Mr. Anand Sankeshwar.

D. State Bank of India

1. Hypothecation Agreement dated August 27, 2004

In Rs. lacs

<table>
<tr><th>Sanctioned Amount</th><th>Amount Outstanding as at 30.09.2007</th><th>Interest (%)</th><th>Repayment and security</th></tr>
<tr><td>600</td><td>419.97</td><td>1% below SBAR

Current Rate: 10.75%</td><td>• Repayable in 72 months from the date of availment
• Repayment schedule
<table>
<tr><th>Instalments for 12 months</th><th>Principal Amounts</th></tr>
<tr><td>2004-05</td><td>Nil</td></tr>
<tr><td>2005-06</td><td>45.00</td></tr>
<tr><td>2006-07</td><td>50.00</td></tr>
<tr><td>2007-08</td><td>100.00</td></tr>
<tr><td>2008-09</td><td>120.0</td></tr>
<tr><td>2009-10</td><td>150.00</td></tr>
<tr><td>2010-11</td><td>135.00</td></tr>
</table>
• Equitable mortgage in relation to land in Varur and extension of the mortgage of the land situated at Mangalore
• Hypothecation of 568 trucks, 10 Volvo, 37 luxury and sleeper buses
• Hypothecation of plant and machinery and fixture and furniture situated at Mangalore, Hubli and Belgaum
• Collateral security by way of equitable mortgage in relation to land situated at Belgaum
• Hypothecation of fixture and furniture situated at corporate office Hubli
• Personal guarantee of Mr. Vijay Sankeshwar Mr. Anand Sankeshwar, , and Ms. Lalita Sankeshwar</td></tr>
</table>

2. Hypothecation Agreement dated August 27, 2004

In Rs. lacs

Sanctioned Amount	Amount Outstanding as at 30.09.2007	Interest (%)	Repayment and security
5200	3286.90	1% below SBAR Current Rate: 10.75%	• Repayable in 79 months from the date of availment • Repayment Schedule **Instalments for 12 months** / **Principal Amounts**: 2004-05: 275.00 2005-06: 405.00 2006-07: 600.00 2007-08: 850.00 2008-09: 1000.00 2009-10: 1000.00 2010-11: 1070.00 • Equitable mortgage in relation to land in Varur and extension of the mortgage of the land situated at Mangalore • Hypothecation of 568 trucks, 10 Volvo, 37 luxury and sleeper buses • Hypothecation of plant and machinery and fixture and furniture situated at Mangalore, Hubli and Belgaum • Collateral security by way of equitable mortgage in relation to land situated at Belgaum • Hypothecation of fixture and furniture situated at corporate office Hubli • Personal guarantee of Mr. Anand, Mr. Vijay Sankeshwar, and Ms. Lalita

3. Hypothecation Agreement dated August 27, 2004

In Rs. lacs

Sanctioned Amount	Amount Outstanding as at 30.09.2007	Interest (%)	Repayment and security
1600	1136.25	1% below SBAR Current Rate: 10.75%	• Repayable in 60 months from the date of availment • Repayment Schedule **Instalments for 12 months** / **Principal Amounts**: 2004-05: 75.00 2005-06: 100.00 2006-07: 100.00 2007-08: 200.00

Sanctioned Amount	Amount Outstanding as at 30.09.2007	Interest (%)	Repayment and security
			2008-09 500.00 2009-10 625.00 • Equitable mortgage in relation to land in Varur and extension of the mortgage of the land situated at Mangalore • Hypothecation of 568 trucks, 10 Volvo, 37 luxury and sleeper buses • Hypothecation of plant and machinery and fixture and furniture situated at Mangalore, Hubli and Belgaum • Collateral security by way of equitable mortgage in relation to land situated at Belgaum • Hypothecation of fixture and furniture situated at corporate office Hubli • Personal guarantee of Mr. Anand, Mr. Vijay Sankeshwar, and Ms. Lalita

E. UCO Bank, Hubli

1. Loan agreement dated August 3, 2005

In Rs. lacs

Sanctioned Amount	Amount Outstanding as at 30.09.2007	Interest (%)	Repayment and security
650.00	420.90	BPLR Current Rate being 13.50%	• Repayable in 60 months from the date of availment at the rate of Rs. 14,13,258 per month • Building situated at Naveen Park, Hubli • Personal guarantee of Mr. Vijay Sankeshwar and Mr. Anand Sankeshwar

F. UCO Bank, Bangalore

1. Sanction Letter dated March 26, 2007 and Hypothecation agreements dated March 26, 2007

In Rs. lacs

Sanctioned Amount	Amount Outstanding as at 30.09.2007	Interest (%)	Repayment and security
12000	11757.51	At the BPLR rate presently being 12.75%	• Repayable in 120 months from the date of availment at the rate of Rs. 1,67,00,297 per month • Hypothecation of present and future book debts and hypothecation of movable plant and machinery and stocks situated at Gadag • Exclusive first charge by way of hypothecation of 24 wind turbine generators and hypothecation of entire receivables from the generation of the power by the wind turbine generation and the credit generated by CDM • Extension of the collateral security offered in the term loan • Personal guarantee of Mr. Vijay Sankeshwar and Mr. Anand Sankeshwar

G. Syndicate Bank

1. Sanction Letter dated January 8, 2005 and General agreement dated January 13, 2005

In Rs. lacs

Sanctioned Amount	Amount Outstanding as at 30.09.2007	Interest (%)	Repayment and security
880	320.26	12.5 being [PLR-0.5%]	• Repayable in 67 months from the date of availment for the first 12 month no instalments to be paid. Till last instalment Rs 13.20 to be paid monthly and at last instalment 8.80 to be paid monthly. • Equitable mortgage of land in Gangawati and Chitradurga • Personal guarantee of Mr. Vijay Sankeshwar and Mr. Anand Sankeshwar

H. Union Bank of India, Hubli

Sanction Letter dated September 21, 2005 and General term loan agreement dated September 28, 2005

In Rs. lacs

Sanctioned Amount	Amount Outstanding as at 30.09.2007	Interest (%)	Repayment and security
300	187.09	15.25	• Repayable in 60 months from the date of availment at the rate of • First charge on unencumbered movable assets such as furniture, fixtures, computers, printers

I Union Bank of India, Bangalore

Sanction Letter dated July 10, 2007 and General term loan agreement dated July 12, 2007

Rs in. lacs

Sanctioned Amount	Amount Outstanding as at 30.09.2007	Interest (%)	Repayment and security
4800.10*	4733.73	13.25 [Being the floating rate of interest	• Repayable in 120 months from the date of availment at the rate Rs 40,00,000 + interest tenure of repayment is monthly. • Hypothecation of 10 WTGs and auxillary equipment. • Collateral security by way of second charge on the property valued at Rs 478.87 Lacs mortgaged with Shamrao Vittal Cooperative Bank Limited • Personal guarantees of the directors namely Mr. Vijay Sankeshwar and Mr. Anand Sankeshwar

*Out of the total sanctioned amount we have availed of Rs 4800 lacs.

J. State Bank of Mysore

1. Sanction letter dated December 21, 2006

In Rs. lacs

Sanctioned Amount	Amount Outstanding as at 30.09.2007	Interest (%)	Repayment and security
540	464.83	0.5% below the prime lending rate of the bank	• Repayable in 24 quarterly instalments at the rate of Rs 22,50,000 per quarter each commencing from March 31, 2008. • Equitable mortgage over the premises to be purchased from the banks assistance situated at Navi Mumbai • Fixed charge over the fixed assets acquired from the terms loans • Personal guarantee of Mr. Anand and Mr. Vijay Sankeshwar

Common terms:

Some of the salient features

- personal guarantee from our Promoters, Mr. Anand Sankeshwar and Mr. Vijay Sankeshwar
- Equitable mortgage over the premises to be purchased
- First charge on unencumbered movable assets such as furniture, fixtures, computers, printers
- Equitable mortgage of the land of owned by our Company in Hubli, Belgaum
- Hypothecation of present and future book debts and hypothecation of movable plant and machinery and stocks situated at Gadag
- Exclusive first charge by way of hypothecation of 24 wind turbine generators and hypothecation of entire receivables from the generation of the power by the wind turbine generation and the credit generated by CDM.
- Hypothecation of tyres, oils, tubes, spares, tools and other spares used in the garage
- Hypothecation of present and future book debts, outstanding monies, receivables, claims
- Exclusive first charge by way of hypothecation of 24 wind turbine generators and hypothecation of entire receivables from the generation of the power by the wind turbine generation and the credit generated
- A penalty of 2% is liable to imposed for any default date of payment.

The loan agreements and sanction letters provide for certain negative and restrictive covenants that must be observed by the Company during the currency of this working capital facility. These include:

(1) It is provided that the Company cannot effect any change in its capital structure without the prior consent of the lender in writing.
(2) It is provided that the company cannot implement of any major scheme or expansion or acquisition of fixed assets involving major expenditure without the prior consent of the lender in writing.
(3) It is provided that the Company cannot formulate any scheme of amalgamation or reconstruction without the prior consent of the lender.
(4) It is provided that the Company cannot invest by way of share capital in or lend or advance funds to or place deposits with any other concern without the prior consent of the lender in writing.
(5) It is provided that the Company cannot enter into any borrowing arrangements either secured or unsecured with any other Bank/financial institutions, company or accept of deposits apart from existing arrangements without the prior consent of the lender in writing.
(6) Undertake any guarantee obligations on behalf of the companies without the prior written consent of the lender in writing.
(7) Declaration of dividends for any year except out of profits relating to that year after making all due and necessary provisions (and provided that no default had occurred in any repayment obligations) without the prior consent of the lender in writing.

The details of vehicle loans are as follows:

(Rs. in lacs)

Sr.No.	Name of the Banks/NBFCs	Sanctioned Amount	Amount Outstanding as at 30.09.2007	No of Agreements entered
1	Centurion Bank of Punjab Limited	710.53	522.28	71
2	HDFC Bank Limited	2,226.58	1,435.03	30
3	ICICI Bank Limited	3,416.06	2,314.21	74
4	Indus Ind Bank Limited	200	38.95	20
5	Kotak Mahindra Bank	470.98	337.09	53
6	DBS Cholamandalam Finance Limited	140.40	41.42	18
7	Ford Credit Kotak Mahindra	6.70	1.21	1
8	GE Capital Limited	2,234.02	1,448.76	218
9	Kotak Mahindra Prime Limited	118.78	68.81	10
10	L&T Finance Limited	7.54	5.68	2
11	Reliance Capital Limited	785.61	785.61	110
12	Sheba Properties Limited	577.53	165.31	110
13	Srei Infrastructure Finance Limited	8,486.20	7,839.16	8
14	Sundaram Finance Limited	1,372.73	1,009.18	19
15	Tata Motor Finance Limited	477.73	385.04	25
	Total	**21,231.39**	**1639.74**	

SECTION VIII: LEGAL AND OTHER REGULATORY INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

Except as stated below there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Directors, our Promoters, our promoter group entities, members of the Promoter groups and there are no defaults, non payment of statutory dues, overdues to banks/financial institutions/small scale undertaking(s), defaults against banks/financial institutions/small scale undertaking(s), defaults in dues payable to holders of any debentures, bonds or fixed deposits or arrears on preference shares issued by our Company, our Directors, our Promoters and entities promoted by our Promoters, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of our Company, our Directors, our Promoters and entities promoted by our Promoters and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Directors, our Promoters and entities promoted by our Promoters that would result in a material adverse effect on our consolidated business taken as a whole.

The Listing of any securities of our Company has never been refused at any time by any of the stock exchanges in India. Our Company, our Promoters and entities promoted by our Promoters have not been deemed as wilful defaulters by the RBI/Government authorities and there are no violations by securities laws committed by them in past or pending against them.

For details of contingent liabilities of our Company, please refer to "Notes to Financial Statements", as restated" under the section titled "Financial Information" beginning on page [●] of this Draft Red Herring Prospectus.

The details of the relevant proceedings have been classified as follows:

A. Proceedings Initiated By our Company (Criminal, Civil and Tax);

B. Proceedings Initiated Against our Company (Criminal, Civil and Tax and proceedings under section 138 of the Negotiable Instruments Act, 1881);

C. Proceedings Initiated Against Promoters and Directors of our Company

D. Proceedings Initiated by or Against Companies Promoted by our Promoter

E. Proceedings Initiated by or Against Firms where any Promoter is a Partner, HUF's where any Promoter is a Karta, Trusts where any Promoter is a Trustee; and

F. Details of past cases where penalties were imposed on our Company, Promoters, Directors, any Firm where any Promoter is a Partner, any HUF where any Promoter is a Karta, and any Trust where any Promoter is a Trustee, and details of Past Defaults of our Company

A. **Proceedings Initiated By the Company (Civil, Criminal and Tax)**

(i) **Criminal Proceedings**

(1) The following criminal proceedings have been initiated by us under the Negotiable Instruments Act, 1881, in connection with dishonoured cheques which were issued to us. All of these proceedings are pending hearing and final disposal:

Sr. No	Forum and Ref/ID No.	Filed Against	Claim, (Rs. In Lacs, [Approx.])
1	The Judicial Magistrate First Class, Hubli CC: 1412/07	Shweta Industries, (a proprietary concern)	0.7
2	Judicial Magistrate First Class, Hubli (PC: 614/06)	Star Trading, (a proprietary concern)	0.28
3	The Judicial Magistrate First Class, Hubli (PC: 1817/07)	Nihal Enterprises, (a partnership firm)	0.16
4	The Judicial Magistrate First Class, Hubli (CC 1646/05)	S. Aadityan Shree Deepam Textiles, (a proprietary concern)	0.85

(2) Proceedings were initiated before the Judicial Magistrate First Class, Hubli (844/02) against Mr. N. G. Narayan Swami for the recovery of Rs. 40 Lacs, in connection with dishonoured cheques which were issued to us. These proceedings were dismissed on technical grounds and our Company has filed an appeal against the same in the High Court of Karnataka, (No. Cr.Petn: 844/02). The matter is pending hearing and final disposal.

(3) A complaint (PC: 130/P/2007/A) has been filed by our Company before the Judicial Magistrate First Class, Margao against Sandeep Kholkar and M/s Peedikayil Agri Agencies, (a partnership firm), seeking a police investigation as the consignments sent by the accused under the declaration of agricultural pesticides turned out to be contraband goods when intercepted at a check post. The matter is pending hearing and final disposal.

(4) A Criminal Complaint (CC 2616/06) has been filed by our Company before the Judicial Magistrate First Class, Hubli in connection with a theft which took place at the Radhakrishnagalli Branch of our Company in Hubli and the recovery of Rs. 5,270/- which has been retrieved and is now in the possession of the Court.

(5) Criminal proceedings have been initiated against our Promoter and Director Mr. Vijay Sankeshwar, in his capacity as the Managing Director of our Company, before the Special Judicial Second Class Magistrate, Hyderabad, (No: 209/02), by the Assistant Labour Officer, Ibrahimpatna, ("**ALO**"), for the alleged contravention of provisions of the Shops and Establishments Act, 1988. The alleged contraventions are in connection with the failure to issue appointment letters to employees in the prescribed form, failing to produce or caused to produce Register of Employment in the prescribed form, failing to maintain and produce the Register of Wages in the prescribed form, and, failing to produce a First Aid Box. The matter is pending hearing and final disposal, in the meanwhile, our Company has sought to have these proceedings quashed and has accordingly initiated proceedings before the High Court at Andhra Pradesh, (Cr.Petn:3255/03).

(ii) Civil Proceedings

(a) Vijayanand Travels, (a separate division of our Company which runs our passengers transport business, which earlier was a proprietary concern, herein referred to as the "**Petitioner**"), has, through Smt. Lalita Sankeshwar, (as 'proprietrix' of Vijayanand Travels), initiated proceedings before the Supreme Court of India, vide a Special Leave Petition (No. 10105 of 2007), ("**SLP**"). The SLP has been filed against, the (i) Superintendent of Central Excise at Hubli, (ii) Deputy Commissioner of Central Excise, Hubli, (iii) Commissioner of Central Excise, Bangalore, and, (iv) Union of India, (Department of Revenue).

The SLP has been preferred under Article 136 of the Constitution of India against the impugned judgement and final order dated April 11, 2007, as passed by the High Court of Karnataka, Bangalore, in Writ Appeal No. 1835 of 2006 by which the Hon'ble High Court dismissed the Writ Appeal filed by the Petitioner. This matter relates to the imposition of service tax on the Petitioner, in light of the allegation that the Petitioner is a tour operator. The Petitioner has prayed for a stay of, and, leave to appeal, the said impugned judgement and final order.

These proceedings are pending hearing and final disposal. If leave is not granted, our Company would be liable to pay tax to the approximate tune of Rs. 2000 Lacs along with interest and penalties.

Subsequently, the Commissioner of Central Excise and Customs, Belgaum, ("**CCEC**"), had on February 6, 2008, issued an order against us, ("**Order**"), which order states that (i) five show cause notices were served on us for the period starting October 2001 and ending September 2006 in connection with the payment of service tax, (ii) due to various inferences, the CCEC has demanded that we pay the service tax and penalties as computed by them, which aggregate, estimated Rs.1724 Lacs along with interest and penalties.

Our Company intends to appeal the Order before the CESTAT.

(b) The North West Karnataka Road Transport Corporation, ("**NWKRTC**"), had filed various proceedings against us and other private tour operators, wherein they had sought to restrain us from parking our tourist vehicles within 500 metres radius from the Central Bus Stand. Pursuant to pleadings initiated by us, the High Court of Karnataka has clubbed and transferred all of these 12 proceedings to the Principal Civil Judge (Jr.Dn.) Hubli, (Suit No's yet to be allotted), and, the matter is pending hearing and final disposal. Additionally, the North East Karnataka Road Transport Corporation, ("**NEKRTC**"), has filed similar proceedings and the High Court of Karnataka has clubbed and transferred these 3 proceedings to the Principal Civil Judge (Jr.Dn.) Gulbarga, (Suit No's yet to be allotted). This matter too is pending hearing and final disposal.

(c) Appeals Pursuant to Proceedings Filed By Third Parties under the Motor Vehicles Act, 1988:

Our Company is involved in various proceedings initiated by third parties before the Motor Vehicle Accident Claims Tribunal at various locations, under the Motor Vehicles Act, 1988, in connection with accidents that our fleet of vehicles have been/allegedly have been involved in. The following are the details of Orders/Decrees passed in these matters, against which our Company has appealed:

Sr. No.	Claim Amount, (Rs. In Lacs)	Number of Proceedings Involving the Death of a Person	Number of Proceedings Involving Injury or Loss of Property	Total Number of Proceedings	Aggregate Claim Amount (Rs. In Lacs, [Approx.])
1	0 to 1	1	1	2	1.5
2	1 to 10	1	----	1	9.0

All these proceedings are pending hearing and final disposal.

(d) Appeals Pursuant to Proceedings Filed By Workmen in Connection with their Compensation Claims

Our Company is involved in various proceedings initiated before the Labour Officer and Workmen's Compensation Commissioner at various locations, in connection with workmen's compensation claims. The following are the details of Orders/Decrees passed in these matters, against which our Company has appealed:

Sr. No.	Claim Amount, (Rs. In Lacs)	Number of Proceedings Involving Injury or Loss of Property	Total Number of Proceedings	Aggregate Claim Amount (Rs. In Lacs, [Approx.])
1	0 to 1	1	1	0.2
2	1 to 10	2	2	2.5

All these proceedings are pending hearing and final disposal.

(e) Appeals Pursuant to Proceedings Filed Against us in Consumer Courts

Two appeals have been filed by our Company before the State Commission in appeal against decisions of the Consumer Forum involving our Company, which decisions were in connection with the alleged deficiency of services provided by our Company. The aggregate amount involved in these appeals which are pending hearing and final disposal is Rs.0.9 Lacs.

(f) Other Appeals

The North West Karnataka Road Transport Corporation, had filed proceedings against us and other private tour operators, wherein they had sought to restrain us from parking our tourist vehicles within 500 metres radius from the Central Bus Stand, and the suit was accordingly decreed against us. No monies have been claimed. We have accordingly appealed this dismissal before the Principal Civil Judge (Sr.Dn.) Bijapur, [Misc. Appeal No: 52/06], which Appeal is pending hearing and final disposal.

(g) Writ Petitions filed by our Company

(1) A writ petition, (WP/1956/07), has been filed by our Company before the High Court of Karnataka challenging the act of seizure of our vehicle by Forest Officers on the ground that the vehicle was carrying sandalwood as also the orders of the District Court at Hassan, which held that the vehicle in question ought to be confiscated. The petition is pending hearing and final disposal.

(2) The Company, vide Civil Writ Petition No. 668 of 2007 before the Supreme Court of India, (against the State of Maharashtra and Others, [collectively, the "**Respondents**"]), had sought interim reliefs against the Respondents from seeking to levy a charge of Rs.1,500/- for goods carried on the top of tourist vehicles in the State of Maharashtra, which was granted vide the Courts order dated January 3, 2008. The said charge was sought to be levied per tourist vehicle, per entry/exit to and from the State of Maharashtra.

The Supreme Court has granted a stay restraining the Respondents from levying the said penalty, and the matter is pending hearing and final disposal.

(h) Suits Filed for the Recovery of Money

The following proceedings have been initiated by us for the recovery of money, all of which are pending hearing and final disposal:

Sr. No	Forum and Ref/ID No.	Filed Against	Brief Particulars of Claim	Claim, (Rs. In Lacs, [Approx.])
1	The Court of Principal Civil Judge, Gulbarga, (OS 31/95)	Ajit Tanga and others	Recovery of money paid by the Company on Ajit Tanga's behalf to M/s. Helious Pharmaceuticals, (a division of PKTP Private Limited, Ahmedabad), on the basis of an undertaking given by Ajit Taga to repay the same.	0.6
2	High Court of Karnataka, Appeal no. RFA 348/06	Geoffrey Manners	The Additional City Civil Judge, Bangalore granted a decree for part of the Company's claim, and the Company has appealed for the balance amount. An Execution Petition for the decretal amount is being filed separately.	3.2
3	The High Court of Karnataka (MFA 8511/07)	M/s. Fincon Management Services Ltd.	Recovery of advance paid towards charges for receiving financial assistance, as the required services were not provided. The suit was disposed off on jurisdictional grounds by the, Principal Civil Judge Senior Division – Hubli , hence this appeal was filed. The High Court has granted a stay of operation of the trial court order.	15
4	The Additional Civil Judge (Senior Division), Hubli (OS 31/07)	Harish J. Vyas, a former agent of our Company	Recovery of money wrongly debited as excess cartage and hamali charges	2.2
5	Execution Petition (EXE 5/05) before the Principal Civil Judge (Junior Division), Sinnar	M/s. Jyothi Polymers, (a Proprietary concern).	Execution proceedings in connection with a claim for the recovery of money which was decreed in our favour.	0.44

Sr. No	Forum and Ref/ID No.	Filed Against	Brief Particulars of Claim	Claim, (Rs. In Lacs, [Approx.])
6	The Additional Civil Judge (Senior Division), Hubli (OS 269/03)	Rekha Rajendra	Claim for the recovery of money paid as a refundable security deposit for the use of a godown, which deposit was not refunded after the possession of the godown was returned. The matter was disposed off by the trial court, after which the High Court of Karnataka remanded the matter back to the trial court for fresh evidence.	2.90
7	The Additional Civil Judge (Senior Division), Hubli (OS 335/03)	Ashok B. Hipparagi, ("**Defendant**")	The Defendant is a former in charge of the Delhi office of our Company who had misappropriated the money claimed in this matter during his tenure of employment with our Company.	0.55
8	The City Civil Judge, Bangalore (OS 7239/03)	A. Upendra Char, ("**Defendant**")	The Defendant was an employee of our Company who had misappropriated the money claimed in this matter during his tenure of employment with our Company.	0.32
9	The Metropolitan Magistrate, Hyderabad (CD 774/00)	Ashok Kapoor	Claim for the recovery of money paid as a refundable security deposit for the use of a godown, which deposit was not refunded after the possession of the godown was returned.	0.1
10	The Principal Civil Judge (Senior Division), Hubli (SC 24/07)	Umesh Talwar , ("**Defendant**")	The Defendant is an agent of our Company who failed to credit certain consignment related money to our account, along with godown rentals and electricity bills payable by him to us.	0.2
11	The Civil Judge (Junior Division), Hubli (OS 428/03)	Datapro Electronics Pvt. Ltd.	Our Company had obtained a decree for the recovery of money towards freight charges, and has accordingly filed these execution proceedings.	0.5

Sr. No	Forum and Ref/ID No.	Filed Against	Brief Particulars of Claim	Claim, (Rs. In Lacs, [Approx.])
12	The II Additional Civil judge (Jr. Dn.), Hubli, OS 429/07	Wizard Pharmaceuticals Pvt Ltd	Claim for the recovery of freight charges.	0.4
13	The Additional City Civil Judge, Bangalore (EP 2159/00)	Suri Industries(a partnership firm)	Our Company had obtained a decree for the recovery of damages for the late delivery of vehicles after carrying out certain work on the said vehicles, and has accordingly filed these execution proceedings.	1

(iii) Tax Proceedings

(a) A writ petition, (WP: 43087/03) has been filed by our Company before the High Court of Karnataka challenging the amendment of Section 5(2) of the Karnataka Tax on Professions, Trades, Callings and Employment Act, 1976. The notification has been stayed and the matter is pending hearing and final disposal.

(b) A writ petition (WP 21884/05) has been filed by our Company before the High Court of Karnataka challenging the levy of infrastructure cess on vehicles by the Hubli Dharwad Municipal Corporation. The matter is pending hearing and final disposal.

A writ petition (WP 5612/07) has been filed by our Company before the High Court of Kerala challenging the act of seizure of our vehicle by Kumbala Excise Authorities on the information that the vehicle was carrying liquor, with a prayer that the Company should not be involved in the proceedings initiated before the Assistant Excise Commissioner – Kasargod, Kerala, by the Kerala State Excise Authorities. The possession of the vehicle is currently with our Company. The matter is pending hearing and final disposal.

(d) A writ petition, (WP 15486/07), has been filed by our Company before the High Court of Andhra Pradesh, challenging the orders of the Commissioner of Central Excise, Andhra Pradesh, upholding the seizure of a vehicle owned by our Company by the Andhra Pradesh Central Excise Authorities. The vehicle was seized due to in connection with allegations of transporting contraband chemicals. The petition is pending hearing and final disposal.

B. Proceedings Initiated against the Company, (Civil, Tax and proceedings under section 138 of the Negotiable Instruments Act, 1881)

(i) Criminal Proceedings

NIL

(ii) Civil Proceedings

(a) Proceedings under the Motor Vehicles Act, 1988:

Our Company is involved in various proceedings initiated before various Motor Vehicle Accident Claims Tribunals in the country, under the Motor Vehicles Act, 1988, in connection with accidents that our fleet of vehicles have been/allegedly have been involved in. These proceedings have been further classified as proceedings involving our lorries and those involving our passenger busses, as follows:

(1) Proceedings Involving Our Lorries

Sr. No.	Claim Amount, (Rs. In Lacs)	Number of Proceedings Involving the Death of a Person	Number of Proceedings Involving Injury or Loss of Property	Total Number of Proceedings	Aggregate Claim Amount (Rs. In Lacs, [Approx.])
1	0 to 1	14	115	129	85.5
2	1 to 10	76	305	381	1562.7
3	10 to 20	22	13	35	482.3
4	20 to 40	03	06	9	233
5	40 and above	03	01	4	191.7
Aggregate of Claims					2,555.2

(2) Proceedings Involving Our Passenger Busses

Sr. No.	Claim Amount, (Rs. In lacs)	Number of Proceedings Involving the Death of a Person	Number of Proceedings Involving Injury or Loss of Property	Total Number of Proceedings	Aggregate Claim Amount (Rs. In Lacs, [Approx.])
1	0 to 1	02	32	34	23.9
2	1 to 10	19	156	175	717.4
3	10 to 20	12	12	24	363.4
4	20 to 40	02	10	12	291.5
5	40 and above	04	02	06	659.8
Aggregate of Claims					2,056

(b) Proceedings Initiated Before Consumer Courts

(1) Our Company is involved in various proceedings initiated before various Consumer Forums for the deficiency of services, as follows:

Sr. No.	Claim Amount, (Rs. In Lacs)	Number of Proceedings	Aggregate Claim Amount (Rs. In Lacs, [Approx.])
1	0 to 1	20	5
2	1 to 10	5	1

(2) A Consumer Complaint N0: CD:247/2003 (CD:640/2000) was lodged before the District Consumer Disputes Redressal Forum – 1, Nampally, Hyderabad, ("**DCDR**"), against one Babu Miya owner of Civil Vehicle No: AP-29T/4486 (which we had hired), and us as the transporter, for short delivery of 7 bales worth Rs.1.03,392/-. The Opposite Party has preferred an appeal before State Commission – Hyderabad vide First Appeal No: 988/2006 against the order passed by the DCDR.

(c) Workmen's Compensation Claims

Our Company is involved in various proceedings initiated before the Labour Officer and Workmen's Compensation Commissioner at various locations, in connection with workmen's compensation claims under the Workmen's Compensation Act, 1923, as follows:

Sr. No.	Claim Amount, (Rs. In Lacs)	Number of Proceedings Involving the Death of a Person	Number of Proceedings Involving Injury or Loss of Property	Total Number of Proceedings	Aggregate Claim Amount (Rs. In Lacs, (Approx.)
1	0 to 1	-	06	06	2.4
2	1 to 10	24	47	71	351.3
3	10 to 20	02	01	03	42.5
4	20 to 40	01	-	01	25
Aggregate of Claims					421.2

(d) Proceedings Initiated by Employees

The following proceedings have been initiated by our Employees against our Company, in each however, no monies have been claimed:

Sr. No.	Forum and Ref/ID No.	Brief Particulars of Proceedings	Current Status
1	Labour Court, Coimbatore, (ID 246/05)	Alleged improper removal from employment with effect from May 1, 2004. Reinstatement sought.	Objections have been filed by our Company and the matter is pending hearing and final

			disposal.
2	Industrial Tribunal, Mysore, (REF 112/05)	Alleged improper/illegal transfer from Mysore to Gulbarga, (transfer sought to be quashed).	Objections have been filed by our Company and the matter is pending hearing and final disposal.
3	Additional Labour Court, Bangalore, (REF 6/03)	Alleged improper/illegal termination of employment. Reinstatement sought.	Pending hearing and final disposal
4	Labour Court, Mangalore, (REF 47/95)	Alleged improper/illegal termination of employment. Reinstatement sought.	Pending hearing and final disposal

(e) Subrogation Proceedings

Various parties, ("**Consignors**"), had used our services to transport goods, which goods inadvertently, whether due to an accident or otherwise, got damaged in transit. In each of these cases, the Consignors had insured the relevant goods, and, the relevant insurance company had settled the claims of the Consignor for the goods which were damaged in transit. Subsequently, the relevant insurance companies had, along with the relevant Consignor, initiated proceedings against us, the details of which are as follows:

Sr. No.	Proceedings Initiated By	Suit No.	Proceedings Initiated Before	Claim Amount (Rs. In Lacs, [Approx.])
1	Astra IDL Ltd. & Oriental Insurance Company Limited	S:120/96	City Civil Court Bangalore	1.9
2	Bharat Forge Ltd & New India Ass. Co. Ltd.	OS: 6689/97	II Addnl. City Civil Judge – Bangalore	0.2
3	S B Pharmaceuticals & United India Ins. Co. Ltd.	OS: 4216/00	31st Addnl. City Civil Judge – Bangalore	0.8
4	Glenmark Pharmaceuticals & Oriental Insurance Co. Ltd.	OS:4198/01	Addnl. City Civil Judge - Chennai	7
5	Parry Confectionery & New India ins. Co. Ltd.	OS: 3902/01	Addnl. City Civil Judge - Chennai	1.3
6	Omkar Marketing & National Ins. Co. Ltd.	OS: 996/03	II Munsiff Court – Ernakulum	0.1
7	Vinoram Pvt. Ltd. & Oriental Ins. Co. Ltd.	OS: 548/05	8th Addnl. City Civil & Sessions Judge – Bangalore	0.7
8	West Coast Paper Mill & New India Ass. Co. Ltd.	OS: 33/07	Civil Judge, Senior Division – Yellapur	0.6

All these proceedings are pending hearing and final disposal.

(f) Miscellaneous Proceedings Initiated Against Our Company

Sr. No.	Proceedings Initiated By	Forum and Suit No.	Particulars	Claim Amount (Rs. In Lacs, Approx.)	Current Status
1	Ramkumar Mills Limited, ("**RML**")	City Civil Judge at Bangalore, (OS 8611/01)	RML has alleged that our Company delivered goods without collecting the original consignee's copy of the way bill, and has accordingly claimed the value of the goods.	7.1	Pending hearing and final disposal
2	Ananth Agarbathi Company, ("**AAC**", a partnership firm)	High Court, Karnataka, (RFA 153/06)	A Decree was passed in favour of the Company, dismissing the money claim of AAC, (namely the value of the consignment), against the Company. AAC has accordingly appealed the same vide these proceedings.	0.6	Pending hearing and final disposal
3	Virat Fabrics, (a proprietary concern)	Joint Civil Judge, (Senior Division), Surat, (Special Suit 133/99)	Virat Fabrics has alleged that our Company delivered goods without collecting the original consignee's copy of the way bill, and has accordingly claimed the value of the goods.	0.54	Pending hearing and final disposal
4	State of Karnataka	City Civil Judge, Bangalore (OS 6002/97)	Claim for damage caused to consignment	5.7	Pending hearing and final disposal
5	Abdul Khalak	City Civil Judge, Bangalore, 713/03	Claim for loss of consignment	0.41	Pending hearing and final disposal
6	Geoffrey Manners and Company Limited , ("**GMCL**")	Additional City Civil Judge, Bangalore, (OS 7279/00)	GMCL has alleged that our Company delivered goods without collecting the original consignee's copy of the way bill, and has accordingly claimed the value of the goods.	32	Pending hearing and final disposal

Sr. No.	Proceedings Initiated By	Forum and Suit No.	Particulars	Claim Amount (Rs. In Lacs, Approx.)	Current Status
7	Sri Pumps and Fittings Industrial Corporation, (a partnership firm).	Civil Judge Jr. Dn. – Rajahmundry (AP) (OS 714/07)	Claim in light of short delivery of 53 Kgs of valves.	0.30	Pending hearing and final disposal
8	Sri Sai Krishi Kendra, (a proprietary concern)	Principal Civil Judge (Sr. Dn), Hubli (OS 348/07)	Claim for delay in delivering the consignment.	1.5	Pending hearing and final disposal
9	Civil Supplies CID, Chennai, (“**CSC**”)	High Court at Chennai, (CR 370/06)	Claim that a vehicle belonging to our Company was carrying smuggled rice bags. CSC has prayed for punishment U/s. 7 (1) (a) (ii) of the Essential Commodities Act 1955, R/w. Section 6(4) of the Tamil Nadu Scheduled Commodities (Regulation and Distribution by Card System) Order, 1982.	NIL	The matter is under investigation and charges are yet to be framed.
10	Kasturi Bai Yalasangi, (“**KBY**”)	High Court of Karnataka, OS: 618/93 (RSA 1074/06)	KBY has challenged the sale deed for purchase of property by our Company from Suresh G. Athnoor.	NIL	Pending hearing and final disposal
11	M/s. Balaji Enterprises, (a partnership firm), (“**Lessors**”)	City Civil Judge at Bangalore (OS 1770/07)	The Lessors had leased a godown admeasuring approx 83,853 square feet, situated on Mysore Road, Bangalore, to our Company. The Lessors have sought to evict us on the grounds that the lease is invalid as the party that leased the property to us allegedly did not have absolute authority to do so.	NIL	Pending hearing and final disposal

Sr. No.	Proceedings Initiated By	Forum and Suit No.	Particulars	Claim Amount (Rs. In Lacs, Approx.)	Current Status
12	Jayamma and others, ("**Lessors**")	City Civil Judge at Shimoga (OS 224/99)	The Lessors had leased a godown at Shimoga, Karnataka, to our Company. The Lessors have sought a partition of family assets amongst themselves and have served and impleaded us as a necessary formal party.	NIL	Pending hearing and final disposal
13	Fathima Begum and others, ("**Claimants**")	Special Court under the A.P. Land Grabbing (Prohibition) Act, 1982, at Hyderabad (LGC 42/00)	Certain premises admeasuring 1,100/- square feet, had been leased to our Company, by one Mr. Ramanand Agarwal claiming to be the rightful owner of the premises. The Claimants have claimed that they are the rightful owners and have accordingly initiated these proceedings, wherein the Company has been made a party as we are the Lessees of the said premises.	NIL	Pending hearing and final disposal
14	Fareeda Begam, second wife of our deceased driver Mr. Khajasab Kalegar	III Additional Civil Judge (Jr. Dn.) – Gadag, (OS: 112/07)	Fareeda Begam, second wife of our deceased driver Mr. Khajasab Kalegar who died in an accident, has claimed her share in all the terminal benefits of the said driver as may be determined.	NIL	Pending hearing and final disposal.
15	North West Karnataka Road Transport Corporation, ("**NWKRTC**")	Misc.Appeal No: 9/06 – Honnavar (OS;31/06 – Bhatkal)- Pending Misc. Appeal No: 1/06 (OS:19/06 – Yellapur) Pending WP:5460/07 Before High Court of Karnataka (OS.No: 62/06 – Koppal)	The NWKRTC had filed three proceedings against us and other private tour operators, wherein they had sought to restrain us from parking our tourist vehicles within 500 mtrs. radius from the Central Bus Stand, which proceedings were dismissed. NWKRTC has appealed these dismissals.	NIL	Pending hearing and final disposal.

Sr. No.	Proceedings Initiated By	Forum and Suit No.	Particulars	Claim Amount (Rs. In Lacs, Approx.)	Current Status
16	The Assistant Excise Commissioner, Kasargod, ("**AEC**")	Kumbala Excise Range, (CR 5/07)	The AEC has alleged that one of our vehicles was used for illegal transport of liquor and was therefore liable to be confiscated.	NIL	The matter is pending hearing and final disposal.

(g) Show Cause Notices

(1) The Registrar of Companies at Karnataka has issued us a show cause notice dated February 14, 2008, in connection with an alleged default of the provisions of Section 58A of the Companies Act, 1956, read with Rule 3(1)(c) of the Companies (Acceptance of Deposit) Rules, 1975. The notice has been served on our Company and our directors Mr. Vijay Sankeshwar, Mr. Anand Sankeshwar, Mr. R.P.Raichur, Mr. Sudhir Ghate, and Mr. C.K. Shetty. The notice states the said contravention is in connection with our Company paying more than 11% interest on deposits, for the years ended March 2004, 2005 and 2006. The Company has intimated the ROC that they would be lodging an application for the compounding of this offence with the Company Law Board, ("**CLB**"). Subsequently, the Company has lodged the said application with the CLB.

(2) A Show Cause Notice dated March 3, 2008, has been served on us by the Commissioner of Central Excise and Customs, Belgaum, asking us to show cause as to why the Central Excise duty amount of appox. Rs. 581 Lacs, (on a value of approx. Rs. 3553 Lacs on the vehicle bodies manufactured during January 2003 to October 2007), and the Central Excise duty amount of appox. Rs. 4 Lacs, (on the value of approx. Rs. 24.4 Lacs in respect of the scrap cleared during the same period), should not be demanded and recovered under the proviso to Section 11A of the Central Excise Act, 1944, along with appropriate interest and penalty. We are in the process of responding to the said notice.

(iii) Tax Proceedings

In connection with the assessment year 2003-04, the an Income Tax demand of Rs. 346.9 Lacs had been raised on us, which had been appealed by us before the Commissioner of Income Tax, (Appeals), at Hubli, ("**CIT**"). Vide order dated December 28, 2007, the CIT dismissed the said appeal and directed the Assessing Officer to re-compute and verify various items of income and expenditure, for the relevant assessment year, along with previous and later years. We intend to appeal the CIT order before the Income Tax Appellate Tribunal Bangalore.

(iv) Proceedings Initiated Under Section 138 of the Negotiable Instruments Act, 1881

NIL

C. Proceedings Initiated against Promoters and Directors of the Company

(i) Proceedings Initiated Against our Director Mr. R.S. Hugar

(a) Criminal Proceedings

The Reserve Bank of India, Department of Banking Supervision, ("**RBI**"), filed a complaint under Section 46(1) and 46(5) of the Banking Regulations Act, 1949, read with Sections 120 and 34 of the Indian Penal Code, 1860, ("**Complaint**"), before the Additional Chief Metropolitan Magistrate at Ballard Pier, (Criminal Case No. 1598/SW of 2005). The Complaint was filed against Mr. Ramesh Gelli, Mr. Sridhar Subasri, (collectively referred to as the "**Main Accused**"), GTB, and others, (all of which are collectively referred to as the "**Accused**"), in respect of balance sheets of the Global Trust Bank Ltd., ("**GTB**").

The Complaint has been filed against our Director Mr. R.S. Hugar, as he was the Chairman and Managing Director of GTB from April 12, 2001 to December 3, 2001.

The Complaint relates to alleged (i) false statements, which, allegedly, were deliberately and repeatedly made in the Balance Sheets and Profit and Loss Accounts of GTB, for the financial years ending 2001, 2002 and 2003, (collectively, the "**Accounts**"), (ii) breach of RBI notifications and circulars, and, (iii) non compliance of the RBI recommendations and requirements.

Notably, the Complaint states that the main non-performing assets, ("**NPAs**"), which were not being classified as NPAs and consequently were not provided for in the Accounts were in respect of exposures taken by GTB during the tenure of the Main Accused, when Mr. Gelli was the person in charge of the day to day running and management of GTB. No such allegations have been made against our Director Mr. R.S.Hugar.

The RBI has in the Complaint prayed that process be issued against the Accused.

The trial is yet to commence and Mr. Hugar's response is yet to be filed.

(ii) Proceedings Initiated By and Against our Promoter Mr. Vijay Sankeshwar in His Capacity as the Erstwhile Printer and Publisher of the Kannada Daily Vijay Karnataka, ("VK")

(a) Criminal Defamation Proceedings

Sr. No.	Parties	Forum and Suit No.	Particulars	Current Status
1	Shri. Vishwanath Avanti, ("**Complainant**"), Vs. Mr. Vijay Sankeshwar	Additional First Class Judicial Magistrate, Yadagiri, (CC:285/03)	Punishment under Criminal Law for the alleged publication of a news item in connection with the manufacture of RCC poles by the Complainant.	Pending hearing and final disposal.
2	K. N. Ashok Vs. Mr. Vijay Sankeshwar	Judicial Magistrate First Class, III, Virajpet, (CC:416/06)	These proceedings have been initiated in connection with the alleged news item involving one Mr. M. K. Ashok for wrong publication of the initials as K. N. Ashok in the news item.	Pending hearing and final disposal.
3	C. Chennigappa,	8TH Additional	These proceedings have been	Pending hearing

Sr. No.	Parties	Forum and Suit No.	Particulars	Current Status
	(“**Complainant**”) Vs. Mr. Vijay Sankeshwar	Chief Metropolitan Magistrate, (CC:2630/06)	initiated in connection with a news item regarding the suspension of the Complainant while in service.	and final disposal.
4	Mohammad Yunus Adamsab Desai, (“**Complainant**”) Vs. Mr. Vijay Sankeshwar	Judicial Magistrate First Class, Belgaum, (CC:583/07)	These proceedings have been initiated in connection with a news item regarding the involvement of the Complainant in a dowry harassment case.	Pending hearing and final disposal.
5	Fakirappa Baligar Vs. Mr. Vijay Sankeshwar	Judicial Magistrate First Class, Dharwad, **(**CC:463/06)	These proceedings have been initiated in connection with a news item regarding the alleged mis-appropriation of agricultural labourers insurance money.	Pending hearing and final disposal.
6	Mr. Vijay Sankeshwar Vs. Rajashekhar Koti of “Aandolana” Kannada Daily of Mysore, (“**Daily**”)	Judicial Magistrate First Class, 2nd Court, Hubli, **(**CC: 1798 and 1799/05)	Defamation proceedings initiated in light of a publication in the Daily criticizing Mr. Sankeshwar as the Printer and Publisher of “Vijay Karnataka” a Kannada Daily. The Accused, by filing Criminal Petitions (4808 and 4834/05), before the Hon’ble High Court of Karnataka has obtained a stay of these proceedings, which petitions are pending before the High Court.	Pending hearing and final disposal.
7	Mr. Vijay Sankeshwar Vs. B.S.Shivaprasad of “Karavali Ale” Kannada Daily, (“**Daily**”)	Judicial Magistrate First Class, 2nd Court, Hubli, **(**CC: 546/07 and CC: 689/06)	Defamation proceedings initiated in light of a publication in the Daily criticizing Mr. Sankeshwar as the Printer and Publisher of “Vijay Karnataka” a Kannada Daily. The Accused, by filing Criminal Petitions (2465/07 and 4007/07), before the Hon’ble High Court of Karnataka has obtained a stay	Pending hearing and final disposal.

Sr. No.	Parties	Forum and Suit No.	Particulars	Current Status
			of these proceedings, which petitions are pending before the High Court.	
8	Mr. Vijay Sankeshwar Vs. Shri. Basavaraj Patil Yatnal the then Union Minister of State for Railways	Judicial Magistrate First Class, 2nd Court, Hubli, **(CC** 1081/04)	Defamation proceedings initiated in light of a statements critisizing Mr. Sankeshwar's failure to form a new political party.	Pending hearing and final disposal.

(b) Criminal Appeal

A Criminal Appeal, (No. 433/03) and a Special Leave Petition (Criminal) No. 1205/03, before the Hon'ble Supreme Court at Delhi have been initiated by Mr. Vijay Sankeshwar in his capacity as the erstwhile Printer and Publisher of VK. The High Court of Karnataka had initiated Suo Moto contempt of Court proceedings against VK and Mr. Vijay Sankeshwar for publishing an article in connection with certain High Court Judges, which proceedings were challenged in the said Appeal and the said SLP. The said Appeal and SLP are pending hearing and final disposal.

(c) Civil Defamation Proceedings

Sr. No.	Parties	Forum and Suit No.	Particulars	Claim Amount (Rs. In Lacs, [Approx .])	Current Status
1	Shri. Vishwanath Avanti, ("**Plaintiff**") Vs. Mr. Vijay Sankeshwar	Civil Judge Sr.Dn. – Yadagiri, (OS:102/02)	Defamatory damages and punishment under Civil law for the alleged publication of a news item in connection with the manufacture of RCC poles by the Plaintiff.	15	Pending hearing and final disposal.
2	Shivaraj R Nelvigi, ("**Plaintiff**"), Vs. Mr. Vijay Sankeshwar	Civil Judge Sr.Dn., Haveri, (OS:79/04)	Defamatory damages claimed for the alleged publication of a news item about the Advocates' Strike at Haveri which contained the name of the Plaintiff.	2	Pending hearing and final disposal.
3	N. S. Veerabhadraiah, ("**Plaintiff**") Vs. Mr. Vijay Sankeshwar	High Court, Chennai, (OS:931/04)	Suit filed by the Plaintiff claiming defamatory damages for the alleged publication of a news item about certain Mysore based Judges. This suit was transferred to Chennai by the Hon'ble Supreme Court.	2	Pending hearing and final disposal.
4	Karnataka Public Service	City Civil Judge, Bangalore,	The Complainant has claimed damages in	0.2	Pending hearing and

Sr. No.	Parties	Forum and Suit No.	Particulars	Claim Amount (Rs. In Lacs, [Approx .])	Current Status
	Commission, ("**Complainant**") Vs. Mr. Vijay Sankeshwar	(OS:2504/07)	connection with a news item regarding the way the Complainant carried out various activities.		final disposal.

(d) Our Company had diversified into the newspaper industry and had started a Kannada Daily called Vijay Karnataka, ("**VK**"), for which a Company called Vijayanand Printers Limited was incorporated. Our Promoter Mr. Vijay Sankeshwar had declared himself as Printer and Publisher of the said newspaper. The entire shareholding of the Company was sold to the Times Group on August 25, 2006 as due to new industry entrants making this venture commercially unviable for us.

A Criminal Special Leave Petition, ("**SLP**"), was filed by, (i) the Editor of VK, (ii) a VK reporter, and, (iii) Mr. Mr. Vijay Sankeshwar as the printer and publisher of VK, (collectively, the "**Petitioners**"), against the Registrar General of the High Court of Karnataka, (SLP CRL 1205 of 2003). This SLP was filed against the Common Order dated March 17, 2003, of the Full Bench in the Contempt of Court Case, of the High Court of Karnataka whereby it was held that the publications in the VK were prima facie contemptuous, and, that the Petitioners and others should be charged with commission of an offence punishable under Section 12 of the Contempt of Courts Act, 1971. The allegations made are in light of a published article in the VK involving three Hon'ble Judges of the Hon'ble High Court of Karnataka. The SLP has sought leave to appeal the said Order dated March 17, 2003, and, is pending final disposal.

(e) Guru Teak Investments (Mysore) Private Limited, ("**Plaintiff**"), initiated proceedings before the 4th Additional City Civil Judge, Bangalore, (OS:152/06), with a prayer that Mr. Vijay Sankeshwar be directed not to publish any news item regarding the Plaintiff. No monetary claims have been preferred by the Plaintiff.

(iii) Other Proceedings Initiated Against our Promoter Mr. Vijay Sankeshwar

(a) Criminal proceedings have been initiated against our Promoter and Director Mr. Vijay Sankeshwar, in his capacity as the Managing Director of our Company, before the Special Judicial Second Class Magistrate, Hyderabad, (No: 209/02), by the Assistant Labour Officer, Ibrahimpatna, ("**ALO**"), for the alleged contravention of provisions of the Shops and Establishments Act, 1988. The alleged contraventions are in connection with the failure to issue appointment letters to employees in the prescribed form, failing to produce or caused to produce Register of Employment in the prescribed form, failing to maintain and produce the Register of Wages in the prescribed form, and, failing to produce a First Aid Box. The matter is pending hearing and final disposal, in the meanwhile, our Company has sought to have these proceedings quashed and has accordingly initiated proceedings before the High Court at Andhra Pradesh, (Cr.Petn:3255/03).

D. Proceedings Initiated by or Against Companies Promoted by our Promoters

(1) Proceedings Initiated by or Against VRL Cements Limited

Nil

Contingent Liability

Nil

(2) Proceedings Initiated by or Against VRL Media Limited

Nil

Contingent Liability

Nil

(3) Proceedings Initiated by or Against VRL Securities Limited

Nil

Contingent Liability

Nil

E. Proceedings Initiated by or Against Firms where any Promoter is a Partner, HUF's where any Promoter is a Karta, Trusts where any Promoter is a Trustee

(1) Proceedings Initiated by or Against Vijayanand Charitable Trust, (a Registered Public Trust where our Promoter is a trustee)

Nil

Contingent Liability as of March 31, 2007

Nil

(2) Proceedings Initiated by or Against Aradhana Trust, (a Private Trust where our Promoter is a trustee)

Nil

Contingent Liability as of March 31, 2007

Nil

F. Details of past cases where penalties were imposed on our Company, Promoters, Directors, any Firm where any Promoter is a Partner, any HUF where any Promoter is a Karta, and any Trust where any Promoter is a Trustee, and details of Past Defaults of our Company

(1) Composition of Offences under the Companies Act, 1956

(i) Our Company, along with our Promoters Mr. Vijay Sankeshwar and Mr. Anand Sankeshwar, applied to the Company Law Board at Chennai for the composition of various offences, namely offences in connection with the requirements of the following Sections of the Companies Act, 1956, (i) Section 292(A) [Audit Committee], (ii) Section 372(A) [inter-corporate loans and investments], (iii) Section 211(1) 3A & 3C [form and content of balance sheet and profit and loss account], (iv) Section 297(1) Board's sanction in contracts where directors are interested] and (v) Section 141(2) (rectification of register of charges). These offences were duly compounded and the aggregate 'compounding fees' of Rs.145,400/- have been duly paid as detailed in the Orders dated January 9, 2008 and January 28, 2008.

(ii) The Registrar of Companies at Karnataka, ("**RoC**"), sent our Company a letter dated October 26, 2007, asking us to provide details in connection with (i) alleged non compliance with Rule 3(1)(c) of the Deposit Rules, (ii) alleged violation of Section 297 of the Companies Act, 1956, ("**Act**"), and, (iii) alleged violation of Schedule XIII and associated Sections (269 and 198), of the Act. We have responded to the said letter, explaining as to why there was no violation of Schedule XIII and associated Sections of the Act. For details of the alleged non compliance with Rule 3(1)(c) of the Deposit Rules and the current status of this, please see the section on show cause notices served on our company, (namely section (B)(ii)(g)(i)). As suggested by the RoC in the said letter, we have compounded the alleged violation of Section 297 of the Act as detailed above in Para (F) (1) (i).

(iii) Following is the information relating to delay of payment of instalments of Loans to Banks and NBFC's during the financial year 2005-06 and financial year 2006-07.

	FINANCIAL YEAR 2005-06				
S l No	***Name of Bank/ NBFC***	***Amount (Rs. In Lacs [Approx})***	***Total (Rs. In Lacs [Approx})***	***Due Date***	***Date of Clearance***
1	**HDFC BANK LTD**				
		2.08		01.11.2005	20.06.2006
		2.34		05.11.2005	20.06.2006
		3.92		20.11.2005	20.06.2006
		0.31		05.11.2005	20.06.2006
		11.91		01.11.2005	20.06.2006
		2.43		05.11.2005	20.06.2006
		2.43		05.11.2005	20.06.2006
		2.08		01.11.2005	20.06.2006
		2.08		05.11.2005	20.06.2006
		2.08		05.11.2005	20.06.2006
		2.08		05.11.2005	20.06.2006
			33.72		
2	**I C I CI BANK LTD**				
		10.60		22.02.2006	02.05.2006
		10.98		05.03.2006	02.05.2006
		8.11		01.03.2006	02.02.2006
		10.60		22.03.2006	02.05.2006
			40.29		
3	**SHEBA PROPERTIES LTD**				
		2.39	2.39	15.11.2005	21.07.2006
4	**SREI INFRASTRUCTURE FINANCE LTD**				
		6.56		22.02.2006	05.04.2006
		2.37		22.02.2006	05.04.2006

		2.37		22.02.2006	05.04.2006
		4.19		15.02.2006	12.04.2006
			15.49		
5	**STATE BANK OF INDIA**	12.31	12.31	31.03.2006	10.04.2006
6	**SYNDICATE BANK**	13.89	13.89	31.03.2006	09.06.2006
7	**UCO BANK**	27.11	27.11	01.03.2006	06.06.2006
		TOTAL	**145.20**		
	FINANCIAL YEAR 2006-07				
S l No	***Name of Bank/ NBFC***	***Amount (Rs. In Lacs [Approx})***	***Total (Rs. In Lacs [Approx})***	***Due Date***	***Date of Clearance***
1	**HDFC BANK LTD**	3.92	**3.92**	22.03.2007	04.04.2007
2	**SREI INFRASTRUCTURE FINANCE LTD**				
		3.55		01.03.2007	23.05.2007
		1.43		01.03.2007	24.04.2007
		7.00		22.03.2007	03.04.2007
		32.07		22.03.2007	04.04.2007
			44.05		
		TOTAL	**47.96**		

The following are the names of small scale creditors to whom the Company owes a sum exceeding Rupees one Lakh which is outstanding for more than thirty days:

NIL

Material Developments

There have been no material developments, have taken place after September 30, 2007, the date of the last balance sheet that would materially adversely affect the performance or prospects of our Company otherwise than as disclosed under the chapter titled "Management's Discussion and Analysis Of Financial Condition And Results Of Operations" on page [●] and section titled "Financial Information" on page [●] of this Draft Red Herring Prospectus .

In accordance with SEBI requirements, our Company and BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission of the stock exchanges.

GOVERNMENT / STATUTORY AND BUSINESS APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for our present business and no further approvals are required for carrying on our present business as well as the business proposed to be carried on as mentioned in the chapter titled "Objects of the Issue" beginning on page [●] except as mentioned below. It must be distinctly understood that in granting these approvals, the Government of India does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinion expressed in this behalf.

Approvals for the Issue

1. Approval from the National Stock Exchange dated [●].

2. Approval from the Bombay Stock Exchange dated [●].

3. Application dated March 14, 2008 to FIPB seeking their permission to allot and/or issue shares of our Company to non residents.

Approvals to carry on our Business

Trademark/Logo

1. Trademark no. 359033B granted by the Registrar of Trade Marks on February 29, 1983 for registration of the logo "VRL" under the Trade and Merchandise Marks Act, 1958. The same has been renewed upto 2018.

Industrial/ Labour/ Tax

2. Fresh Certificate of incorporation consequent on change of name dated August 25, 2006.
3. Value Added Tax Registration Certificate bearing TIN No. 29610372690 dated February 6, 2006, as a dealer under Section 22 of the Karnataka Value Added Tax Act, 2003 with effect from April 1, 2005, issued by the Local Value Added Tax Officer, Hubli.
4. Permanent Account Number (No.AABCV3609C) dated March 31, 1983 issued by the Income Tax Department.
5. Tax Deduction Account Number (TAN No. BLRV02701G) issued by the Income Tax Department on January 25, 2007.
6. Registration Certificate (No. 29610372690) dated July 5, 2006, issued by the Assistant Commissioner of Commercial Taxes under the Central Sales Tax Registration and Sales Rules, 1957 granting license to act as traders dealing primarily in transportation of goods and passengers and use spare parts of motor vehicles for own vehicles with effect from February 20, 2006. This certificate also grants license to use wind turbine generators, their parts and accessories, with effect from July 5, 2006.
7. Certificate of registration (Registration No./Service Tax Code: AABCV3609CST001) dated June 29, 2007, with the Central Excise Department under Section 69 of the Finance Act, 1994, issued by the Office of the Superintendent of Central Excise and Customs, Range 'A', Hubli, for providing the service of courier agency, transportation of goods by road, renting of immovable property services, advertising agency and intellectual property services other than copyright.
8. STC Number (No. AABCV3609CST001) provided by the Office of the Superintendent of Central Excise, Range 'A', Hubli on October 30, 2006, which is required to be quoted in all requisite documents and records like challans, for payment of duty and filing of returns.
9. Code (No. KN/10179) dated February 18, 1985, issued by the Office of the Regional Provident Fund Commissioner, Bangalore, with respect to the applicability of the provisions of Employees' State Provident Funds and Miscellaneous Provisions Act, 1952 and the Schemes framed thereunder, with effect from March 31, 1983.
10. Code (No. 53-6002-106) dated May 28, 1986, allotted by the Regional Director of the Regional Office

of the Employees' State Insurance Corporation, Karnataka, under the Employees' State Insurance Act, 1948, informing that the establishment is required to register and is responsible as the principal employer to insure its employees and pay contributions in respect to the employees under the Act.

11. License (No. P/SC/KA/14/1875(P27351)) dated January 4, 2008 to store petroleum in tanks in connection with pump outfit for fuelling motor located at Hubli, R.S No. 351/2C and 351/2B, Chabbi village, Dharwad, Karnataka issued by the Deputy Chief Controller of Explosives, Mangalore Sub Circle Office, Mangalore, valid till December 31, 2010
12. Registered License (No. MYB – 11398) dated February 1, 2007 issued by the Chief Examiner of Industries, Industries and Boilers Division, Karnataka valid till December 31, 2009 for the unit situated in Bangalore.
13. Registered License (No. MY/DWB-1589) dated November 27, 2007 renewed by the Chief Examiner of Industries, Industries and Boilers Division, Karnataka with effect from January 1, 2008 till December 31, 2008.
14. Certificate of Registration (No. MTW/DWR-28/86-87) dated October 4, 2007, to work as Motor Transport Undertaking, issued by the Assistant Labour Commissioner and Inspector under Motor Transport Workers' Act, 1961 Dharwad Division, Hubli, valid till December 31, 2008.
15. Approval (No. 9/0304) dated November 19, 2007 issued by the Department of Weights and Measures under the Weights and Measures (Enforcement) Act, 1985, to install a 50 ton capacity weighing machine, valid till November 18, 2008.
16. Consent (No. 108/WPC/KSPCB/RO (DWR)/LO/ AEO – 2/2007 - 08/2000) dated September 17, 2007, for discharge of sewage and trade effluent on land for gardening in case of treated effluent and recycling in case of waste water generated from vehicle washings, after treatment, under Section 25 of the Water (Prevention and Control of Pollution) Act, 1974 granted by the Environmental Officer, Karnataka State Pollution Control Board, Dharwad, valid till September 30, 2008.
17. Consent (No. 145/APC/KSPCB/RO (DWR)/LO/AEO - 22007 - 08/2001) dated September 17, 2007, for operation of the industrial plant under Section 21 of the Air (Prevention and Control of Pollution) Act, 1981 granted by the Environmental Officer, Karnataka State Pollution Control Board, Dharwad, valid till September 30, 2008.
18. Sanction letter (Power Sanction Letter No. CEH/EE (O)/E-2/8539-43) dated January 19, 2005, for sanction of power supply to an extent of 1000 KVA on HT (33KV) with power tariff applicable to the installation will be HT-2(a) of 2003 tariff, granted by the Chief Engineer (Electricity), Hubli Zone, Hubli Electricity Supply Company Limited.
19. Approval (Letter No. EIG/DCEI/EI (T)/DEI-1/9585-89) dated August 5, 2005, under Rule 63 of IE Rules, accorded to commission the 2 x 1000 KVA transformers by the Chief Electrical Inspector to Government, Government of Karnataka.
20. Permission (Order No. GPV/NA/2004-05) dated December 22, 2004, to construct building in the industrial site by the Convenor and the Secretary of the Gram Panchayat, Waddarahatti Village, at Hubli.
21. Approval (Letter No. KNA/SKNA(K)/Co./2005-07/10573-74) dated February 27, 2007, for 50 KVA power supply granted by the office of the Executive Engineer (Electricity), Gulbarga Electricity Supply Company Limited.
22. Approval (Letter No. EI/RCR/06-07/712-16) dated February 23, 2007, under Rule 63 of IE Rules 1956, accorded to commission the HT installation of 1x250 KVA, by the Electrical Inspector, Raichur, Government of Karnataka (Electrical Inspectorate).
23. Power Sanction (Letter No. DGM/AGM(O)/M(T)/539-40) dated July 19, 2004, to an extent of 300 KVA granted by the office of the Deputy General Manager (Electricity), Commercial, Operation and Maintenance Division, Bangalore Electricity Supply Company Limited, Chitradurga.
24. Approval (Letter No. EEE/AEE(O)/ AE(T)/ CTA/ 2005-06/016) dated May 7, 2005, for 500 KVA transformer installation granted by the office of the Executive Engineer (Electricity), Commercial, Operation and Maintenance Division, Bangalore Electricity Supply Company Limited, Chitradurga.
25. Approval (Letter No. DCEI/TMK/94-97) dated April 8, 2005, under Rule 63 of IE Rules accorded to commission 1x500 KVA transformers and HT connection, by the Deputy Chief Electrical Inspector, Tumkur, Government of Karnataka (Electrical Inspectorate).
26. License (No. P/SC/KA/14/2153(P58695) dated December 28 2006, for storage of 60 KL Petroleum

Class B in tanks in the licensed premises being Chitradurga Taluk, R.S no. 27/2, Kunghigarial village, Chitradurga, Karnataka subject to the provisions of the Petroleum Act 1934, granted by the Deputy Chief Controller of Explosives, Mangalore Sub Circle Office, Ministry of Commerce & Industry, Department of Explosives and renewed till December 31, 2009.

27. License (No. P/SM/KA/11/4354(P204095)) dated November 1, 2007, for the transport of 20KL of Class A/B petroleum granted in Form XI under the Petroleum Rules, 2002 by the Deputy Chief Controller of Explosives, Mangalore Sub Circle Office, Ministry of Commerce & Industry, Department of Explosives, valid till December 31, 2009 for vehicle No. KA-25/B-394.
28. License (No. P/SM/KA/11/4034(P190503)) dated January 16, 2007 and valid till December 31, 2009, for the transport of 20KL of Class A/B petroleum granted in Form XI under the Petroleum Rules, 2002 by the Deputy Chief Controller of Explosives, Mangalore Sub Circle Office, Ministry of Commerce & Industry, Department of Explosives for vehicle No.KA-25/A-9022.
29. License (No. P/SM/KA/11/4260(P199459)) dated July 10, 2007 and valid till December 31, 2009, for the transport of petroleum in bulk on land by the vehicle described therein subject to the provision of the Petroleum Act, 1934 granted by the Deputy Chief Controller of Explosives, Mangalore Sub Circle Office, Ministry of Commerce & Industry, Department of Explosives for vehicle No.KA-25/A-9929.
30. License (No. P/SM/KA/11/4362(P204262)) dated November 12, 2007 and valid till December 31, 2009, for the transport of 20KL of Class A/B petroleum granted in Form XI under the Petroleum Rules, 2002 by the Deputy Chief Controller of Explosives, Mangalore Sub Circle Office, Ministry of Commerce & Industry, Department of Explosives for vehicle No. KA-25/B-393.
31. Sanction (Ref. No. EEE/MNG/AEE (O)/AET-1/ 2004-2005/HT-/16373-77) dated January 10, 2005 of 700 KVA power supply by the Executive Engineer (Electricity), Mangalore Electricity Supply Company Limited, Operations & Management Division, Mangalore.

Approvals in relation to our wind generation business

32. Approval (G.O. No. EN 453 NCE 2006) dated November 30, 2006 for transfer of 6.25 MW Wind Power capacity (Wind Mill Project) from out of sanctioned 21.25 MW Wind Power Capacity to M/s. Suzlon Energy Limited at Keluru village of Mundaragi Taluk, Gadag District granted by the Under Secretary to the Government of Karnataka, Energy Department in the name of the Governor of Karnataka.
33. Approval (G.O. No. EN 445 NCE 2006) dated November 28, 2006 for transfer of 3.75 MW Wind Power capacity (Wind Mill Project) from out of sanctioned 100.00 MW Wind Power Capacity to Suzlon Energy Limited at Bagewadi village of Mundaragi Taluk, Gadag District granted by the Joint Secretary to the Government of Karnataka, Energy Department in the name of the Governor of Karnataka.
34. Approval (G.O. No. EN 404 NCE 2006) dated October 12, 2006 for transfer of 15 MW Wind Power capacity (Wind Mill Project) from out of sanctioned 100.00 MW Wind Power Capacity to Suzlon Energy Limited at Hirevadatti, Keluru and Chikkavaddati villages of Mundaragi Taluk, Gadag District granted by the Under Secretary to the Government of Karnataka, Energy Department in the name of the Governor of Karnataka.
35. Approval (G.O. No. EN 405 NCE 2006) dated October 12, 2006 for transfer of 5 MW Wind Power capacity (Wind Mill Project) from out of sanctioned 100.00 MW Wind Power Capacity to Suzlon Energy Limited at Harugeri village of Mundaragi Taluk, Gadag District granted by the Under Secretary to the Government of Karnataka, Energy Department in the name of the Governor of Karnataka.
36. Approval (G.O. No. EN 358 NCE 2006) dated August 14, 2006 for transfer of 2.5 MW Wind Power capacity (Wind Mill Project) from out of sanctioned 100.00 MW Wind Power Capacity to M/s. Suzlon Energy Limited at Harugeri village of Mundaragi Taluk, Gadag District granted by the Under Secretary to the Government of Karnataka, Energy Department in the name of the Governor of Karnataka.
37. Approval (G.O. No. EN 357 NCE 2006) dated August 14, 2006 for transfer of 10.00 MW Wind Power

capacity (Wind Mill Project) from out of sanctioned 100.00 MW Wind Power Capacity to Suzlon Energy Limited at Hirevadatti village of Mundaragi Taluk, Gadag District granted by the Under Secretary to the Government of Karnataka, Energy Department in the name of the Governor of Karnataka.

Approvals in relation to our aircraft business

38. Application dated November 18, 2006 made to the Ministry of Civil Aviation, for grant of non-scheduled operator permit.

Government Approvals/Licence required related to our project

Application made

39. Application dated April 16, 2007 made by our Company to the Town and Country Planning Authority, Haryana, Chandigarh for the change of land use from the agricultural to warehousing under section 10 (f) of the Punjab Scheduled Road and Control Restriction of Un-regulated Development Act, 1963
40. Application dated September 5, 2007 for permission of construction of building at Solapur to the Gram Panchayat Office, Kondi Village Solapur.
41. Application dated November 12, 2007 for permission of construction of Building at Gadag to the Municipal Commissioner, city Municipal council, at Gadag.
42. Application dated February 28, 2008 to get the approval for proposed 20 KL HSD Consumer Pump installation in Solapur. This application has been made to the Joint Chief Controller of Explosives, Navi Mumbai and to District Commissioner Solapur.
43. Application dated November 31, 2007 made to Maharashtra State Electricity Board for power supply in Solapur.

Applications required but not made

44. Amended application for change of land use from Agricultural to warehousing subsequent to acquisition of new plot of land measuring 0 acres 7.75 Gunthas in Gurgaon to the Town and Country Planning Authority, Haryana, Chandigarh.
45. Application for setting up HSD consumer pumps in Gurgaon (60KL) and Bijapur (20KL).
46. Application for power supply in Gurgaon, Bijapur and Gadag.
47. Application for construction of building at Gurgaon and Bijapur

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorized by a resolution of our Board dated July 28, 2007 and by special resolution passed pursuant to Section 81(1A) of the Companies Act*,* at the AGM of the shareholders of our Company held on August 25, 2007.

Prohibition by SEBI

Our Company, our Directors, our Promoters, our group companies and other companies promoted by our Promoter and companies/firms within which our Company's Directors are associated as directors/Promoters/Partners have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Further, our Promoters or their relatives have confirmed that they have not been detained as willful defaulters by the RBI or any other government authority and there are no violations of securities laws committed by them in the past or are pending against them. Entities of our Promoter Group do not appear on the RBI defaulter list, nor are there any violations of securities laws committed by them in the past or pending against them.

However a Complaint has been filed against our Director Mr. R.S.Hugar, when he was the Chairman and Managing Director of GTB from April 12, 2001 to December 3, 2001. For further details, please refer to the chapter titled "Outstanding Litigations and Defaults" on page [●] of this Draft Red Herring Prospectus.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with clause 2.2.1 of the SEBI DIP guidelines explained under, with the eligibility criteria calculated in accordance with Restated Financial Statements:

1. Our Company has net tangible assets of at least Rs. 300 lacs in each of the preceding 3 full years

(Rs. In Lacs)

Particulars	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**	**March 31, 2006**	**March 31, 2007**
Fixed Assets (Net)	5979.75	6814.16	11344.62	15436.71	47136.28
Capital Work in Progress	335.69	2299.06	3065.00	1337.87	1289.32
Investments	2082.31	2828.20	4477.44	4478.94	7.87
Current Assets and Loans & Advances	1849.91	2910.73	3521.85	4591.61	8677.44
Less: Current Liabilities & provisions	1220.49	1787.97	2826.46	3261.91	3083.10
Net Tangible Assets	**9027.17**	**13064.17**	**19582.44**	**22583.21**	**54027.81**
Monetary Assets(Cash and Bank)	386.18	392.74	513.94	708.15	1515.85
Monetary Assets as a % of Net tangible Assets	4.28%	3.01%	2.62%	3.14%	2.81%

Net Tangible assets is defined as the sum of fixed assets, investment, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and secured as well as unsecured long term liabilities)

Monetary assets include cash on hand and bank balance.

2. Our 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 5 years

(Rs. In Lacs)

Particulars	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007
Net profit after tax and before extraordinary item	92.38	280.57	188.76	505.52	(3,130.01)

3. Our Company has a net worth of at least Rs. 100 Lacs in each of the preceding 3 full years.

(Rs. In Lacs)

Particulars	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007
Equity Share Capital	2000.00	2000.00	2000.00	2000.00	7000.00
Share Application Money	-	-	-	-	700.00
Reserves & Surplus	-428.92	-148.35	40.41	545.93	1785.06
Less: Misc. Exp	-	-	-	-	-
Net worth	**1571.08**	**1851.65**	**2040.41**	**2545.93**	**9485.06**

4. Our Company has not changed its name within the last one year.

5. Our Company shall ensure that the aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. public issue by way of offer document + firm allotment + promoters' contribution through the offer document) does not exceed five (5) times our pre- issue net worth as per the audited balance sheet of the last financial year.

   Further, if the number of Allottees in the proposed Issue is less than 1,000 Allottees, Our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after Our Company becomes liable to pay the amount, Our Company shall pay interest at the rate of 15% per annum for the delayed period.

Disclaimer Clause

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, EDELWEISS CAPITAL LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES 2000. AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED 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 ISSUER COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN

THIS BEHALF AND TOWARDS THIS PURPOSE THE BOOK RUNNING LEAD MANAGER, EDELWEISS CAPITAL LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED MARCH 17, 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, IT'S 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 THER 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 **WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**

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 will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies, Karnataka at Bangalore, in terms of section 60 B of the Companies Act. All legal requirements pertaining to the issue will be complied with at the time of filing of the Prospectus with the RoC, in terms of section 56, section 60 and section 60B of the Companies Act.

Disclaimer from the Company and the BRLM

Our Company, our Directors and the BRLM accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information would be doing so at his or her own risk.

The BRLM accept no responsibility, save to the limited extent as provided in the MOU entered into between the BRLM and us on March 12, 2008 and the Underwriting Agreement to be entered into between the Underwriters and us.

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.

Neither our Company nor any member of the Syndicate is liable to the Bidders for any failure in down loading the Bids due to faults in any software/hardware system or otherwise

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to the Company, the BRLM 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 our 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 our Company. Our Company, the BRLM 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 our Company.

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 majors, Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares and warrants, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorized under their constitution to hold and invest in equity shares and warrants, Public financial institutions as specified in Section 4A of the Companies Act, venture capital funds registered with SEBI, national investment funds, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 2500 lacs and pension funds with minimum corpus of Rs. 2500 lacs, and to non-residents including FVCIs, multilateral and bilateral institutions, FIIs registered with SEBI and Eligible NRIs provided that they are eligible under all applicable laws and regulations to hold Equity Shares and Warrants of our Company. This Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares and Warrants offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft 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 Hubli only.

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

The Equity Shares and Warrants 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 and Warrants 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.

The Equity Shares and Warrants 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 Bombay Stock Exchange Limited

Bombay Stock Exchange Limited ("the Exchange") has given vide its letter dated [•] 2008 given permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

i. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
ii. warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
iii. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

And it should not for any reason be deemed or construed to mean that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange 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 National Stock Exchange of India Limited

As required, a copy of the Draft Red Herring Prospectus has been submitted to The National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter ref: [•] dated [•] 2008 permission to the Issuer to use the NSEs name in this Offer Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. NSE has scrutinized the Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document; nor does it warrant that Issuer'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 this Issuer, its promoters, its management or any scheme or project of the Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer 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 or acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of this Draft Red Herring Prospectus had been filed with SEBI at Corporation Finance Department, Plot No. C4-A, "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, would be delivered for registration to the RoC at least three (3) days prior to Bid/Issue opening date and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC at the Office of the Registrar of Companies, 'E' wing, 2nd floor, Kendriya Sadana, Koramangala, Bangalore 560034

Listing

Applications have been made to the BSE and NSE for permission to deal in and for an official quotation of our Equity Shares and Warrants. [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalized. In-principle approval for listing of the equity shares and warrants of the Company from BSE and NSE have been received *vide* their letters dated [●] and [●] respectively.

If the permissions to deal in and for an official quotation of our Equity Shares and Warrants are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within 8 days after our Company become liable to repay it, i.e. from the date of refusal or within 15 days from the Bid/Issue Closing Date, whichever is earlier, then our Company, and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be jointly and severally, 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.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within 7 working days of finalization 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 68A of the Companies Act, which is reproduced below:

"Any person who:

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years".

Consents

Consents in writing of: (a) the Directors, the Promoters, the Company Secretary and Compliance Officer, Statutory Auditors, Independent Auditors, Bankers to the Company and Bankers to the Issue; and (b) Book

Running Lead Manager to the Issue and Syndicate Members*, Escrow Collection Bankers*, Registrar to the Issue, Legal Advisor to the Issue, IPO Grading Agency, Underwriters 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 will not be withdrawn up to the time of delivery of this Draft Red Herring Prospectus for registration with the SEBI.

** Consents from the Escrow Collection Banks, IPO Grading Agency, Underwriters and Syndicate Members shall be obtained prior to the filing of the Red Herring Prospectus with the RoC. Other consents mentioned herein above have been obtained prior to filing of this Draft Red Herring Prospectus with the SEBI.*

H.K. Veerabhadrappa & Co, Chartered Accountants, the Statutory Auditors have given their written consent for inclusion of their report in the form and context in which it appears in this Draft Red Herring Prospectus and such consent and report has not been withdrawn up to the time of this of this Draft Red Herring Prospectus with the SEBI

H.K. Veerabhadrappa & Co, Chartered Accountants, the Statutory Auditors have given their written consent to the tax benefits accruing to our Company and its members in the form and context in which it appears in this Draft Red Herring Prospectus and has not withdrawn such consent up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

Grant Thornton, Independent Auditors, have given their written consent to the inclusion of their reports in the form and context in which it appears in this Draft Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Prospectus for registration with the Registrar of Companies, Bangalore.

Expert Opinion

We have obtained an expert opinion from Grant Thornton, Independent Auditors.

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, legal fees, statutory advertisement expenses and listing fees. All expenses with respect to the Issue would be borne by our Company.

The estimated Issue expenses are as under:

(Rs.in Lacs)

Activity	Expenses *	% of Issue Expenses	% of Issue Size
Lead management, underwriting and selling commission	[●]	[●]	[●]
Advertising and Marketing expenses	[●]	[●]	[●]
Printing and stationery	[●]	[●]	[●]
Others (IPO Grading, Registrars fee, legal fee, listing fee, etc.)	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

**To be completed after finalization of issue price*

Fees Payable to the BRLM

The total fees payable to the Book Running Lead Manager will be as per the engagement letter dated February 09, 2007 with the BRLM issued by our Company, a copy of which is available for inspection at our Registered Office.

Fees Payable to the Registrar to the Issue

The fees payable by us 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 to be entered into between us and the Registrar dated April 27, 2007 and March 17, 2008 a copy of which is available for inspection at our Registered Office.

The Registrar to the Issue will be reimbursed for all out of pocket expenses including cost of stationery, postage, stamp duty, and communication expenses. Adequate funds will be provided 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.

Underwriting commission, brokerage and selling commission

The Underwriting Commission and Selling Commission for this Issue are as set out in the Syndicate Agreement amongst our Company, the BRLM and Syndicate Members. The Underwriting Commission shall be paid as set out in the Underwriting Agreement based on the Issue Price and amount underwritten in the manner mentioned in this Draft Red Herring Prospectus.
The Brokerage for the Issue will be not more than [●] % of the Issue Price of the Equity Shares and Warrants by our Company on the basis of the allotments made against the Bids bearing the stamp of a member of any recognized Stock Exchange in India in the 'Broker' column. Brokerage at the same rate will also be payable to the Escrow Collection Banks in respect of the allotments made against Bids procured by them provided the respective forms of Bid bear their respective stamp in the Broker column. In case of tampering or over-stamping of Brokers'/Agents' codes on the Bid-cum-Application Form, our Company's decision to pay brokerage in this respect will be final and no further correspondence will be entertained in this matter. We, at our sole discretion, may consider payment of additional incentive in the form of kitty or otherwise to the performing brokers on such terms and mode as may be decided by us.

Previous Public or Rights Issues in the last 5 years

Our Company has not made any previous rights and public issues in India or abroad in the five years preceding the date of this Draft Red Herring Prospectus.

Previous issues of shares otherwise than for cash

Except as stated in the chapter titled "Capital Structure" on page [●], our Company has not made any previous issues of Equity Shares for consideration otherwise than for cash.

Underwriting commission, brokerage and selling commission on Previous Issues

Since this is the initial public offer of equity shares and warrants of our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares and Warrants since our inception.

Details of Capital Issue made last 3 years in regard to the Issuer Company and other listed Companies under the same management within the meaning of section 370(1) (B) of the Companies Act at present or during the last 3 years

We do not have any companies under the same management within the meaning of section 370(1) (B) of the Companies Act, which has made any capital issue during the last three years.

Promise v/s performance for the last 3 issues

Our Company nor any Group or associate companies have made any previous rights and public issues.

Listed Ventures of the Promoters

There are no listed ventures of our Promoters

Promise vis- a vis Performance – Last one Issue of Group Companies

There are no listed ventures of our Promoters

Outstanding Debentures or Bond Issues or Preference Shares and other Instruments issued and outstanding as on the date of the Draft Red Herring Prospectus and terms of the Issue

Our Company has no outstanding debentures or bonds as of the date of this Draft Red Herring Prospectus.

Stock Market Data for our Equity Shares

This being an initial public issue of our Company, the Equity Shares and Warrants of our Company are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

Our Company has constituted a Shareholders' / Investor Grievance Committee to look into the redressal of shareholder/ investor complaints such as Issue of duplicate/split/consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/transmission of shares and debentures, complaints for non receipt of dividends etc. For further details on this committee, please refer the head 'Corporate Governance' on page [●]. To expedite the process of share transfer, Our Company has appointed Karvy Computershare Private Limited as the Registrar and Share Transfer Agents of Our Company vide MoU dated April 27, 2007and March 17, 2008.

Disposal of Investor Grievances by the Company

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have also appointed Mr. R.P. Raichur, Director (Finance) and Company Secretary of our Company as the Compliance Officer for this Issue and he may be contacted in case of any pre-Issue or post Issue related problems, at the following address:

Mr. R.P. Raichur
R.S no. 351/1, NH-4
Bangalore Road, Varur
Hubli 581 207
Karnataka
India
TEL: (91 836) 2237 607-09
Fax: (91 836) 2237 614
Email: investors@vrllogistics.com

Change in Auditors during the last 3 years and reasons thereof

There has been no change in Auditors of our Company for the last 3 years.

Capitalization of Reserves or Profits during last 5 years

Our Company has not capitalized our reserves or profits during the last 5 years, except as stated in the chapter titled "Capital Structure" on page [●].

Revaluation of Assets during the last 5 years

Our Company has not revalued the assets; during the last 5 years for details refer to the chapter titled "Capital Structure" on page [●].

SECTION IX: ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares and Warrants being issued are subject to the provisions of the Companies Act, 1956, our Memorandum and Articles of Association, the terms of this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the allotment advices and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares and Warrants shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, the Government of India, Stock Exchanges, RoC, RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The Issue has been authorized by a resolution of our Board dated July 28, 2007 and by special resolution adopted pursuant to Section 81(1A) of the Companies Act, at an Annual General Meeting of the shareholders of our Company held on August 25, 2007.

We have made an application dated March 14, 2008 to the FIPB seeking their permission to allot shares to non residents.

Ranking of Equity Shares

The Equity Shares being offered under the Issue and the Equity Shares allotted pursuant to the exercise of Warrants issued shall be subject to the provisions of our Memorandum and Articles and shall rank pari-passu with the existing Equity Shares of our Company including rights in respect of dividends. The Allottees of Equity Shares under this Issue will be entitled to dividends or any other corporate benefits, if any, declared by the Company after the date of Allotment. For description of our articles of association please refer to the chapter titled "Main Provisions of the Articles of Association" beginning on page [●] of this Draft Red Herring Prospectus.

The Warrant-holders shall not be entitled to any dividend or any other corporate benefits, which may be declared or announced by our Company from time to time, till such time that Warrants are exercised into the underlying equity shares of our Company in accordance with the terms contained herein and full payment of the exercise price.

The Warrants shall not confer upon the holders thereof any right to receive any notice of the meeting of the Shareholders of our Company or Annual Report of our Company and or to attend/vote at any of the General Meetings of the shareholders of our Company.

Mode of Payment of Dividend

We shall pay dividends to our shareholders as per the provisions of the Companies Act, 1956.

Face Value and Issue Price

The Equity Shares of Rs 10 each along with the warrant will be issued in terms of the Red Herring Prospectus to be filed with the RoC. The Issue Price is Rs. [●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares, subject to applicable laws.

Rights of the Equity Shareholder

Subject to applicable laws, the Equity Shareholders shall have the following rights:

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

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to the chapter titled "Main Provisions of Articles of Association" on page [●].

Compliance with SEBI Guidelines

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares and Warrants shall be allotted only in dematerialised form. As per the SEBI Guidelines, the trading of our Equity Shares shall only be in dematerialised form for all investors. Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share and one Warrant. Allotment in this Issue will be only in electronic form in multiples of [●] Equity Share and [●] Warrant subject to a minimum Allotment of [●] Equity Shares in the Issue. For details of Allotment please refer to the chapter titled "Issue Procedure" beginning on page [●] of this Draft Red Herring Prospectus.

TERMS AND CONDITIONS OF WARRANTS

Exercise of Warrants

Every Allottee of Equity Shares under the Issue shall receive a Warrant in the ratio of one Warrant for every Equity Share allotted. Each Warrant shall be convertible into one equity share of a face value of Rupees Ten (10) each, of our Company during the Warrant Exercise Period.

The Warrants can be freely and separately traded till the same are tendered for exercise. The market lot for the Warrants is one. Exercise of Warrants during the Warrant Exercise Period will be carried out without the need for our Company to take any further approvals, however the Warrant holders should independently check if they require any approvals. The Board subject to the terms of the Draft Red Herring Prospectus, our Memorandum and Articles of Association, the approvals from the Government of India and RBI and provisions of the Companies Act, SEBI Guidelines, Listing Agreements with the stock exchanges, any other legislative enactments and rules as may be applicable will proceed to convert the Warrants in accordance with the applicable laws.

In the event that there is any share split of the Equity Shares of our Company, prior to the exercise of Warrants, then, the Warrant holder, who exercises his right to exercise the Warrant, shall be entitled to such number of Equity Shares in order for the aggregate face value of the number of Equity Shares issued to the Warrant holder be equal to Rupees Ten (10).

Warrant Exercise Price

The Warrant Exercise Price shall be an amount determined by applying a discount at the Applicable Discount Rate to the Market Price for Warrant Exercise.

Provided, however, the Warrant Exercise Price, shall at no time be (a) higher than an amount which is at a [●]% premium to the Issue Price or (b) lower than the face value of the underlying Equity Shares. Provided further, that in the event of any share split or issue of bonus shares by our Company, the Issue Price stated above shall be adjusted accordingly, for the purposes of arriving at the applicable premium to the Issue Price.

Market Price for Warrant Exercise

For the purpose of the above, the Market Price for Warrant Exercise (as adjusted for share split or issue of bonus shares) shall be the lower of,

1) the average price of the Equity shares of the Company computed as the average of the weekly high and low of the closing prices of the shares of the Company during the period of Six months, or
2) the average price of the Equity shares of the Company computed as the average of the weekly high and low of the closing prices of the shares of the Company during the period of One month immediately preceding the month in which the exercise price is announced. The said high and low closing prices shall be the prices quoted on the exchange where the highest volumes of the Equity Shares of the Company are recorded during the said periods of Six months or One month.

Applicable Discount Rate

The Applicable Discount Rate shall be calculated in the following manner:

1) The Applicable Discount Rate will be 30% in case the Market Price For Discount Calculation of the Equity shares of the Company is less than the Issue Price
2) The Applicable Discount Rate will be 10% in case the Market Price for Discount Calculation of the Equity shares of the Company is equal to or more than the Issue Price

The Applicable Discount Rate as determined above will remain the same throughout the Warrant Exercise Period.

Market Price for Discount Calculation

For the purposes of the above, the Market Price For Discount Calculation (as adjusted for share split or issue of bonus shares) shall be the average price of the Equity shares of the Company computed as the average of the weekly high and low of the closing prices of the shares of the Company during the six months period commencing from the beginning of the 7th month and ending at the end of the 12th month after the Date of Allotment of Equity Shares and Warrants.

Warrant Exercise Period

Warrant Exercise Period shall be the period commencing from the completion of the 18th month and be open up to the completion of the 24th month from the date of allotment of the Equity shares and Warrants. Warrant holders can exercise their right to apply for the Exercise of Warrants into Equity Shares at the Warrant Exercise Price at any time during the Warrant Exercise Period. The Warrants not tendered for exercise during the Warrant Exercise Period along with the relevant Exercise Price shall lapse.

Announcement of Warrant Exercise Price

The Warrant Exercise Price valid for a period of 3 months would be advertised by us in an English national daily, one Hindi national daily and a regional language daily circulated at the place where our Registered Office is situated. The Warrant Exercise Price shall be advertised within three working days of the beginning of the exercise period or the expiry of the previously announce price.

Allotment of shares arising from Warrant Exercise (Applicable Allotment Date)

The application for the warrant exercise can be made at any time immediately after the announcement of Warrant Exercise Price. The Company will allot the shares within 10 working days from the date of expiry of the previous Warrant Exercise Price.

The above exercise cycle will be repeated for each subsequent 3 months period during Warrant Exercise Period.

Illustrative Example

Activity	Time Period as defined herein	Indicative Relevant Date
Allotment of Warrants	-	June 1, 2008
Commencement Of Warrant Exercise Period	From the completion of the 18th month	December 1, 2009
1st Advertisement for Warrant Exercise Price	Within three (3) working days of the beginning of the exercise period	By December 4, 2009
1st Warrant Exercise Price would be applicable upto	Three Months	February 27, 2010
1st Allotment Date	Ten (10) working days from the date of expiry of the previous Warrant Exercise Price	By March 12, 2010
2nd Advertisement for Warrant Exercise Price	Within three (3) working days of the beginning of the exercise period	By March 3, 2010
2nd Warrant Exercise Price would be applicable upto	Three Months	May 31, 2010
2nd Allotment Date	Ten (10) working days from the date of expiry of the previous Warrant Exercise Price	By June 14, 2010
End of Warrant Exercise Period	Completion of the 24th month from the date of allotment	May 31, 2010

Procedure for Exercise

- The Application Form will be sent by our Company to all the Warrant holders along with the letter of Allotment. The Application Form would also be available to all Warrant holders on request with the Registrar during the Warrant Exercise Period and can be downloaded from our Company's website www.vrllogistics.com.
- The Registrar to our Company, Karvy Computershare Private Limited, will before the Warrant Exercise Period open a special depository account with NSDL called "VRL Logistics Limited – Warrant Exercise Escrow Account" with a Depository Participant (the "Special Depository

Account").

- Beneficial owners (holders of Warrants) who wish to tender their Warrants for exercise will be required to send their application for exercise on the prescribed application form accompanied by a cheque / demand draft favouring "VRL Logistics Limited – Warrant Account" payable at Mumbai for the requisite amount along with a photocopy of the delivery instruction in "Off-market" mode, or counterfoil of the delivery instructions in "Off-market" mode, duly acknowledged by the Depository Participant ("DP"), in favour of the Special Depository Account to the Registrar to our Company.
- Beneficial owners (holders of Warrants) having their beneficiary account with the CDSL must use the inter-depository delivery instruction slip for the purpose of crediting their Warrants in favour of the Special Depository Account with the NSDL.
- During the Warrant Exercise Period, the Warrant holder should send the Application Form accompanied by the cheque or demand draft to the Registrar to the Issue - Karvy Computershare Private, "Karvy House", 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad 500 034
- Shares allotted on exercise of valid Warrants will be dispatched/credited to the applicant's electronic account within 10 working days from the day of expiry of the Warrant Exercise Period.

In case the Warrants along with the cheque/demand draft towards full payment of the Exercise Price do not reach the Registrar by the end of Warrant Exercise Period i.e. by the end of the 24th month from the date of allotment in this Issue, the same shall lapse.

Rights of Warrant holders

a. The Warrants shall be transferable and transmittable in the same manner and to the same extent and be subject to the same restrictions and limitations and other related matters as in the case of Equity Shares of our Company.
b. Save and except the right of subscription to our Company's Equity Shares as per the terms of the Issue, the holders of the Warrants in their capacity as Warrant holders shall have no other rights or privileges.
c. The Warrants shall be transferable and transmittable in the same manner and to the same extent and be subject to same restrictions and limitations and other related matters as in the Equity Shares of our Company. The Warrant holder's inter-se, shall rank *pari passu* without any preference or priority of one over the other or others.

All the above rights of the Warrant holders shall lapse automatically if it is not exercised within the Warrant Exercise Period and the unexercised Warrant shall be automatically treated as cancelled. On exercise and subsequent allotment of Equity Shares, the Warrant holders shall enjoy the rights and privileges of shareholders of our Company and not of Warrant holders. The Warrants shall not confer upon the holders thereof any right to receive any notice of the meeting of the Shareholders of our Company or Annual Report of our Company and or to attend/vote at any of the General Meetings of the Shareholders of our Company.

The Warrant holders shall not be entitled to any dividend or any other corporate benefits, which may be declared or announced by our Company from time to time, till such time that the Warrants are exercised into the underlying Equity Shares of our Company in accordance with the terms contained herein and full payment of the Exercise Price.

Variance in the terms of the Warrants

The rights, privileges and conditions attached to the Warrants may be modified or varied or abrogated with the consent of the holders of the Warrants by a Special Resolution passed at a meeting of the Warrant holders, provided that nothing in such resolution shall be operative against our Company when such resolution modifies or varies the terms and conditions governing the Warrants if the same is not acceptable to our Company. At a meeting of the Warrant holders, every Warrant holder, and in the case of joint holders first holder of the Warrant, shall be entitled to vote, either in person or by proxy, in respect of such

Warrants. The Warrant holder will be entitled to one vote on a show of hands and his / her voting rights on a poll shall be in proportion to the outstanding number of the Warrants held by him / her. The quorum for such meetings shall be at least five Warrant holders present in person. The proceedings of the meeting of the Warrant holders shall be governed by the provisions contained in our Articles regarding meetings of shareholders and such other rules in force for the time being to the extent applicable and in relation to matters not otherwise provided for in terms of the Issue.

Register of Warrant holders

The Register of Warrant holders shall be maintained by the Registrar in the same manner as the Register and Index of beneficial owners is maintained under Section 11 of the Depositories Act.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Hubli, Karnataka, India.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares and the Warrants 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) and Warrants. 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) and Warrants 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) and Warrants by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only in the prescribed form available on request at the Registered Office of our Company or from the Registrar and Transfer Agents of our Company.

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

- To register himself or herself as the holder of the Equity Shares and Warrants; or
- To make such transfer of the Equity Shares and Warrants, as the deceased holder could have made.

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

Since the Allotment of Equity Shares and Warrants in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require to change their 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 of underwriters/member(s) of the Syndicate, 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 terms of Clause 2.2.2A of the SEBI Guidelines, we shall ensure that the number of Allottees to whom Equity Shares will be allotted will not be less than 1,000.

The Equity Shares and Warrants 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 and Warrants 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.

The Equity Shares and Warrants 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.

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/ debentures and on their consolidation/ splitting except as provided in our Articles. For further details please refer to the chapter titled "Main Provisions of Articles of Association" on page [●] of this Draft Red Herring Prospectus.

ISSUE STRUCTURE

The present Issue of 2,70,00,000 Equity Shares at a price of Rs. [●] and [●] Warrants, aggregating Rs. [●] Lacs is being made through the Book Building Process. The issue of equity shares will constitute 27.64 % of the fully diluted post-issue equity share capital of our company prior to conversion of detachable warrants and the issue shall constitute [●] % of the post issue equity share capital of our company after exercise of detachable warrants, assuming all warrants are converted into equity shares.

	QIBs	**Non-Institutional Bidders**	**Retail Individual Bidders**
Number of Equity Shares and Warrants *	Not more than [●] Equity Shares and [●] Warrants or the Issue less allocation to Non-Institutional Investors and Retail Individual Bidders	Not less than [●] Equity Shares and [●] Warrants or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not Less than [●] Equity Shares and [●] Warrants or Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of Issue Size available for allotment/allocation	Not more than 50% of Issue Size being allocated (of which 5% shall be reserved for Mutual Funds) or Issue less allocation to Non-Institutional Investors and Retail Individual Bidders. 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.	Not less than 15% of Issue or Issue less allocation to QIB and Retail Individual Bidders.*	Not less than 35% of Issue or Issue less allocation to QIB Bidders and Non Institutional Bidders.
Basis of Allotment/Allocation if respective category is oversubscribed	Proportionate	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds Rs. 1,00,000.	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds Rs. 1,00,000.	[●] Equity Shares.
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the Issue, subject to regulation applicable to the Bidder.	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the Issue, subject to regulation applicable to the Bidder	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the Issue, subject to regulation applicable to the Bidder.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Bid/Allotment Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Trading Lot	One Equity Share and one Warrant	One Equity Share and one Warrant	One Equity Share and one Warrant
Who can Apply **	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, FIIs registered with SEBI, venture capital funds registered with SEBI and Foreign Venture Capital Funds registered with SEBI, national investment funds, state industrial development corporations, multi lateral and bi-lateral development financial institutions, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 2500 lacs and pension funds with minimum corpus of Rs. 2500 lacs in accordance with applicable law.	Resident Indian individuals, Eligible NRIs, HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts.	Individuals including, Eligible NRIs and HUF (in the name of Karta) applying for Equity Shares such that the Bid amount does not exceed Rs 1,00,000 in value.
Terms of Payment	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.***	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.
Margin Amount	10% of Bid Amount	100% Bid Amount	100% Bid Amount

* Subject to valid bids being received at or above the Issue Price. Under-subscription, if any, in any category, would be allowed to be met with spill over inter-se from any other categories, at the discretion of our Company in consultation with the BRLM subject to applicable provisions of SEBI guidelines.

** 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.

*** After the Bid/issue closing date depending on the level of subscription, additional margin amount, if any, may be called for from the QIB bidders.

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through a 100% Book Building Process under clause 2.2.1 of SEBI DIP Guidelines, wherein not more than 50% of the Issue will be allocated to Qualified Institutional Buyers (QIBs) on a proportionate basis, subject to valid bids being received at or above the Issue Price. Out of the portion available for allocation to the QIBs, 5% will be available for allocation to Mutual Funds only. Mutual Funds Bidders shall also be eligible for proportionate allocation under the balance available to QIBs. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price

Bidders are required to submit their Bids through the member(s) of the Syndicate. Further, QIB Bids can be procured only through the BRLM or their affiliates or Syndicate Members. In case of QIB Bidders, the Company, in consultation with the BRLM may reject Bids at the time of acceptance of the Bid-cum-Application Form provided that the reasons for such rejection shall be disclosed to such Bidder in writing. In the cases of Non-Institutional Bidders and Retail Individual Bidders, the Company will have a right to reject the Bids only on technical grounds as listed in this Draft Red Herring Prospectus.

Investors should note that allotment of Equity Shares and Warrants to all successful Bidders will only be in the dematerialised form. Bidders will not have the option of getting allotment of the Equity Shares and Warrants in physical form. The Equity Shares and Warrants 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 the Red Herring Prospectus. The Bidders shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares and Warrants, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorised the Company to make the necessary changes in the Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by 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 and Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs applying on a repatriation basis, FIIs, Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions and other Non-Residents applying on a repatriation basis	Blue

Who can Bid

1. Persons eligible to invest under all applicable laws, rules, regulations and guidelines.
2. Indian nationals resident in India who are not minors, in the names of their children as natural/legal guardians, in single or joint names (not more than three).
3. Eligible NRIs and FIIs on a repatriation basis or non-repatriation basis subject to applicable laws.
4. Hindu Undivided Families (HUFs) in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid-cum-Application Form as follows: "Name of sole or first Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals.
5. State Industrial Development Corporations.
6. Insurance companies registered with the Insurance Regulatory and Development Authority ("IRDA"), India.
7. Provident Funds with a minimum corpus of Rs. 2500 lacs and who are authorised under their constitution to invest in equity shares.
8. Pension funds with a minimum corpus of Rs. 2500 lacs and who are authorised under their constitution to invest in equity shares.
9. Companies, corporate bodies and societies registered under applicable laws in India and authorised to invest in equity shares and warrants.
10. Venture Capital Funds registered with the SEBI.
11. Foreign Venture Capital Investors registered with the SEBI.
12. Indian Mutual Funds registered with the SEBI.
13. Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to the RBI regulations and the SEBI Guidelines and regulations, as applicable).
14. Multilateral and bilateral development financial institutions.
15. 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 and warrants.
16. Scientific and/or industrial research organisations in India authorised to invest in equity shares and warrants.

As per existing regulations, OCBs cannot Bid in the Issue.

Note:

The information below is given for the benefit of the Bidders. The Company and the BRLM do not accept responsibility for the completeness and accuracy of the information stated. The Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for does not exceed the limits prescribed under laws or regulations

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Participation by Associates of the BRLMs

The BRLMs 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 Members may subscribe for Equity Shares and Warrants in the Issue, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than [●] Equity Shares, allocation shall be made to Mutual Funds on a 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 the SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

In accordance with 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 equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry-specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights these limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

Bids by Eligible NRIs

Bid-cum-Application Forms have been made available for Eligible NRIs at the Registered Office of the Company and with members of the Syndicate.

NRI applicants should note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment under the Eligible NRI Category. The Eligible NRIs who intend to make payment through the Non-Resident Ordinary (NRO) account shall use the application form meant for Resident Indians (white form). All instruments accompanying Bids shall be payable at Mumbai only.

Bids by FIIs

In accordance with the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares and Warrants to a single FII should not exceed 10% of the post-Issue paid-up capital of the Company (i.e., 10% of [●] Equity Shares of Rs 10 each prior to exercise of Warrants and [●] Equity Shares after the Issue post exercise of Warrants assuming full exercise). In respect of an FII investing in the Equity Shares and Warrants on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total paid-up capital of the Company or 5% of the total paid-up capital of the Company, in case such sub-account is a foreign corporate or an individual. In accordance with the foreign investment limits applicable to us, the total FII investment can go upto 100% of the Company's total paid-up capital. The Company has applied to FIPB for the requisite approval, after getting the FIPB approval our Company may get the necessary approval from the board and the shareholders by way of a special resolution.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended, an FII or its sub-account may issue, deal or hold, offshore derivative instruments such as participatory notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed 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.

Bids by the SEBI-registered Venture Capital Funds and Foreign Venture Capital Investors

In accordance with the current regulations, the following restrictions are applicable for investments by SEBI-registered Venture Capital Funds and Foreign Venture Capital Investors

The SEBI (Venture Capital Funds) Regulations, 1996, as amended and the SEBI (Foreign Venture Capital Investors) Regulations, 2000, as amended prescribe investment restrictions on Venture Capital Funds and Foreign Venture Capital Investors registered with SEBI. For example, the holding by any individual VCF should not exceed 25% of the corpus of the VCF in one venture capital undertaking. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

Maximum and Minimum Bid Size

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 1,00,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 1,00,000. Where the Bid Amount is over Rs. 1,00,000 due to revision of the Bid or revision of the Price Band or on exercise of the option to bid at Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The Cut-off Price option is given only to Retail Individual Bidders indicating their agreement to the Bid and to purchase the Equity Shares at the 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. 1,00,000 and is a multiple of [●] Equity Shares thereafter. 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 under applicable laws. **Under the SEBI Guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the QIB Margin Amount upon submission of the 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. 1,00,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 1,00,000 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 Non-Institutional Portion would be considered for allocation under the Retail Portion. **Non-Institutional Bidders and QIB Bidders are not allowed to Bid at the 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 Draft Red Herring Prospectus.

Information for the Bidder:

1. Our 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 the Equity Shares) who would like to obtain the Red Herring Prospectus along with the Bid-cum-Application Form can obtain the same from the Registered Office of the Company or from any of the member(s) of the Syndicate.

4. The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the member of the Syndicate. Bid-cum-Application Forms which do not bear the stamp of a member of the Syndicate will be rejected.

5. The 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 the RoC and also publish the same in two widely circulated national newspapers (one each in English and Hindi) and one in Kannada newspaper. This advertisement, subject to the provisions of Section 66 of the Companies Act, shall be in the format prescribed in Schedule XX-A of the SEBI Guidelines, as amended by the SEBI Circular No. SEBI/CFD/DIL/DIP/17/2005/11/11 dated November 11, 2005.

6. The BRLM and Syndicate Members shall accept Bids from the Bidders during the Bidding Period in accordance with the terms of the Syndicate Agreement.

7. The Bidding/Issue Period shall be for a minimum of three working days and shall not exceed seven working days. Where the Price Band is revised, the revised Price Band and Bidding Period will be published in two national newspapers (one each in English and Hindi) and one in Kannada newspaper with wide circulation and also by indicating the change on the website of the BRLM at the terminals of the members of the Syndicate. 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.

8. The Company in consultation with the BRLM, can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.

Method and Process of Bidding

1. Each Bid-cum-Application Form will give the Bidder the choice to Bid for up to three optional prices (for details refer to the paragraph "Bids at Different Price Levels" on page [●] of this Draft Red Herring Prospectus) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.

2. The Bidder cannot Bid on another Bid-cum-Application Form after Bid(s) on one Bid-cum-Application Form have been submitted to any member of the Syndicate. Submission of a second Bid-cum-Application Form to either the same or to another member of the Syndicate will be treated as multiple bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point in time before the Allotment of Equity Shares in the Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph "Bids and Revision of Bids" on page no[●] of this Draft Red Herring Prospectus.

3. The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip ("TRS") for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRS for each Bid-cum-Application Form.

4. During the Bidding Period, Bidders may approach the members of the Syndicate to submit their Bids. 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.

5. Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under the paragraph "Payment Instructions" on page [●] of this Draft Red Herring Prospectus.

Bids at Different Price Levels

1. The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share, Rs. [●] being the Floor Price and Rs. [●] being the Cap Price. The Bidders can Bid at any price within the Price Band in multiples of Re.1 (Rupee One).

2. Our Company, in consultation with the BRLM, reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Guidelines. The cap on the Price Band should not be more than 20% of the Floor Price. 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. In case of a revision in the Price Band, the Bidding Period may be extended for three additional working days, subject to a maximum of ten working days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two widely circulated national newspapers (one each in English and Hindi) and in one Kannada newspaper and also by indicating the change on the website of the BRLM and at the terminals of the members of the Syndicate.

4. The Bidder can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price.

5. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding up to Rs. 1,00,000, may Bid at the Cut-off Price. However, bidding at the Cut-off Price is prohibited for QIB Bidders or Non-Institutional Bidders and such Bids from QIB or Non-Institutional Bidders shall be rejected.

6. Retail Individual Bidders who Bid at the Cut-off Price agree that they shall purchase the Equity Shares at the issue price, as finally determined, at any price within the Price Band. Retail Individual Bidders bidding at the Cut-off Price shall deposit the Bid Amount based on the cap of the Price Band in the Escrow Account. In the event that the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders, who Bid at the Cut-off Price, (i.e. the total number of Equity Shares and Warrants allotted in the issue multiplied by the Issue Price) the Retail Individual Bidders shall receive the refund of the excess amounts from the Escrow Account in the manner described under the paragraph "Payment of Refund".

7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at the Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher cap of the revised Price Band (such that the total amount i.e., the original Bid Amount plus additional payment does not exceed Rs. 1,00,000 if the Bidder wants to continue to Bid at the Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 1,00,000 for Retail Individual

Bidders, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the 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 of the Price Band before revision, the number of Equity Shares and Warrants 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 the Cut-off Price.

8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.

9. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [●] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

1. Made only on the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for Resident Indians or blue colour for NRI, FII or FVCI applying on repatriation basis).

2. Made in a 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, on the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum- Application Forms or Revision Forms are liable to be rejected.

4. Bids from the Retail Individual Bidders must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to a maximum Bid Amount of Rs. 1,00,000.

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. 1,00,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the net offer to the public. Bidders are advised to ensure that a single Bid from them does not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws and regulations.

6. By NRIs for a Bid Amount of up to Rs. 1 Lac would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 1 Lac would be considered under Non-Institutional Bid Portion for the purposes of allocation, by FIIs or Foreign Venture Capital Investors registered with SEBI, Multilateral and Bilateral Development Financial Institutions for a minimum of such number of Equity Shares and in multiples of [•] Equity Shares thereafter so that the Bid Price exceeds Rs. 1 Lac.

7. In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

8. Bids by Non Residents, NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis shall be in the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

9. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

10. As per the RBI regulations, OCBs are not permitted to participate in the Issue.

11. There is no reservation for Non Residents, NRIs, FIIs and foreign venture capital funds and all Non Residents, NRI, FII and foreign venture capital funds applicants will be treated on the same basis with other categories for the purpose of allocation.

Electronic Registration of Bids

1. The members of the Syndicate will register the Bids using the on-line facilities of the BSE and the NSE. There will be at least one on-line connectivity facility in each city where a stock exchange is located in India and where Bids are being accepted.

2. The BSE and the NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bid/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 half hourly basis. On the Bid/Issue Closing Date, the members of the Syndicate shall upload the Bids until such time as may be permitted by the Stock Exchanges. Bidders are cautioned that a high inflow of Bids typically experienced on the last day of bidding may lead to some Bids received on the last day not being uploaded due to the lack of sufficient uploading time, and such Bids that could not be uploaded may not be considered for allocation.

3. The aggregate demand and price for Bids registered on electronic facilities of the BSE and the NSE will be uploaded on half hourly basis, consolidated and displayed on-line at all bidding centres as well as on the BSE's website at www.bseindia.com and on the NSE's website at www.nseindia.com. A graphical representation of consolidated demand and price will be made available at the bidding centres during the Bidding Period.

4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

   - Name of the Bidder(s). Bidders should ensure that the name given in the Bid-cum-Application Form is exactly the same as the name in which the Depositary Account is held. In case the Bid-cum-Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and the names are in the same sequence in which they appear in the Bid-cum-Application Form;
   - Investor category—Individual, Corporate, QIBs, Eligible NRI, FVCI, FII or Mutual Fund, etc;
   - Numbers of Equity Shares bid for;
   - Bid price;
   - Bid-cum-Application Form number;
   - Margin Amount, as applicable, paid-upon submission of Bid-cum-Application Form; and
   - Depository Participant identification number and client identification number of the demat account of the Bidder.

5. A system-generated TRS will be given to the Bidder as 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 and Warrants 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 the Bid. However, such rejection should be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed in this Draft Red Herring Prospectus.

8. The permission given by the BSE and the NSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company or the BRLMs are cleared or approved by the NSE and the 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, our Promoters, our management or any scheme or project of our Company.

9. It is also to be distinctly understood that the approval given by the BSE and the NSE should not in any way be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by the BSE or the 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 Equity Shares and Warrants will be listed or will continue to be listed on the BSE and the NSE.

10. Bids not uploaded to the online IPO system of NSE / BSE shall not be considered for allocations / allotment. In case of discrepancy of data between the BSE and NSE the decision of the BRLM based on the physical records of the Bid Cum Application forms shall be final and binding on all concerned.

Build Up of the Book and Revision of Bids

1 Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the BSE or NSE mainframe on a regular basis.

2 The book gets built up at various price levels. This information will be available from the BRLM on a regular basis.

3 During the Bidding 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 optioned mentioned in the revised form, the Bidder must complete the details of all the options in the 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 complete all 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 the original Bid was placed.

6 Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only on such Revision Form or copies thereof.

7 Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In the case of QIB Bidders, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidders.

8 When a Bidder revises a Bid, the Bidder 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 and obtain the revised TRS, which will act as proof of revision of the original Bid.**

Price Discovery and Allocation/Allotment

1. After the Bid/Issue Closing Date, the BRLM shall analyse the demand generated at various price levels and discuss pricing strategy with the Company.

2. Our Company, in consultation with the BRLM shall finalise the Issue Price and the number of Equity Shares and Warrants to be allotted in each category to the Bidders.

3. The allotment to QIBs will be not more than 50% of the Issue, on a proportionate basis and the availability for allocation to Non-Institutional and Retail Individual Bidders will be not less than 15% and 35% of the Issue, respectively, on a proportionate basis, in a manner specified in the SEBI Guidelines and this Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

4. Under-subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the sole discretion of our Company, in consultation with the BRLM. However, if the aggregate demand by Mutual Funds is less than [●] Equity Shares and [●] Warrants, aggregating Rs [●] Lacs, the balance Equity Shares and Warrants available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, under-subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange.

5. The Company reserves the right to cancel the Issue at any time after the Bid/Issue Opening Date but before the Board meeting for Allotment without assigning any reasons whatsoever.

6. In terms of the SEBI Guidelines, QIBs shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

7. The allotment details shall be put on the website of the Registrar to the Issue

Signing of Underwriting Agreement and RoC Filing

(a) The Company, the BRLM and the Syndicate Members will entered into an Underwriting Agreement upon finalisation of the Issue Price and allocation/allotment to the bidders.

(b) After signing the Underwriting Agreement, the Company will update and file the updated Red Herring Prospectus with RoC, which then will be termed "Prospectus". The Prospectus will have details of the Issue Price, Issue size, underwriting arrangements and will be complete in all material respects.

Filing of the Prospectus with the RoC

We will file a copy of the Prospectus with the RoC, Karnataka in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Announcement of pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall, after receiving final observations, if any, on this Draft Red Herring Prospectus from the SEBI, publish an advertisement, in the form prescribed by the SEBI Guidelines, in two widely circulated national newspapers (one each in English and Hindi) and a Kannada newspaper.

Advertisement regarding Issue Price and 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 Issue Price along with a table showing the number of Equity Shares and the amount payable by an investor. Any material updates between the date of the Red Herring Prospectus and the Prospectus shall be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note ("CAN")

After the determination of the Issue Price, the following steps would be taken:

(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 and Warrants in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or before the approval of the basis of allocation for the Retail Individual Bidders and Non-Institutional Bidders. However, the investor should note that our Company shall ensure that the date of allotment of the equity shares and warrants to all the bidders, in all categories shall be done on the same date.

(b) The BRLM or the members of the Syndicate will then send a CAN to their Bidders who have been allocated Equity Shares and Warrants in this Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares and Warrants allocated to such Bidder. Those 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 Warrants 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 a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares and Warrants allocated to such Bidder.

(d) The issuance of a CAN is subject to "Notice to QIBs: Allotment Reconciliation and Revised CANs" as set forth herein.

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. This shall be followed by physical book prepared by the Registrar prepared on the basis of the Bid cum Application form received. Based on the physical book or electronic book, QIBs will be sent a CAN, indicating the number of Equity Shares and Warrants 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 physical book prepared by the Registrar. Subject to the SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs and the allocation of Equity Shares and Warrants in such revised CAN may be different from that specified in the earlier CAN. It is not necessary that a revised CAN will be sent. 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 and Warrants. 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 and Warrants allocated to such QIB. Any revised CAN, if issued, will supersede in its entirety the earlier CAN.

Designated Date and Allotment of Equity Shares and Warrants

a. Our Company will ensure that the Allotment of Equity Shares and Warrants is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Public Issue Account and the Refund Account on the Designated Date, we would allot the Equity Shares to the allottees. Our Company will ensure the credit to the successful Bidder(s) depository account. Allotment of the Equity Shares and Warrants to the successful Bidders shall be within 2 days from the date of Allotment. In case, our Company fails to make allotment or transfer within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.

b. As per the SEBI Guidelines, allotment of the Equity Shares and Warrants will be issued, transferred and allotment shall be made only in dematerialised form to the allottees.

c. Successful Bidders will have the option to re-materialise the Equity Shares and warrants so allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

GENERAL INSTRUCTIONS

DOs:

a. Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of the Red Herring Prospectus;

b. Ensure that you Bid within the Price Band;

c. Read all the instructions carefully and complete the Resident Bid-cum-Application Form (white in colour or Non- Resident Bid cum Application Form (blue in colour);

d. Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares and Warrants will be allotted in dematerialised form only;

e. Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;

f. Ensure that you have collected 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. Ensure that in all cases where Bids are received, the PAN of the Bidder is quoted in the Bid-cum-Application Form. (For details, please refer to the paragraph "Permanent Account Number (PAN)" beginning on page [●] of this Draft 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. Where 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; and

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, postal order, or by Stockinvest;

e Do not send Bid-cum-Application Forms by post; instead submit the same to a member of the Syndicate only;

f Do not Bid at the 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 and Warrants exceeds the Issue size and/or investment limit or maximum number of Equity Shares and Warrants that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of this Red Herring Prospectus;

h Do not bid at Bid Amount exceeding Rs. 1,00,000 for in case of a Bid by a Retail Individual Bidder;

i Do not submit the Bid without the QIB Margin Amount, in the case of a Bid by a QIB; and

j 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.

Bidder's Bank Account Details

Bidders should note that on the basis of the name of the Bidders, Depository Participant's name, Depository Participant identification number and beneficiary account number provided by them in the Bid-cum-Application Form, the Registrar to the Issue will obtain from the Depository, demographic details of the Bidders such as their address, bank account details and Nine Digit Magnetic Ink Character Recognition Code as appearing on Cheque leaf, for printing on refund orders or giving credit through ECS or Direct Credit, and occupation (hereinafter referred to as "Demographic Details"). These bank account details would be used for giving refunds 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 credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor the Company shall have any responsibility or undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details on the Bid-cum-Application Form.

Bidder's Depository Details

IT IS MANDATORY FOR ALL THE BIDDERS TO RECEIVE THEIR EQUITY SHARES AND WARRANTS 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 ON THE BID-CUM-APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. 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 SUCH JOINT NAMES ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR ON THE BID-CUM-APPLICATION FORM.

These Demographic Details will be used for all correspondence with the Bidders including mailing of the refund orders/ECS credit for refunds/CANs/allocation advice and printing of bank particulars on the refund order and the Demographic Details given by Bidders in the Bid-cum-Application Form will not be used for any other purposes by the Registrar to the Issue. Hence, Bidders should carefully fill in the Demographic Account Details in the Bid cum Application Form.

By signing the Bid-cum-Application Form, the Bidder will be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders/ECS refunds for credits/Allocation Advice/CANs would be mailed to the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ECS refunds for credits/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 Bidder's sole risk and neither the Company nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or pay any interest for such delay. **In case of refunds through electronic modes as detailed in this Draft Red Herring Prospectus, Bidders may note that refunds may get delayed if bank particulars obtained from the Depository Participant are incorrect.**

The company in its absolute discretion, reserves the right to permit the holder of Power of Attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the Refund Orders/ECS refunds for credits/Allocation Advice/CANs, 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.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidder's (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.

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. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids under Power of Attorney

In the case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be submitted along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In the case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid, in whole or in part, in either case, without assigning any reason therefor.

In the case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by the IRDA must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In the case of Bids made by provident funds, subject to applicable law, with minimum corpus of Rs. 2500 Lacs and pension funds with minimum corpus of Rs. 2500 Lacs, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In the case of Bids made by Mutual Funds, venture capital funds registered with the SEBI and FVCIs registered with the SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

The Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions that the Company and the BRLM may deem fit.

The Company, in its absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar to the Issue that, for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice, the Demographic Details given on the Bid-cum-Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar to the Issue shall use Demographic Details as given on the Bid-cum-Application Form instead of those obtained from the Depositories.

PAYMENT INSTRUCTIONS

Escrow Mechanism

Our Company 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 the Red Herring Prospectus, the 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 the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Syndicate members, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Payment into Escrow Accounts

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/ or on allocation/Allotment as per the following terms.

1. In case of Non-Institutional Bidders and Retail Individual Bidders, each Bidder, shall pay the applicable Margin Amount, with the submission of the Bid-cum-Application Form, draw a cheque or demand draft for the maximum amount of his/her Bid in favour of the Escrow Account of the Escrow Collection Bank(s), and submit such cheque or demand draft to the member of the Syndicate to whom the Bid is being submitted. Bid-cum-Application Forms accompanied by cash/Stockinvest/money order shall not be accepted. The Margin Amount based on the Bid Amount has to be paid at the time of submission of the Bid-cum-Application Form. 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.

2. The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account. The balance amount after transfer to the Public Issue Account of the Company shall be transferred to the Refund Account on the Designated Date. Not later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank(s) shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment, to the Bidders.

3. Each category of Bidders, i.e., QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of submission of the Bid-cum-Application Form. The Margin Amount payable by each category of Bidders is mentioned under the chapter titled "Issue Structure" beginning on page [●] of this Draft Red Herring Prospectus.

4. In case of QIBs, each QIB shall along with submission of the Bid Cum Application form, draw a cheque or demand draft for 10% of the maximum amount of his Bid in favour of the Escrow account of the Escrow Collection Bank. The balance amount shall be payable by the Bidder for Equity Shares allocated at the Issue Price, no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be rejected and the margin money will be refunded.

5. The Company shall open Escrow Accounts with the Escrow Collection Banks for the collection of the Bid Amount 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:

6. The payment instruments for payment into the Escrow Account should be drawn in favour of:

   (a) In the case of Resident QIB Bidders: **"Escrow Account-VRL-IPO-QIB"**
   (b) In the case of Non-Resident QIB Bidders: **"Escrow Account- VRL-IPO-QIB-NR"**
   (c) In the case of Resident Retail and Non-Institutional Bidders: **"Escrow Account-VRL-IPO"**
   (d) In the case of Non-Resident Retail and Non-Institutional Bidders: **"Escrow Account-VRL-IPO-NR"**

7. In the case of Bids by Eligible NRIs applying on a 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 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 the Non-Resident Bidder bidding on a repatriation basis. Payment by draft should be accompanied by a bank certificate confirming that the draft has been issued by debiting a NRE Account or a FCNR Account.

8. In the case of Bids by Eligible NRIs applying on a non-repatriation basis, the payments must be made by 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 FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of an NRO Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or a FCNR or an NRO Account.

9. In case of Bids by FIIs and FVCIs registered with the SEBI the payment should be made out of funds held in a special rupee account along with documentary evidence in support of the remittance. Payment by draft should be accompanied by a bank certificate confirming that the draft has been issued by debiting a special rupee account.

10. Where the Bidder has been allocated a lesser number of Equity Shares and Warrants 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 the Company shall pay interest according to the provisions of the Companies Act for any delay beyond the periods as mentioned above.

11. The monies deposited in the Escrow Accounts will be held for the benefit of the Bidders until the Designated Date.

12. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts as per the terms of the Escrow Agreement into the Public Issue Account.

13. No 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.

14. Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid-cum-Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/Stockinvest/money orders/postal orders will not be accepted.

Payment by Stockinvest

Under the terms of the RBI Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Accordingly, payment through Stockinvest will not be accepted in this Issue.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts 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 Forms or Revision Forms. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all refund payments will be made in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form. All communications will be addressed to the first Bidder and will be dispatched to his or her address 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 to 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 would serve as a multiple master document.
2. In this master, a check will be carried out for the same PAN. In cases where the PAN numbers are different, the same will be deleted from this master.
3. The Registrar will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid cum Application Form and create an address master.
4. The addresses of all these applications from the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters, i.e., commas, full stops, 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.
5. The applications will be scanned for similar DP ID and client identity numbers. In cases where applications bear the same numbers, these will be treated as multiple applications.
6. 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. On completion of this, the applications will be identified as multiple applications.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Funds registered with SEBI and such Bids in respect of more than one scheme of the Mutual Funds will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

The Company, in consultation with the BRLM, reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

In cases where more than one investor has a common address, the Company may in its sole discretion, decide to review such applications in greater detail to ensure that such applicants are not multiple applications. In such a situation, the Company will keep in abeyance the allotment to such applicants pending the confirmation of the Know Your Customers norms by the depositories where such investors' depository accounts are maintained.

Permanent Account Number ("PAN")

Ensure that in all cases where Bids are received, the PAN of the Bidder is quoted in the Bid-cum-Application Form. **Applications without this information and documents will be considered incomplete and are liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground**

Pursuant to the SEBI circular SEBI/CFD/DIL/MB/IS/1/2008/11/03 dated March 11, 2008, the members of Syndicate/collection agents/Sub Syndicate members etc appointed for collection for application forms do not refuse to accept applications in the absence of photocopy of PAN Card.

Our Company's right to reject Bids

In case of QIB Bidders, the Company, in consultation with the BRLM may reject Bids provided that the reason for rejecting the Bid shall be provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company will have a right to reject Bids based on technical grounds only. Consequent refunds shall be made as described under "Mode of making Refunds" on page no. [●] of this Draft Red Herring Prospectus 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. PAN not stated and GIR number given instead of 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, QIB Bidders and Bidders where the Bid Amount is in excess of Rs 1,00,000;

11. Bids for a number of Equity Shares, which are not in multiples of [●];

12. Category not ticked;

13. Multiple Bids as defined in the Draft Red Herring Prospectus;

14. In the case of a Bid under power of attorney or by limited companies, corporate, 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 Members;

18. Bid-cum-Application Form does not have the Bidder's depository account details;

19. Bid-cum-Application Forms are not delivered by the Bidder within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date and the Red Herring Prospectus;

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 under the Securities Act;

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 by person prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regular authority.

27. Bids where clear funds are not available in the Escrow account as per the final certificate from the Escrow Collection Bank(s).

28. Bids that do not comply with the securities laws of there respective jurdisctions are liable to be rejected.

Equity Shares in Dematerialised form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares and Warrants in this Issue shall be allotted only in a dematerialised form (i.e., not in the form of physical certificates but fungible statements issued in electronic mode).

In this context, two tripartite agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

(a) An agreement dated June 20, 2007 among NSDL, our Company and the Registrar to the Issue; and

(b) An agreement dated June 07, 2007 among CDSL, our Company and the Registrar to the Issue.

All 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 on the Bid-cum-Application Form or Revision Form.

3. Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

4. Names in the Bid-cum-Application Form or Bid 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 Bid 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 recorded with his or her Depository Participant.

7. Equity Shares and Warrants in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares 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.

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.

Investors can contact the Contact Person/Compliance Officer or the Registrar to the Issue in the case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

PAYMENT OF REFUND

Bidders should note that on the basis of the 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 Bidder's bank account details including a nine digit Magnetic Ink Character Recognition ("MICR") code. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidder's sole risk and neither our Company, the Syndicate Members and the Escrow Collection Banks nor the BRLM shall have any responsibility and undertake any liability for the same.

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 would be done through ECS for applicants having an account at any of the following 68 centres notified by SEBI: Agra, Ahmedabad, Allahabad, Amritsar, Aurangabad, Baroda, Bengaluru, Bhilwara, Bhopal, Bhubaneswar, Burdwan (Non-MICR), Calicut, Chandigarh, Chennai, Coimbatore, Dhanbad (Non-MICR), Dehradhun, Durgapur (Non-MICR), Erode, Gorakhpur, Guwahati, Gwalior, Haldia (Non-MICR), Hyderabad, Hubli, Indore, Jabalpur, Jalandhar, Jammu, Jaipur, Jamshedpur, Jodhpur, Kakinada (Non-MICR), Kanpur, Kochi/Ernakulum, Kolhapur, Kolkatta, Lucknow, Ludhiana, Madurai, Mangalore, Mumbai, Mysore, Nagpur, Nasik, Nellor (Non-MICR), New Delhi, Panaji, Patna, Pune, Pondicherry, Rajkot, Ranchi, Raipur, Salem, Shimla (Non-MICR),Surat, Siliguri(Non-MICR), Solapur, Trichy, Trichur, Tripur, Tirupati (Non-MICR),Thiruvananthapuram, Udaipur, Varanasi, Vijayawada and Visakhapatnam,

   This mode of payment of refunds would be subject to availability of complete bank account details including the nine-digit MICR code as appearing on a cheque leaf from the Depository. The payment of refund through ECS is mandatory for applicants having a bank account at any of the 68 centres notified by SEBI named hereinabove, except where the applicant is otherwise disclosed as eligible to receive refunds through direct credit or RTGS.

2. NEFT - Payment of refund may 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 at 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.

3. Direct Credit—Applicants having their bank account with the Refund Banker shall be eligible to receive refunds, if any, through direct credit. Charges, if any, levied by the Refund Bank(s) for the same will be borne by the Company.

4. RTGS—Applicants having a bank account at any of the 68 centres notified by SEBI detailed above, and whose Bid Amount exceeds Rs. 10 Lacs, shall have the option to receive refunds, if any, through RTGS. Such eligible applicants who indicate their preference to receive refunds through RTGS are required to provide the IFSC code in the Bid-cum-Application Form. In the event of failure to provide the IFSC code in the Bid-cum-Application Form, the refund shall be made through the ECS or direct credit, if eligibility is disclosed. Charges, if any, levied by the Refund Bank(s) for the same will be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit will be borne by the applicant.

5. Please note that only applicants having a bank account at any of the 68 centres notified by SEBI, where clearing houses for ECS are managed by the RBI are eligible to receive refunds through the modes detailed hereinabove. For all the other applicants, including applicants who have not updated their bank particulars along with the nine-digit MICR Code, the refund orders will be dispatched "Under Certificate of Posting" for refund orders of value up to Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1,500 and above. Some refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Interest 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 days from the Bid/Issue Closing Date.

DISPOSAL OF APPLICATIONS AND APPLICATIONS MONEY AND INTEREST IN CASE OF DELAY

Our Company shall ensure dispatch of allotment advice, transfer advice or refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within 15 days of the Bid/Issue Closing Date. Our Company shall dispatch refunds above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk, except for Bidders who have opted to receive refunds through the ECS facility or RTGS or Direct Credit.

Our Company shall use its best efforts to ensure that all steps for completion of the necessary formalities for allotment and trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of the finalisation of the basis of Allotment.

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

- Allotment of Equity Shares only in dematerialised form shall be made within 15 days of the Bid/Issue Closing Date;
- Dispatch refund orders, except for Bidders who have opted to receive refunds through the ECS facility, shall be made within 15 days of the Bid/Issue Closing Date; and
- The Company shall pay interest at 15% per annum for any delay beyond the 15 day time period as mentioned above, if allotment is not made or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner, and/or demat credits are not made to investors within the 15 day time period prescribed above as per the Guidelines issued by the Government of India, Ministry of Finance, pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Our Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Forms or Revision Forms. However, the collection centre of the Syndicate Members 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.

Save and except refunds effected through the electronic mode, i.e., ECS, NEFT, direct credit or RTGS, refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received, except for Bidders who have opted to receive refunds through the ECS facility. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"Any person who:

(a) ***makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or***

(b) ***otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,***

shall be punishable with imprisonment for a term which may extend to five years".

ALLOTMENT

Basis of Allotment

A. For Retail Individual Bidders

- Bids received from 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 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 valid Bids in this portion are less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Retail Individual Bidders to the extent of their valid Bids.

- If the valid Bids in this portion are greater than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis of not less than [●] Equity Shares and in multiples of [●] Equity Shares 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 valid Bids in this portion are less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their valid Bids.

- If the valid Bids in this portion are greater than [●] Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis of not less than [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate basis of allocation, refer below.

C. For QIB Bidders

- Bids received from QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to QIB Bidders will be made at the Issue Price.

- The QIB Portion shall be available for 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 [●] 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). If the valid Bids by Mutual Funds are for less than [●] 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. For the purposes of this paragraph it has been assumed that the QIB Portion for the purposes of the Issue amounts to 50% of the Issue size, i.e. [●] Equity Shares.

- Allotment shall be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:

(i) If bids from Mutual Funds exceed 5% of the QIB Portion, allocation to Mutual Funds shall be made on a proportionate basis for up to 5% of the QIB Portion.

(ii) If 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 QIB Bidders as set out in (b) below.

(b) In the second instance allocation to all Bidders shall be determined as follows:

(i) In the event of an oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be Allotted Equity Shares on a proportionate basis for 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.

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 Period. The Bidding Period will commence on [●], 2008 and expire on [●], 2008. Following the expiration of the Bidding 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 Guidelines require the Company to complete the Allotment to successful bidders within 15 days of the expiration of the Bidding 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 event the Issue is oversubscribed, the basis of Allotment shall be finalised by our Company, in consultation with the BRLM and the Designated Stock Exchange. The executive director or managing director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalised in a fair and proper manner. Allotment to Bidders shall be made in marketable lots on a proportionate basis as explained below:

a. Bidders will be categorised according to the number of Equity Shares applied for by them.

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 oversubscription ratio.

c. The number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is the total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the oversubscription ratio.

d. If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the market lot), the decimal will 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 will be rounded off to the lower whole number. Allotment to all Bidders in such categories shall be arrived at after such rounding off.

e. In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:

   i. Each successful Bidder shall be Allotted a minimum of [●] Equity Shares and
   ii. The successful Bidders out of the total Bidders for a portion shall be determined by the drawing 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 (c) above; and

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 portion, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance of Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for the minimum number of Equity Shares.

Letters of Allotment or Refund Orders

The Company shall credit each Equity Shares allotted to the applicable beneficiary account with its Depository Participant within 2 days from the date of Allotment. Applicants residing at 68 centres where clearing houses are managed by the RBI will get refunds through ECS only (subject to availability of all information for crediting the refund through ECS) except where the applicant is otherwise disclosed as eligible to receive refunds through direct credit and RTGS. In the case of other applicants, the Bank 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, except for Bidders who have opted to receive refunds through the ECS facility. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter (refund advice) through ordinary post informing them about the mode of credit of refund within 15 days of the Closing of Issue.

Undertakings by the Company

The Company undertakes as follows:

- that complaints received in respect of this Issue shall be dealt with 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 the Company shall apply in advance for the listing of Equity Shares;
- that the 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 the Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- that the refund orders or Allotment advice to the Non-Resident Bidders shall be dispatched within the specified time; and
- except for the Pre-IPO Placement, that no further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus and the Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

Utilisation of Issue proceeds

The 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 Section 73(3) of the Companies Act;
- details of all monies utilised out of the Issue shall be disclosed under an appropriate heading in the balance sheet of the Company 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 head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested.

Our Company shall not have recourse to the proceeds of the Issue until the final listing and trading approvals from all the Stock Exchanges have been obtained.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India, and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made.

Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of Government of India (FIPB) and the RBI.

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. 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, Indian law does not prohibit an FII or its sub-account to issue, deal or hold, offshore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favor 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, which stipulate fortnightly disclosures by the FII to SEBI informing them about the name, location, type of investor (hedge fund, corporate, individual, pension fund or trust), quantity and value of investment made on behalf of the investor. 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.

Subscription by foreign investors (NRIs/FIIs)

We have made an application to FIPB dated March 14, 2008, for allowing eligible non-resident investors, i.e. FIIs, NRIs, FVCIs registered with SEBI, multilateral and bilateral development financial institutions and other eligible foreign investors to participate in this Issue subject to any conditions that may be prescribed by the FIPB in this regard. In the event that we receive the approval from FIPB, there is no reservation for Non Residents, NRIs, FIIs, foreign venture capital funds, multi-lateral and bilateral development financial institutions and any other non-resident investor. All Non Residents, NRIs, FIIs and foreign venture capital funds, multilateral and bilateral development financial institutions and any other foreign investor applicants will be treated on the same basis with other categories for the purpose of allocation.

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

Registration of Equity Shares and Warrants under US Laws

The Equity Shares and Warrants have not been and will not be registered under the U.S. Securities Act 1933, as amended 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 of the U.S. Securities Act, 1933), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares and Warrants will be offered and sold only

(i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and
(ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

The above information is given for the benefit of the Bidders and neither our Company nor the BRLM are liable for any changes in the regulations after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION X: DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Allotment of shares

6. Subject to the provisions of section 81 of the Act and these Articles, the Shares in the Capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose off the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with sanction of the Company in the general meeting to give to any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the Capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares. Without prejudice to the generality of the forgoing, the Directors shall also be empowered to issue Shares for the purposes of granting stock options to its permanent employees under the terms and conditions of the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 or any other applicable law, as amended from time to time. Provided that option or right to call of Shares shall not be given to any person or persons without the sanction of the Company in the general meeting.

Allotment on application to be acceptance of shares

7. Any application signed by or on behalf of an applicant for Shares in the Company followed by an allotment of any Share therein, shall be an acceptance of Shares within the meaning of these Articles, and every person who thus or otherwise accepts any Shares and whose name is on the register, shall, for the purpose of these Articles, be a Member.

Consideration for allotment

8. The Board of Directors may allot and issue Shares of the Company as payment or part payment for any property purchased by the Company or in respect of goods sold or transferred or machinery or appliances supplied or for services rendered to the Company in or about the formation of the Company or the acquisition and or in the conduct of its business; and any Shares which may be so allotted may be issued as fully/partly paid up Shares and if so issued shall be deemed as fully/partly paid up Shares.

9. Subject to the provisions of these Articles, the Company shall have power to issue preference Shares carrying a right to redemption out of profits which would otherwise be available for Dividend or out of the proceeds of a fresh issue of Shares made for the purpose of such redemption or liable to be redeemed at the option of the Company and the Board may, subject to the provisions of section 80 of the Act, exercise such power in such manner as may be provided in these Articles.

Return of allotment and restriction on allotments

10. a) The Directors shall in making the allotments duly observe the provisions of the Act;
    b) The amount payable on application on each Share shall not be less than [5%] of the nominal value of the Share; and
    c) Nothing therein contained shall prevent the Directors from issuing fully paid up Shares either on payment of the entire nominal value thereof in cash or in satisfaction of any outstanding debt or obligation of the Company

Money due on shares to be a debt to the company

11. The money (if any) which the Board shall, on the allotment of any Shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any Shares allotted by them, shall immediately on the inscription of the name of allottee in the Register of Members as the name of the holder of such Shares become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

Prohibition of allotment unless minimum subscription is received.

12. The Company shall comply with section 69 of the Act in respect of any offer of its Shares to the public for subscription.

Commission and brokerage

13. Subject to the provisions of the Act, the Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any Shares, Debentures, or debenture-stock of the Company or underwriting or procuring or agreeing to procure subscriptions (whether absolute or conditional) for Shares, Debentures or debenture-stock of the Company. The Company may exercise the powers of paying commission conferred by section 76 of the Act and in such case shall comply with the requirements of that section. Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid Shares or partly in one way and partly in the other. The Company may also, on any issue pay such brokerage as may be lawful.

Members or heirs to pay unpaid amounts

14. Every Member or his heir's executors or administrators shall pay to the Company the portion of the capital represented by his Share or Shares which may, for the time being remain unpaid thereon, in such amounts, at such time or times and in such manner, as the Board shall from time to time, in accordance with the Company's regulations require or fix for the payment thereof.

Shares at a discount.

15. With the previous authority of the Company in general meeting and the sanction of the Court and upon otherwise complying with section 79 of the Act, the Board may issue at a discount Shares of a class already issued.

Instalments on shares to be duly paid

16. If by the conditions of allotment of any Share, the whole or part of the price thereof shall be payable by instalments, every such instalment 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 in the event of the death of the holder, by his executor or administrator.

Liability of joint holders of shares

17. The joint holders of a Share shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of such Share.

18. Save as herein otherwise provided, the Company shall be entitled to treat the registered holder of any Share as the absolute owner thereof and accordingly shall not, except as ordered by a court of competent jurisdiction, or as required by the statute, be bound to recognise any equitable or other claim to or interest in such Share on the part of any other person.

Shares may be registered

19. Shares may be registered in the name of any person, Company, registered society or other body corporate.

Acceptance of shares

20. Any application signed by any applicant for Shares in the Company or where the power of attorney or other authority under which such application is signed or a notarially certified copy of that power or authority is deposited at the registered office of the Company, and application signed on behalf of such person, followed by an allotment of any Share therein, shall be an acceptance of Shares within the meaning of these Articles; and every person who thus or otherwise accepts any Shares and whose name is on the Register shall for the purposes of these Articles, be a Member.

21. The money (if any) which the Board shall, on the allotment of any Shares being made by it, require or direct to be paid by way of deposit, call or otherwise in respect of any Shares allotted by it shall, immediately on the entry of the same of the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof and shall be paid by him accordingly.

SHARE CERTIFICATES

Every member entitled to certificate for his shares

22. a) Every Member or allottee of Shares shall be entitled without payment to receive one or more certificate specifying the name of the person in whose favour it is issued, the Shares to which it relates, and the amount paid thereon. Such certificates shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of fractional coupon of requisite value, save in case of issue of Share certificates against letters of acceptance of or renunciation or in cases of issues of bonus Shares.

b) Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of (1) two Directors or persons acting on behalf of the Directors under duly registered powers of attorney; and (2) the Secretary or some other persons appointed by the Board for the purpose and the two Directors or their attorneys and the secretary or other persons shall sign the Share Certificate, provided that if the composition of the Board permits, atleast one of the aforesaid two Directors shall be a person other than a Managing or Whole-time Director.

c) Particulars of every Share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued, indicating date of issue.

Joint ownership of shares

23. Any two or more joint allottees of Shares shall be treated as a single Member for the purposes of this Article and any Share certificate, which may be the subject of joint ownership, may be delivered to any one of such joint owners on behalf of all of them. The Company shall comply with the provisions of section 113 of the Act.

Rights of joint holders

24. If any Share stands in the names of two or more persons, the person first named in the Register shall, as regards receipt of Dividends or bonus or service of notices and all or any other matter connected with the Company, except voting at meeting and the transfer of the Shares be deemed the sole holder thereof but the joint holders of Share shall be severally as well as jointly liable for payment of all installments and calls due in respect of such Share and for all incidents thereof

according to the Company's regulations.

Director to sign share certificates

25. A Director may sign a Share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography but not by means of rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other materials used for the purpose.

Limitation of time for issue of certificates

26. Every Member shall be entitled, without payment to one or more certificates in marketable lots, for all the Shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors so determine) to several certificates, each for one or more of such Shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission , sub-division, consolidation or renewal of any of its Shares as the case may be. Every certificate of Shares shall be under the seal of the Company and shall specify the number and distinctive numbers of Shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the Directors may prescribe and approve, provided that in respect of a Share or Shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of Shares to one or several joint holders shall be a sufficient delivery to all such holders.

Issue of new certificate in place of one defaced, lost or destroyed

27. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under this Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act,1956 or any other Act, or rules applicable thereof in this behalf. The provision of this Article shall mutatis mutandis apply to Debentures of the Company.

Renewal of share certificate

28. (a) When a new Share certificate has been issued in pursuance of the preceding Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is issued in lieu of Share certificate No…………... sub-divided/replaced on consolidation of Shares.

(b) When a new certificate has been issued in pursuance of the preceding article, it shall state on the face of it against the stub or counterfoil to the effect that it is duplicate issued in lieu of Share certificate No……. The word 'Duplicate' shall be stamped or punched in bold letters across the face of the Share certificate and when a new certificate has been issued in pursuance of the preceding Article, particulars of every such Share certificate shall be entered in a Register of Renewed and Duplicate Certificates indicating against it, the names of the persons to whom the certificate is issued, the number and the necessary changes indicated in the Register of Members by suitable cross references in the "remarks" column.

(c) All blank forms, Share certificates shall be printed only on the authority of a resolution duly passed by the Board

Rules to issue share certificates

29. The rules under "The Companies (Issue of Share Certificate) Rules, 1960 shall be complied with in the issue, reissue, renewal of Share certificates and the format sealing and signing of the certificates and records of the certificates issued shall be maintained in accordance with the said rules. The Company shall keep ready Share certificates for delivery within 2 months after allotment.

Responsibilities to maintain records

30. The Managing Director of the Company for the time being or if the Company has no Managing Director, every Director of the Company shall be responsible for maintenance, preservation and safe custody of all books and documents relating to the issue of Share certificates.

CALLS

31. The Board may, from time to time, subject to the terms on which any Share may have been issued and subject to the provisions of section 91 of the Act and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution), make such calls as the Board thinks fit, upon Members in respect of all monies unpaid on the Shares held and each Member shall pay the amount of every call so made on him to the persons and at the time and place appointed by the Board. A call may be made payable by instalments and shall be deemed to have been made when the resolution of the Board authorising such call was passed.

Notice

32. Fourteen days notice, in writing, of any call shall be given by the Company specifying the date, time and places of payment and the person or persons to whom such call be paid.

Call when made

33. The Board of Directors may, when making a call by resolution, determine the date on which such call shall be deemed to have been made not being earlier than the date of resolution making such call, and thereupon the call shall deemed to have been made on the date so determined and if no such date is so determined a call shall be deemed to have been made at the date when the resolution authorizing such call was passed at the meeting of the Board.

Liability of joint holders for a call

34. The joint-holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.

When interest on call or instalment payable

35. (1) If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the holder for the time being in respect of the Share for which the call shall has been made or the installment shall be due shall pay interest for the same at such rate as shall from time to time be fixed by the Board from the day appointed for the payment thereof to the time of the actual payment or at such rate as the Board may determine.

(2) The Board shall be at liberty to waive payment of any such interest either wholly or in part.

Board to extend time to pay call

36. The Board may, from time to time, at its discretion extend the time fixed for the payment of any call and may extend such time to all or any of the Members. The Board may be fairly entitled to grant such extension, but no Member shall be entitled to such extension, save as a matter of grace

and favour.

Amount payable at fixed times or payable by instalments as calls

37. If by the terms of issue of any Share or otherwise any amount is made payable at any fixed time or by instalment at fixed times whether on account of the amount of Share or by way of premium, every such amount or instalment, shall be payable as if it were a call duly made by the Board and of which due notice had been given and all the provisions herein contained, in respect of calls shall relate to such amount or instalment accordingly.

Evidence in action by company against shareholders

38. Subject to the provisions of any law in force to the contrary on the trial of hearing of any action or suit brought by the Company against any Shareholder or his representatives to recover any debt or money claimed to be due to the Company in respect of his Share, it shall be sufficient to prove that (i) the name of the defendant, is or was, when the claim arose, on the register as a holder or one of the joint holders of the number of Shares in respect of such claim made, (ii) that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the Member or his representatives pursuance of these Articles, and (iii) that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Board who made any call, nor that a quorum was present at the Board meeting at which any call was made, nor that the meeting at which any call was made duly convened or constituted nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Partial payment not to preclude forfeiture

39. Neither a judgment nor a decree in favour of the Company, for call or other moneys due in respect of any Share nor any part payment or satisfaction thereunder, nor the receipt by the Company of a portion of any money which shall, from time to time be due from any Member to the Company in respect of his Shares either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce forfeiture of such Shares as hereinafter provided.

Payment in anticipation of call may carry interest

40. (a) The Directors may, if they think fit, subject to the provisions of section 92 of the Act, agree to and receive from any Member willing to advance the same whole or any part of the moneys due upon the Shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the Shares in respect of which such advance has been made, the Company may pay interest at such rate, as the Member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or Dividend. The Directors may at any time repay the amount so advanced.

(b) The Members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable.

(c) The provisions of these Articles shall mutatis mutandis apply to the calls on Debentures of the Company.

Revocation of call

41. A call may be revoked or postponed at the discretion of the Board.

FORFEITURE OF SHARES

Forfeiture and lien

42. If call or instalment of calls is not paid, notice may be given.

43. If any Member fails to pay any call or instalment of a call on or before the day appointed for the payment of the same, the Board, may, at any time thereafter during such time as the call or instalments remain unpaid, serve a notice on such Member requiring him to pay the same together with any interest that may have accrued and such expenses that may have been incurred by the Company by reason of such non payment.

Form of notice

44. The notice shall name a further day (not earlier than the expiration of fourteen days from the date of notice) and a place or places on and at which such call or instalment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment at or before the time the call was made or installment is payable, the Shares will be liable to be forfeited.

If notice is not complied with, share may be forfeited

45. If the requirements of any such notice as aforesaid are not complied with, any Shares in respect of which such notice has been given may, at any time hereafter, before payment all calls or instalments, interest and expenses, due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all Dividends declared in respect of the forfeited Shares and not actually paid before the forfeiture.

Notice after forfeiture

46. When any Share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

Effect of forfeiture

47. The forfeiture of a Share shall involve the extinction, at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of that Share, and all other rights incidental to the Share except such as or by these Articles expressly saved.

Forfeited share to become property of the company

48. Any Share so forfeited shall be deemed to be the property of the Company, and the Board may sell, re-allot or otherwise dispose off the same in such manner as it thinks fit.

Power to annul forfeiture

49. The Board may, at any time, before any Share so forfeited shall have been sold, reallotted or otherwise disposed off, annul the forfeiture thereof upon such condition as it thinks fit.

Liability on forfeiture

50. A person whose Share has been forfeited shall cease to be a Member in respect of the forfeited Share, but shall, not withstanding such forfeiture, remain liable to pay and shall forthwith pay to the Company, all calls or instalments, interest and expenses owing upon or in respect of such Shares, at the time of the forfeiture, together with interest thereon, from the time of forfeiture until payment, at eighteen percent per annum and the Board may enforce, the payment thereof or any part thereof without any deduction/allowance for the value of the Share at the time of forfeiture, but shall not be under any obligation to do so.

Evidence of forfeiture

51. A duly verified declaration in writing that the declarant is a Director/Managing Director, Manager or Secretary of the Company, and that certain Shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the fact therein stated as against all persons claiming to be entitled to the Shares and such declaration and the receipt of the Company for the consideration, if any, given for the Shares on the sale or disposition thereof, shall constitute a good title to such Shares and the person to whom any such Share is sold shall be registered as the holder of such Shares and shall not be bound to see to the application of the purchase money, nor shall his title to such Share be affected by any irregularity or invalidate the proceedings with reference to such forfeiture, sale or disposition.

52. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any Member to the Company in respect of his Shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture such Shares as herein-before provided.

Certificate of forfeited shares to be void

53. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relevant Shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and have no effect and the Directors shall be entitled to issue a new certificate or certificates in respect of the said Shares to the person or persons entitled thereto.

Forfeiture provision to apply to non-payment in terms of issue

54. The provisions of Articles 42 to 53 hereof shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the nominal value of a Share or by way of premium, as if the same had been payable by virtue of call duly made and notified.

Company's lien on shares/debentures

55. The Company shall have a first and paramount lien upon all the Shares/Debentures (other than fully paid-up Shares/Debentures) registered in the name of each Member (whether solely or jointly

with others) and upon the proceeds of sale thereof for all moneys(whether presently payable or not) called or payable at a fixed time in respect of such Shares/Debentures and no equitable interest in any Share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all Dividends and bonuses from time to time declared in respect of such Shares/Debentures. Unless otherwise agreed the registration of a transfer of Shares/Debentures shall operate as a waiver of the Company's lien if any, on such Shares/Debentures. The Directors may at any time declare any Shares/Debentures wholly or in part to be exempt from the provisions of this clause. Provided that fully paid Shares shall be free from all lien and that in the case of partly paid Shares the issuer's lien shall be restricted to moneys called or payable at a fixed time in respect of such Shares.

As to enforcing lien by sale

56. For the purpose of enforcing such lien the Board may sell the Shares subject thereto in such manner as it thinks fit, and for that purpose may cause to be issued a duplicate certificate in respect of such Shares and may authorize one of their Members to execute a transfer thereof on behalf of and in the name of such Member. No sale shall be made until such time for payment as aforesaid shall arrived and until notice in writing of the intention to sell shall have been served on such Member, his executor or administrator or his committee, curator bonis or other legal representative as the case may be and default shall have been made by him or them in the payment of monies called or payable at a fixed time in respect of such Share for one month after the date of such notice.

Application of proceeds of sale

57. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall subject to a like lien for sums not presently payable as existed upon the Share before the sale be paid to the person entitled to the Share at the date of the sale.

Effecting sale of shares

58. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the Board may appoint any person/s to execute any instrument of transfer of the Share sold, and cause the purchasers name to be entered in the register in respect of the Share sold and the purchaser shall not be bound to see to the regularity of the proceedings nor to the application of the purchase money, and after his name had been entered in the Register in respect of such Share, the validity of the sale shall not be impeached by any person and remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

Board may issue new certificates.

59. Where any Share under the powers in that behalf herein contained is sold by the Board and the certificate in respect thereof has not been delivered upto the Company by the former holder of such Share, the Board may issue a new certificate for such Share distinguishing it in such manner as it may think fit from the certificate not so delivered up.

TRANSFER AND TRANSMISSION

Register of transfers

60. The Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any Shares

Execution of transfer etc.

61. Save as provided in section 108 of the Act, no transfer of a Share shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferee and specifying the name, address and occupation, if any, of the transferee has been delivered to the Company together with the certificate relating to the Share or, if no such certificate is in existences, the Letter of Allotment of the Share. Each signature to such transfer shall be duly attested by the signature of one credible witness who shall add his address.

Endorsement of transfer

62. In respect of any transfer of Shares registered in accordance with the provisions of these Articles, the Board may, at their discretion, direct an endorsement of the transfer and the name of the transferee and other particulars on the existing Share certificate and authorize any Director or officer of the Company to authenticate such endorsement on behalf of the Company or direct the issue of a fresh Share certificate, in lieu of and in cancellation of the existing certificate in the name of the transferee.

Application by the transferor

63. Application for the registration of the transfer of a Share may be made either by the transferor or the transferee provided that, where such application is made by the transferor no registration shall, in the case of a partly paid Share, be effected unless the Company gives notice of the application to the transferee in the manner prescribed by section 110 of the Act, and subject to the provisions of these Articles, the Company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee.

Validity of sale in exercise of lien and after forfeiture - Cases where the board may refuse to register transfer

64. (a) Subject to the provisions of section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any Shares or interest of a Member in or Debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on Shares.

(b) No fee shall be charged for registration of transfer, transmission, probate, succession certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

Instrument of transfer

65. The instrument of transfer shall be in writing and all provisions of section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of Shares and registration thereof. The Company shall use a common form of transfer in all cases.

Executive transfer instrument

66. Every such instrument of transfer shall be executed both by the transferor and the transferee and the transferor shall be deemed to remain holder of the Shares until the name of the transferee is entered in the register of Members in respect thereof. The instrument of transfer shall be in respect same class of Shares and should be in the form prescribed under the Act.

Closing register of transfers and of members

67. The Board shall be empowered, on giving not less than seven days 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, the register of Debenture holders at such time or times, and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year as it may seem expedient.

Transfer to minor etc.

68. No Share shall in any circumstances be transferred to any infant, insolvent or person of unsound mind, except fully paid Shares through a legal guardian.

Transfer instrument to be left at office when to be retained

69. Every instrument of transfer shall be left at the office for registration accompanied by the certificate of the Share to be transferred or, if no such certificate is in existence, by the Letter of Allotment of the Share and such other evidence as the Board may require proving the right of the transferor to transfer the Share. Every instrument of transfer which shall be registered shall be retained by the Company, but any instrument of transfer which the Board may refuse to register shall be returned to the person depositing the same.

Notice of refusal to register transfer

70. If the Board refuses whether in pursuance of Article 64 hereof otherwise to register the transfer of, or the transmission by operation of law of the right to any Share, the Company shall give the notice of the refusal in accordance with the provision of section 111 (2) of the Act.

Transmission of registered shares

71. The executor or administrator of a deceased Member (not being one of several joint holders) shall be the only person recognised by the Company as having any title to the Share registered in the name of such Member, and in the case of death of any one or more of the joint holders of any registered Share, the survivor or survivors shall be the only person or persons recognised by the Company as having any title to or interest in such Shares but nothing herein contained shall be taken to release the estate of deceased joint holder from any liability on the Share held by him jointly with any other person. Before recognising any executor or administrator, the Board may require him to obtain a grant of Probate or Letters of Administration or Succession Certificate or other legal representation as the case may be, from a competent Court in India and having effect in the place where the Registered Office of the Company is situated, provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to dispense with production of Probate or Letters of Administration, Succession Certificate or such other legal representation upon such terms as to indemnity or otherwise as the Board, in its absolute discretion, may consider adequate, and register the name of any person who claims to be absolutely entitled to the Shares standing in the name of a deceased Member as a Member.

As to transfer of shares of insane, deceased or bankrupt members ("the Transmission Article".)

72. Any committee or guardian of lunatic Member or any person becoming entitled to or to transfer a Share in consequence of the death or bankruptcy or insolvency of any Member upon producing such evidence that he sustained the character in respect of which he possess to act under this Article or of his title as the Board thinks sufficient, may, with the consent of the Board (which the Board shall not be bound to give), be registered as a Member in respect of such Share, or may, subject to regulations as to transfer hereinbefore contained, transfer such Share.

Election under transmission article

73. (1) If the person so becoming entitled under the Transmission Article shall elect to be registered as holder of the Share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

(2) If the person aforesaid shall elect to transfer the Share, he shall testify his election by executing an instrument of transfer of the Share.

(3) All the limitation, restrictions and provisions of these Articles relating to the right to transfer and the registration of instruments or transfer of a Share shall be applicable to any such notice or transfer as aforesaid as if the death, lunacy, bankruptcy or insolvency of the Member had not occurred and the notice of transfer were a transfer signed by that Members.

Rights of person entitled to share under the transmission article

74. A person so becoming entitled under the Transmission Article to a Share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall, subject to the provisions of Article 121 hereof and of section 206 of the Act, be entitled to the same Dividends and other advantages as he would be entitled to if he were the registered holder of the Share.

Provided that the Board may at any time give notice requiring any such persons to elect either to be registered himself or to transfer the Share, and if the notice is not complied within ninety days, the Board may thereafter withhold payment of all Dividends, bonus or other monies payable in respect of the Share until the requirements of the notice have been complied with.

Instrument of transfer to be stamped

75. Every instrument of transfer shall be presented to the Company duly stamped for registration, accompanied by such evidence as the Board may require to prove the title of the transferor his right to transfer the Shares and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.

Company not liable to notice of equitable rights

76. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of Shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the register of Members) to the prejudice of persons having or claiming any equitable rights, title or interest to or in the said Shares, notwithstanding that the Company may have had notices of such equitable rights referred thereto in any books of the Company and the Company shall not be bound by or required to regard or attend to or give effect to any notice which may be given to it of any equitable rights, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

DEMATERIALISATION OF SECURITIES

77. (i) Definitions: For the purpose of this Article:

"*Beneficial Owner*" means a person whose name is recorded as such with a Depository.
"*Bye-Laws*" means Bye-laws made by a Depository under section 26 of the Depositories Act, 1996.
"*Depositories Act*" means the Depositories Act, 1996, including any statutory modifications or re-enactment for the time being in force.
"*Depository*" means a Company formed and registered under the Depositories Act and which has been granted a Certificate of Registration under the Securities and Exchange Board of India Act, 1992.
"*Member*" means the duly registered holder from time to time of the Shares of the Company and includes every person whose name is entered as beneficial owner in the records of the Depository.
"*Participant*" means a person registered as such under section 12 (1A) of the Securities and Exchange Board of India Act, 1992.
"*Record*" includes the records maintained in form of books or stored in a computer or in such other form as may be determined by the Regulations issued by the Securities and Exchange Board of India in relation to the Depositories Act, 1996.
"*Registered OWNER*" means a Depository whose name is entered as such in the records of the Company.
"*SEBI*" means the Securities and Exchange Board of India
"*Security*" means such security as may be specified by the Securities and Exchange Board of India from time to time.
Words imparting the singular number only includes the plural number and vice versa.
Words imparting persons include corporations.
Words and expressions used and not defined in the Act but defined in the Depositories Act, 1996 shall have the same meaning respectively assigned to them in that Act.

(ii) *Company to Recognize Interest In Dematerialized Securities Under The Depositories Act, 1996.*
Either the Company or the investor may exercise an option to issue, de-link, hold the securities (including Shares) with a depository in Electronic form and the certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto shall be governed by the provisions of the Depositories Act, 1996 as amended from time to time or any statutory modification(s) thereto or re-enactment thereof.

(iii) *Dematerialisation/Re-Materialisation Of Securities:*

Notwithstanding anything to the contrary or inconsistent contained in these Articles, the Company shall be entitled to dematerialize its existing securities, re-materialize its securities held in Depositories and/or offer its fresh securities in the de-materialized form pursuant to the Depositories Act, 1996 and the rules framed there under, if any.

(iv) *Option To Receive Security Certificate Or Hold Securities With Depository:*

Every person subscribing to or holding securities of the Company shall have the option to receive the security certificate or hold securities with a Depository. Where a person opts to hold a security with the Depository, the Company shall intimate such Depository of the details of allotment of the security and on receipt of such information, the Depository shall enter in its record, the name of the allottees as the beneficial owner of that security.

(v) *Securities In Electronic Form:*

All securities held by a Depository shall be dematerialized and held in electronic form. No certificate shall be issued for the securities held by the Depository. Nothing contained in section 153, 153A, 153B, 187 B, 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.

(vi) *Beneficial Owner Deemed As Absolute Owner:*

Except as ordered by the Court of competent jurisdiction or by law required, the Company shall be entitled to treat the person whose name appears on the register of Members as the holders of any Share or whose name appears as the beneficial owner of the Shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami, Trust Equity, equitable contingent, future, partial interest, other claim to or interest in respect of such Shares or (except only as by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has expressed or implied notice thereof but the Board shall at their sole discretion register any Share in the joint names of any two or more persons or the survivor or survivors of them.

(vii) *Rights Of Depositories And Beneficial Owners:*

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.
Save as otherwise provided above, the Depository is the registered owner of the securities, and shall not have any voting rights or any other rights in respect of the securities held by it.

Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a Member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository

(viii) *Register And Index Of Beneficial Owners:*

The Company shall cause to be kept a Register and Index of Members with details of Shares and Debentures held in materialized and dematerialized forms in any media as may be permitted by law including any form of electronic media.
The Register and Index of beneficial owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be a Register and Index of Members for the purposes of this Act. The Company shall have the power to keep in any state or country outside India a Branch register of Members resident in that State or Country.

(ix) *Cancellation Of Certificates Upon Surrender By Person:*

Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a participant, the Company shall cancel such certificates and shall substitute in its record, the name of the depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.

(x) *Service Of Documents:*

Notwithstanding anything contained in the Act, or these Articles, to the contrary, where securities are held in a depository, the record of the beneficial ownership may be served by such depository on the Company by means of hard copies or through electronic mode or by delivery of floppies or discs.

(xi) *Allotment Of Securities:*

Where the securities are dealt within a Depository, the Company shall intimate the details of allotment of relevant securities to the Depository on allotment of such securities.

(xii) *Transfer Of Securities:*

The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly, particulars of every transfer or transmission of any Share held in material form. Nothing contained in these Articles shall apply to transfer of securities held in depository.

(xiii) *Distinctive Number Of Securities Held In A Depository*

The Shares in the capital shall be numbered progressively according to their several denominations, provided, however that the provisions relating to progressive numbering shall not apply to the Share of the Company which are in dematerialized form. Except in the manner provided under these Articles, no Share shall be sub-divided. Every forfeited or surrendered Share be held in material form shall continue to bear the number by which the same was originally distinguished.

(xiv) *Provisions Of Articles To Apply To Shares Held In Depository:*

Except as specifically provided in these Articles, the provisions relating to joint holders of Shares, calls, lien on Shares, forfeiture of Shares and transfer and transmission of Shares shall be applicable to Shares held in Depository so far as they apply to Shares held in physical form subject to the provisions of the Depository Act, 1996.

(xv) *Depository To Furnish Information :*

Every Depository shall furnish to the Company information about the transfer of securities in the name of the beneficial owner at such intervals and in such manner as may be specified by laws and the Company in that behalf.

(xvi) *Option To Opt Out In Respect Of Any Such Security* :

If a beneficial owner seeks to opt out of a Depository in respect of any security, he shall inform the Depository accordingly. The Depository shall on receipt of such information make appropriate entries in its records and shall inform the Company. The Company shall within 30 (thirty) days of the receipt of intimation from a Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

(xvii)*Overriding Effect Of This Article:*

Provisions of this Article will have full effect and force not withstanding anything to the contrary or inconsistent contained in any other Articles of these presents.

NOMINATION FACILITY

78. (i) Every holder of Shares, or holder of Debentures of the Company may at any time, nominate, in the prescribed manner a person to whom his Shares in or Debentures of the Company shall rest in the event of his death.

(ii) Where the Shares in or Debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the Shares or Debentures of the Company shall rest in the event of death of all the joint holders.

(iii) Notwithstanding any thing contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise in respect of such Shares in or Debentures of the Company where a nomination made in the prescribed manner purports to confer on any person the right to vest the Shares in or Debentures of the Company, the nominee shall, on the death of the Shareholder or Debentures holder of the Company or as the case may be on the death of the joint holders become entitled to all the rights in the Shares or Debentures of the Company or as the case may be all the joint holders in relation to such Shares in or Debenture of the Company to the exclusion of all the other persons, unless the nomination is varied or cancelled in the prescribed manner.

(iv) Where the nominee is a minor it shall be lawful for the holder of Shares or Debentures, to make the nomination and to appoint, in the prescribed manner any person to become entitled to Shares in or Debentures of the Company in the event of his death, during the minority.

(v) Any person who becomes a nominee by virtue of the provisions of section 109 A upon the production of such evidence as may be required by the Board and subject as hereinafter provided elect either:
a) To be registered himself as holder of the Shares or Debentures as the case may be, or
b) To make such transfer of the Share or Debenture as the case may be, as the deceased Shareholder or Debenture holder, as the case may be could have made.

(vi) If the person being a nominee, so becoming entitled, elects to be registered himself as a holder of the Share or Debenture as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with a Death Certificate of the deceased Share holder or Debenture holder, as the case may be.

(vii) All the limitations, restrictions and provisions of this Act, relating to the right to transfer and registration of transfer of Shares or Debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the Member had not occurred and the notice or transfer where a transfer is signed by that Shareholder or Debenture holder, as the case may be.

(ix) A person being a nominee, becoming entitled to a Share or Debenture by reason of the death of the holder shall be entitled to same Dividends and other advantages to which he would be entitled if he were the registered holder of the Share or Debenture, except that he shall not, before being registered as Member in respect of his Share or Debenture, be entitled in respect of it to exercise any right conferred by membership in relation to the meetings of the Company.

(x) Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the Share or Debenture and if the notice is not complied with within 90 days, the Board may thereafter withhold payments of all Dividends, bonus, or other monies payable in respect of the Share or Debenture, until the requirements of the notice have been complied with.

(xi) A Depositor may in terms of section 58A, at any time, make a nomination and above provisions shall as far as may be, apply to such nomination.

INCREASE AND REDUCTION OF CAPITAL

Power to increase capital

79. The Company in general meeting may, from time to time by ordinary resolution, increase the capital by the creation of new Shares of such amount as may be deemed expedient, such increase to be of such aggregate amount and to be divided into Shares of such respective amounts as the resolution shall prescribe. Whenever the capital of the Company has been increased under the provisions of the Articles, the Directors shall comply with the provisions of section 97 of the Act.

Further issue of shares

80. (1) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of Shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed

capital of the Company by allotment of further Shares 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 nearly as circumstances admit, to the capital paid-up on those Shares at that date;
(b) The offer aforesaid shall be made by a notice specifying the number of Shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;
(c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) shall contain a statement of this right;
(d) After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the Shares offered, the Board of Directors may dispose off them in such manner as they think most beneficial to the Company.

(2) Notwithstanding anything contained in subclause (1) 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 resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by Members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by Members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.

(3) Nothing in sub-clause (c) of (1) hereof shall be deemed:
(a) To extend the time within which the offer should be accepted; or
(b) To authorize any person to exercise the right of renunciation for the second time, on the ground that the person in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation.

(4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the Debentures issued by the Company:
(i) To convert such Debentures or loans into Shares in the Company; or
(ii) To subscribe for Shares in the Company.

PROVIDED THAT the terms of issue of such Debentures or the terms of such loans include a term providing for such option and such term:

(a) either has been approved by the Central Government before the issue of Debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf ; and

(b) in the case of Debentures or loans or other than Debentures issued to, or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by the special resolution passed by the Company in general meeting before the issue of the loans.

Conditions on which new shares may be issued

81. The new Shares shall be issued on such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe, and in particular, such Shares may be issued with a preferential or qualified right to Dividends, and in the distribution of assets of the Company and with a right of voting at general meeting of the Company in conformity with section 87 and 88 of the Companies Act 1956. Whenever the capital of the Company has been increased under the

provisions of the Articles, the Directors shall comply with the provisions of section 97 of the Act.

Power to issue shares with differential voting rights

82. The Company shall have the power to issue Shares with such differential rights as to Dividend, voting or otherwise, subject to the compliance with requirements as provided for in the Companies (Issue of Share Capital with Differential Voting Rights) Rules, 2001, or any other law as may be applicable.

Right to convert loans into capital

83. Notwithstanding anything contained in sub-clause(s) above, but subject, however, to section 81(3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to the Debentures or loans raised by the Company to convert such Debentures or loans into Shares or to subscribe for Shares in the Company.

New share ranking with existing shares

84. 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 part of the then existing capital of the Company and shall be subject to the provisions herein contained with reference to the payment of Dividends, calls and instalments, transfer and transmission, forfeiture, lien, surrender and otherwise.

Inequality in number of new shares

85. If, owing to any inequality in the number of new Shares to be issued and the number of Shares held by Members entitled to have the offer of such new Shares, any difficulty shall arise in the apportionment of such new Shares or any of them amongst the Members, such difficulty shall, in the absence of any direction in the resolution creating the Shares or by the Company in general meeting, be determined by the Board.

Reduction of capital etc.

86. The Company may, subject to the provisions of sections 78, 80, 100 to 105 (both inclusive) and other applicable provisions of the Act, from time to time, by Special Resolution, reduce its capital and any Capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorized by law, and in particular, the capital may be paid off on the footing that it may be called up again or otherwise.

Buyback of shares

87. The Company shall be entitled to purchase its own Shares or other securities, subject to such limits, upon such terms and conditions and subject to such approvals as required under section 77 A and other applicable provisions of the Act, the Securities and Exchange Board of India Act, 1992 and the Securities and Exchange Board of India (Buy Back of Securities) Regulations 1998 and any amendments, modification(s), repromulgation (s) or re- enactment(s) thereof.

ALTERATION OF CAPITAL

Power to sub-divide and consolidate shares

88. Subject to the provisions of section 94 of the Act, the Company, in general meeting, may by an ordinary resolution from time to time:

(a) Divide, sub-divide or consolidate its Shares, or any of them, and the resolution whereby any Share is sub-divided, may determine that as between the holders of the Shares resulting from such sub-division one or more of such Shares have some preference of special advantage as regards Dividend capital or otherwise as compared with the others;

(b) Cancel Shares which at the date of such general meeting have not been taken or agreed to be taken by any person and diminish the amount of its Share Capital by the amount of the Shares so cancelled.

Sub-division into preference and equity

89. The resolution whereby any Share is sub-divided may determine that, as between the holders of the Shares resulting from such sub-division, one or more of such Shares shall have some preference or special advantage as regards Dividend, capital, voting or otherwise over or as compared with the others.

MODIFICATION OF RIGHTS

Power to modify rights

90. If at any time, the Share Capital is divided into different classes of Shares, the rights attached to any class, (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not, the Company is being wound up, be varied with the consent in writing of the holders of three fourth of the issued Shares of that class or with the sanction of a special resolution passed at the separate general meeting of the holders of the issued Shares of that class. To every such separate general meeting, the provisions of these Articles relating to general meetings shall apply, but so that the necessary quorum shall be two persons atleast holding or representing by proxy one fifth of the issued Shares of the class. If at any adjourned meeting, of such holders, a quorum as above, defined is not present, those Members who are present shall be a quorum and any holder of Shares of the class present in person or by proxy may demand a poll and on a poll, shall have one vote for each Share of the class of which, he is the holder.

SHARE WARRANTS

Power to issue share warrants

91. The Company may issue Share warrants subject to and in accordance of the provisions of section 114 and 115 of the Act and accordingly, the Board may in its discretion with respect to any Share which is fully paid up, on application in writing signed by the person registered as holder of the Share, and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the person signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require, issue a Share warrant.

Rights of the bearer of share warrants

92. (i) The bearer of a Share warrant may, at any time, deposit the warrant at the office of the Company and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Shares included in the deposited warrant.

(ii) Not more than one person shall be recognised as depositor of the Share warrant.

(iii) The Company shall on two days written notice, return the deposited Share warrant to the Depositor.

Restrictions on bearer of share warrants

93. (i) Subject as herein otherwise expressly provided, any person, shall, as bearer of a Share warrant, sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privilege of a Member at a meeting of the Company, or be entitled to receive any notice from the Company.
(ii) The bearer of a Share warrants shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Shares included in the warrant, and he shall be a Member of the Company.

Board's power to make rules for share warrants

94. The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new Share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

Conversion of shares into stock

95. The Company in general meeting may, by an ordinary resolution, convert any fully paid-up Shares into stock and when any Shares shall have been converted into stock the several holders of such stock, may henceforth transfer their respective interest therein, or any part of such interest in the same manner and subject to the same Regulations as, and subject to which Shares from which the stock arise might have been transferred, if no such conversion had taken place. The Company may, by an ordinary resolution convert any stock into fully paid up Shares of any denomination.

RIGHTS OF STOCKHOLDERS

Transfer of stock

96. The holder of stock may transfer the same or any part thereof in the same manner and subject to the same regulations as and subject to which the Shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances admit; and the Director may, from time to time, fix the minimum amount of stock transferable, provided that such minimum shall not exceed the nominal amount of the Share from which the stock arose.

Rights of stock holders

97. The holders of stock shall, according to the amount of stock held by them have the same right, privileges and advantages as regards Dividends, voting at meetings of the Company and other matters as if they held the Shares from which the stock arose but no such privilege or advantage (except participation in the Dividends and profits of the Company and in the assets on a winding up) shall be conferred by an amount of stock which would not, if existing in Shares, have conferred that privilege or advantage.

Stock and stockholders

98. Such of the Articles of the Company as are applicable to paid-up Shares shall apply to stock and the words "Share" and "Shareholder" therein shall include "stock" and "stockholder" respectively.

BORROWING POWERS

Power to borrow

99. The Board may, from time to time, at its discretion subject to the provisions of section 292 of the Act, raise or borrow either from the Managing Director or from the Directors or from elsewhere and secure the payment of any sum of money for the purposes of the Company.

Conditions on which money may be borrowed

100. The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and in particular, by the issue of bonds, perpetual or redeemable Debentures or debenture-stock or any mortgage or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.

Issue at discount or with special privileges

101. Any Debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into Shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of Shares, attending (but not voting) at the general meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of Shares shall be issued only with the consent of the Company in the general meeting by a special resolution.

Instrument of transfer

102. Save as provided in section 108 of the Act, no transfer of Debentures shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificates of the Debentures.

103. If the Board refuses to register the transfer of any Debentures, the Company shall give notice of the refusal in accordance with the provisions of section 111 (2) of the Act.

GENERAL MEETINGS

When annual general meetings to be held

104. In addition to any other meetings, 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 place as may be determined by the Board. Each such general meeting shall be called an "Annual General Meeting" and shall be specified as such in the notice convening the meeting. Any other meeting of the Company shall be called an "Extra-ordinary General Meeting".

When extra-ordinary general meeting to be called

105. The Board may whenever it thinks fit, call an Extra -ordinary General Meeting and it shall on the requisition of the Members 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 section 169 of the Act.

Members' power to call meetings

106. If at any time there are not within India, Directors capable of acting who are sufficient in number to form a quorum, any Director or any two Members of the Company may call an Extra-ordinary General Meeting, in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

Circulation of members' resolutions

107. The Company shall comply with the provisions of section 188 of the Act, as to giving notice of resolution and circulating statements on the requisition of Members.

Notice of meeting

108. (1) Save as provided in sub section (2) of section 171 of the Act, not less than twenty-one days' notice, excluding the day on which the notice is served or deemed to be served (i.e. on expiry of 48 hours after the letter containing the same is posted) and the date of the meeting, shall be given of every general meeting of the Company. Every notice of a meeting shall specify the place and the day and the hour of the meeting and shall contain statement of the business to be transacted thereat and there shall appear with responsible prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a Member of the Company. where any such business consists of "special business" as hereinafter defined in Article 110 hereof there shall be annexed to the notice a statement complying with section 173 (2) and (3) of the Act.

(2) Notice of every meeting of the Company shall be given to every Member of the Company, to the auditors of the Company and to any person entitled to a Share in consequence of the death or insolvency of a Member in any manner hereinafter authorised for the giving of notice to such persons. Provided that where the notice of a general meeting is given by advertising the same in a newspaper circulating in the neighbourhood of the office under sub section 3 of section 53 of the Act, the statement of material facts referred to in section 173 (2) of the Act, need not be annexed to the notice as required by that section but it shall be mentioned in the advertisement that the statement has been forwarded to the Member of the Company.

(3) The accidental omission to give any such notice to or its non-receipt by any Member or other person to whom it should be given shall not invalidate the proceedings of the meeting.

Shorter notice admissible

109. With the consent of all the Members entitled to vote, at an Annual General Meeting or with the consent of the Members holding 95 percent of such part of the paid-up Share Capital of the Company as gives a right to vote thereat, any general meeting may be convened by giving a shorter notice than twenty one days.

PROCEEDINGS AT GENERAL MEETING

Business of meetings

110. The ordinary business of an Annual General Meeting shall be to receive and consider the profit and loss account, the balance sheet and reports of the Directors and of the auditors, to elect Directors in the place of those retiring, to appoint auditors and fix their remuneration and to declare a Dividend. All other business transacted at an Annual General Meeting and all business transacted at any other general meetings shall be deemed to be special business.

Quorum to be present when business commences

111. No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Save as herein otherwise provided, five Members present in person shall be a quorum.

When, if quorum not present, meeting to be dissolved and when to be adjourned

112. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members as aforesaid, shall be dissolved, but in any other case, it shall stand adjourned in accordance with the provisions of sub sections (3), (4) and (5) of sections 174 of the Act.

Resolution to be passed by company in general meeting

113. Any act or resolution which under the provisions of these Articles or of the Act is permitted or required to be done or passed by the Company in general meeting shall be sufficiently so done or passed if effected by an ordinary resolution as defined in section 189 (1) of the Act, unless either the Act or these Articles specifically require such act to be done or resolution passed by a special resolution as defined in section 189 (2) of the Act.

Chairman of general meeting

114. The Chairman of the Board or the person acting as Chairman of the Board shall be entitled to take the chair at every general meeting. If there be no such Chairman, or if at any meeting, he shall not be present within fifteen minutes after time appointed for holding such meeting or is unwilling to act, the Members present shall choose another Director as Chairman, and if no Director be present, or if all the Directors present decline to take the chair, then the Member present shall on a show of hands or on a poll if properly demanded, elect one of their Members, being a Member entitled to vote, to be Chairman.

How resolutions to be decided at meetings

115. Every resolution submitted to a meeting shall be decided in the first instance by a show of hands, and in the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall have a casting vote in addition to which he may be entitled as a Member.

What is to be evidence of the passing of a resolution where poll not demanded

116. At any general meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded in accordance with the provisions of section 179 of the Act, a declaration by the Chairman that the resolution has or had not been carried, or had or has not been carried either unanimously or by a particular majority and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number of proportion of the votes cast in favour of or against the resolution.

117. (1) If a poll is demanded as aforesaid it shall be taken forthwith on a question of adjournment or election of a chairman and in any other case in such manner and at such time, not being later than forty-eight hours from the time when the demand was made and at such place as the chairman of the meeting directs, and subject as afore said, either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was demanded.

(2) The demand of a poll may be withdrawn at any time.

(3) (a) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers, one atleast of whom shall be a Member (not being an officer or employee of the Company) present at the meeting provided such a Member is available and willing to be appointed, to scrutinise the votes given on the poll and to report to him thereon.

(b) The Chairman shall have power at any time, before the result of the poll is declared, to move a scrutineer from office and to fill vacancies in the office of scrutineer arising from such removal or any other cause.

(c) The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

Power to adjourn general meeting

118. (1) The Chairman may with the consent of any meeting at which a quorum is present and shall, if so directed by the meeting adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(2) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of the original meeting but save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

VOTES OF MEMBERS

119. (1) Save as hereinafter provided on a show of hands every Member present in person and being a holder of equity Shares shall have one vote.
(2) Save as hereinafter provided on a poll the voting rights of a holder of equity Shares shall be as specified in section 87 of the Act.
(3) The holders of preference Shares shall not be entitled to vote at general meetings of the Company except as provided for in section 87 of the Act.

Procedure where a company or body corporate is member of the company

120. Where a company or a body corporate (hereinafter called “member company”) is a member of the Company, a person duly appointed by resolution in accordance with the provisions of section 187 of the Act to represent such member company at a meeting of the Company shall not, by reason of such appointment, be deemed to be a proxy, and the lodging with the Company at the office or production at the meeting of a copy of such resolution duly signed by a Director of such member company and certified by him as being a true copy of the resolution shall, on production at the meeting, be accepted by the Company as sufficient evidence of the validity of his appointment. Such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy on behalf of the member of the Company which he represents, as that member company would exercise as if it were an individual.

Provided that no Member shall vote by proxy so long as a resolution of its Board of Directors under the provisions of section 187 of the Act is in force and the representative named in such resolution is present at the general meeting at which the vote is by proxy is tendered.

Votes in respect of deceased, insane or insolvent members

121. Any person entitled under the Transmission Article to transfer any Share may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such Shares, provided that forty eight hours atleast before the time of holding the meeting, as the case may be, at which he proposed to vote, he shall satisfy the Board of his right to transfer such Shares unless the Board shall have previously admitted is right to vote at any such meeting in respect thereof. If any Member be a lunatic, idiot, or non compos mentis, he may vote whether on a show of hand or at a poll by his committee, curator bonis or other legal curator and such last mentioned persons may give their votes by proxy.

Joint holders

122. Where there are joint registered holders of any Shares, any of such persons may vote at any meeting either personally or by proxy in respect of such Share as if he were solely entitled thereto, and if more than one of such joint holders be present at any meeting either personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such Share alone shall be entitled to vote in respect thereof. Several executors or administrators of a deceased Member in whose name any Share is registered shall for the purpose of this Article be deemed joint holder thereof.

Vote on a poll

123. On a poll, votes may be given either personally or by proxy, or in the case of a body corporate, by a representative duly authorised as aforesaid and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

Instrument appointing proxy to be in writing

124. (1) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if such appointer is a body corporate, it shall be under its common seal or the hand of its officer or attorney duly authorised.

(2) A person may be appointed a proxy though he is not a Member of the Company and every notice convening a meeting of the Company shall state this and shall also state that a Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him.

Instrument appointing a proxy to be deposited at the office

125. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it signed, or a notarailly certified copy of that power or authority shall be beposoted the office not less than forty eight hours before the time for holding the meeting at which the person named in the instrument purports to vote in respect thereof and in default the instrument of proxy shall not be treated as valid.

When vote by proxy valid though authority revoked

126. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or the revocation of the instrument, or the transfer of the Share in respect of which the vote is given, provided that no intimation in writing of the death, insanity, revocation or transfer of the Share Capital have been received by the Company at the office before the commencement of the meeting or adjourned meeting or at which the proxy is used, provided nevertheless that the chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.

Form of instrument appointing a proxy

127. Every instrument appointing a proxy shall be retained by the Company and shall be in either of the forms specified in schedule IX of the Act, or a form as near thereto as circumstances will admit.

Restriction on voting

128. No Member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any Shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has or has exercised, any right of lien.

Admission or rejection of votes

129. (1) Any objection as to the admission or rejection of a voter either on a show of hand or on 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.

(2) No objection 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 purposes.

DIRECTORS

Number of directors

130. Until otherwise determined by special resolution the number of Directors shall not be less than three nor more than twelve, including all kinds of Directors.

Directors

131. At the time of adoption of these Articles of Association the following persons are the Directors of the Company.

1) V. B. SANKESHWAR	**2) ANAND SANKESHWAR**
3) L. RAMANAND BHAT	**4) K.N. UMESH**

Power of board to add to its number

132. The Board shall have power, at any time and from time to time, to appoint any person as a Director as an addition to the Board but so that the total number of Directors shall not any time exceed the maximum number fixed by these Articles. Any Director so appointed shall hold office only up to the next Annual General Meeting of the Company and shall then be eligible for re-election.

Share qualification of directors

133. Unless otherwise determined by the Company in general meeting, a Director shall not be required to hold in his own name or jointly with any other person, whether beneficially, or as trustee otherwise, any Share, in the capital of the Company as a qualification Share, but nevertheless a Director shall be entitled to attend and speak at any general meeting of the Company and at any seperate meeting of the holders of any class of Shares in the Company.

Directors' remuneration and expenses

134. Unless otherwise determined by the Company in general meeting each Director shall be entitled to receive out of the funds of the Company for his services in attending meeting of the Board or a committee of the Board, a fee of such sum as may be prescribed by the Act or the Central Government from time to time per meeting of the Board or a committee of the Board attended by him.

All other remuneration, if any, payable by the Company to each Director whether in respect of his services as a Managing Director or a Director in the whole or part time employment of the Company, shall be determined in accordance with and subject to the provisions of these Articles and of the Act. The Directors shall be entitled to be paid their reasonable travelling and hotel and other expenses incurred in connection with their attending Board and committee meeting or otherwise incurred in the execution of their duties as Directors.

Remuneration for extra services

135. If any Director, being willing, shall be called upon to perform extra services or to make any special exertions in going or residing away from place where the Registered office of the Company is situated for any of the purposes of the Company or in giving special attention to the business of the Company or as a member of a committee or the Board then, the Board may remunerate the Director so doing either by a fixed sum and/or by a percentage of profits or otherwise and such remuneration may be either in addition to or substitution for any other

remuneration to which he may be entitled.

Equal power to directors

136. Except as otherwise provided in these Articles all the Directors of the Company shall have in all matters equal rights and privileges and be subject to equal obligations and duties in respect of the affairs of the Company.

Board may act notwithstanding vacancy

137. The continuing Directors may act notwithstanding any vacancy in their body; but so that if the number falls below the minimum above fixed the Board shall not, except for the purpose of filling vacancies, act so long as the number is below the minimum.

Vacation of office of director

138. The office of a Director shall become vacant if at any time he contravenes any of the provisions of section 283 of the Act.

Office of profit

139. No Director or other person referred to in section 314 of the Act shall hold an office or place or profit, save as permitted by that section.

When director of the company appointed director of a company in which the company is interested either as member or otherwise

140. A Director of the Company may be or become a Director of any other company promoted by the Company or in which it may be interested as a vendor, Shareholder or otherwise and no such Director shall be accountable for any benefits received as a Director or member of such company.

Conditions under which directors may contract with the company

141. Subject to the provisions of section 297 of the Act, a Director shall not be disqualified from contracting with the Company either as vendor, purchaser or otherwise for goods, materials or services or for underwriting the subscription of any Shares in or Debentures of the Company nor shall any such contract or arrangement entered into by or on behalf of the Company with a relative of such Director or relative is a partner or with any other partner in such firm or with a private company of which such Director is a member or Director, be avoided nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding office or the fiduciary relation thereby established.

Disclosures of a director's interest

142. Every Director shall comply with the provisions of section 299 of the Act, in regard to disclosure of his concern or interest in any contract or arrangement entered into or to be entered into by the Company.

Discussion and voting by director interested

143. Save as permitted by section 300 of the Act, or any other applicable provision of the Act, no Director, shall, as a Director, take any part in the discussion of or vote on, any contract or arrangement in which he is in any way, whether directly or indirectly concerned or interested, nor shall his presence count for the purpose of forming a quorum at the time of such discussion or vote.

APPOINTMENT AND RETIREMENT OF DIRECTORS

Proportions to retire by rotation

144. The Directors shall be liable for retirement by rotation. Provided nevertheless that the Managing Director or Whole time Director, appointed or the Directors appointed as a Debenture Director and Special Director under these Articles shall not retire by rotation under this Article nor shall they be included in calculating the total number of Directors of whom one third shall retire from office under this Article.

Rotation and retirement of directors

145. At each Annual General Meeting of the Company, one-third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office.

Which directors to retire

146. The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day those to retire shall, in default of any subject to any agreement among themselves, be determined by lot.

Retiring director to remain in office till successor appointed

147. Subject to the provisions of the Act, if at any meeting at which an election of Directors ought to take place, the place of the vacating Director(s) is not filled up and the meeting has not expressly resolved not to fill up the vacancy and not to appoint the retiring Director, the meeting shall stand adjourned till the same day in the next week at the same time and place or if that day is a public holiday till the next succeeding day which is not a public holiday at the same time and place, and if at the adjourned meeting the place of the returning Director(s) is not filled up and the meeting has also not expressly resolved not to fill up the vacancy, then the retiring Director(s) or such of them as have not had their places filled up shall be deemed to have been reappointed at the adjourned meeting

Directors not liable for retirement

147. The Company in general meeting may, when appointing a person as a Director declare that his continued presence on the Board of Directors is of advantage to the Company and that his office as Director shall not be liable to be determined by retirement by rotation for such period until the happening of any event of contingency set out in the said resolution.

Increase or reduction in the number of directors

149. Subject to the provisions of section 252, 255, 259, the Company in general meeting may by ordinary resolution increase or reduce the number of its Directors.

Power to remove director by ordinary resolution on special notice

150. The Company may remove any Director before the expiration of his period of office in accordance with provisions of section 284 of the Act and may, subject to the provisions of sections 262 and 274 of the Act, appoint another person in his stead.

Board may fill up by casual vacancies

151. If any Director appointed by the Company in general meeting vacates office as a Director before his terms of office will expire in the normal course, the resulting casual vacancy may be filled by the Board, at a meeting of the Board, but any person so appointed shall retain his office so long only as the vacating Director would have retained the same if no vacancy had occured. Provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from the office of Director under Article 138 hereof.

Eligibility of director

152. A retiring Director shall be eligible for re-election. The eligibility and appointment of a person other than a retiring Director to the office of Director shall be governed by the provisions of section 257 of the Act.

Additional directors

153. The Board of Directors shall have power at any time and from time to time to appoint one or more persons as Additional Directors provided that the number of Directors and Additional Directors together shall not exceed the maximum number fixed. An additional Director so appointed shall hold office upto the date of the next Annual General Meeting of the Company and shall be eligible for re-election by the Company at that Meeting.

Power to appoint alternate director

154. The Board may in accordance with and subject to the provisions of section 313 of the Act, appoint any person to act as alternate Director for a Director during the latter's absence from the state in which meetings of the Board are ordinarily held.

Nominee director

155. (a) So long as any moneys remain owing by the Company to any All India Financial Institutions, State Financial Corporation or any financial institution owned or controlled by the Central Government or State Government or any Non Banking Financial Company controlled by the Reserve Bank of India or any such Company from whom the Company has borrowed for the purpose of carrying on its objects or each of the above has granted any loans / or subscribes to the Debentures of the Company or so long as any of the aforementioned companies of financial institutions holds or continues to hold Debentures/Shares in the Company as a result of underwritng or by direct subscription or private placement or so long as any liability of the Company arising out of any guarantee furnished on behalf of the Company remains outstanding, the corporation shall have a right to appoint from time to time any person or persons as a Director or Directors whole- time or non whole- time (which Director or Director/s is/are hereinafter referred to asnomieeniector/s") on the Board of the Company and to remove from such office any person or person so appointed and to appoint any person or persons in his/their place(s).

(b) The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

(c) The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the corporation or so long as they hold or continue to hold Debentures/Shares in the Company as result of underwriting or by direct subscription or private placement or the liability of the Company arising out of the Guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall vacate such office immediately on the moneys owing by the Company to the corporation are paid off or they ceasing to hold Debentures/Shares in the Company or on the satisfaction of the liability of the Company arising out of the guarantee furnished.

(d) The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all general meetings, Board Meetings and of the Meetings of the Committee of which Nominee Director/s is/are Member/s as also the minutes of such Meetings. The corporation shall also be entitled to receive all such notices and minutes.

(e) The Company shall pay the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees, commission, monies or remuneration in any form is payable to the Directors of the Company the fees, commission, monies and remuneration in relation to such Nominee Director/s shall accrue to the nominee appointer and same shall accordingly be paid by the Company directly to the corporation.

(f) Provided that the sitting fees, in relation to such Nominee Director/s shall also accrue to the appointer and same shall accordingly be paid by the Company directly to the appointer.

(g) Provided also that in the event of the Nominee Director/s being appointed as whole time Director/s, such Nominee Director/s shall exercise such powers and duties as may be approved by the appointer and have such rights as are usually exercised or available to a whole time Director in the management of the affairs of the Company. Such whole time Director in the management of the affairs of the Company shall be entitled to receive such remuneration commission and monies as may be approved by the appointer.

Director for subsidiary company

156. Directors of this Company may be or become a Director of any Company promoted by this Company or in which it may be interested as Vendor, Shareholder or otherwise and no such Director shall be accountable for any benefits received as a Director or member of such Company.

Meetings of directors

157. The Board shall meet at least once in every three months for the dispatch of business and may adjourn and otherwise regulate its meetings and proceedings as it thinks fit; provided that atleast four such meetings shall be held every year. Notice in writing of every meeting of the Board shall be given to every Director of the Board for the time being in India and at his usual address in India to every other Director.

Director may summon meeting

158. The Managing Director may, at any time summon a meeting of the Board and the Managing Director or a Secretary or a person authorised in this behalf on the requisition of Director shall at any time summon a meeting of the Board. Notice in writing of every meeting of the Board shall be given to every Director for the time being in India, and at his usual address in India to every other Director.

Chairman

159. The Board may appoint a chairman of its meetings and determine the period for which he is to hold office; if no such chairman is appointed or if at any meeting of the Board the chairman is not present within five minutes after the time appointed for holding the same, the Directors present shall choose some one of their number to be the chairman of such meeting.

Quorum

160. The quorum for a meeting of the Board shall be one-third of its total strength (any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher, provided that where at any time the number of interested Directors is equal to or exceeds two-thirds of total strength, the number of remaining Directors, that is to say the number of Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such time, The total strength of the Board shall mean the number of Directors actually holding office as Directors on the date of the resolution or meeting, that is to say, the total strength of Board after deducting therefrom the number of Directors, if any, whose places are vacant at the time. If a quorum shall not be present within fifteen minutes from the time appointed for holding a meeting of the Board, it shall be adjourned until such date and time as the Chairman of the Board shall appoint.

Powers of board meeting

161. A meeting of the Board at which a quorum is present shall be competent to exercise all or any of the authorities, power and discretions by or under these Articles or the Act, for the time being vested in or exerciseable by the Board.

How questions to be decided

162. Subject to the provisions of sections 316,372 (5) & 386 of the Act questions arising at any meeting shall be decided by a majority of votes, and in case of an equality of votes the Chairman shall have a second or casting vote.

Power to appoint committee and to delegate

163. The Board may, subject to the provisions of the Act, from time to time and at any time, delegate any of its powers to a committee consisting of such Director or Directors as it thinks fit, and may, from time to time, revoke such delegation. Any committee so formed shall, in exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

Proceedings of committee

164. (a) If the Chairman of the Board is a member of the Committee, he shall preside over all meetings of the Committee, if the Chairman is not a member thereof, the committee may elect a Chairman of its meeting. If no such Chairman is elected or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the meeting, the members present may choose one among themselves to be the Chairman of the Meeting.
(b) The quorum of a committee may be fixed by the Board of Directors.
(c) A committee may meet and adjourn as it thinks proper.
(d) Questions arising at any meeting of a committee shall be determined by the sole member of the committee or by a majority of votes as the members present as the case may be and in case of an equality of vote the Chairman shall have a second or casting vote, in addition to his as a member of the committee

When acts of director valid notwithstanding defective appointment

165. Acts done by a meeting of the Board, of a committee thereof, or any person as a Director shall be valid, notwithstanding that it may afterwards be discovered that his appointment was invalid by reason of any defect or disqualification or his termination by virtue of any provision contained in the Act or in these Articles. Provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

Resolution without board meeting

166. (a) Save in those cases where a resolution is required by section 263, 292, 297, 316, 372 (5) and 386 of the Act, to be passed at meeting of the Board, a resolution shall be as valid and effectual as if it had been passed at a meeting of the Board or committee of the Board as the case may, duly called and constituted, if a draft thereof in writing is circulated, together with the necessary papers, if any, to all the members of the committee of the Board, as the case may be, then in India (not being less in number than the quorum fixed for meeting of the Board or committee, as the case may be) and to all other Directors or members of the committee at their usual address in India, and has been approved by such of them as are then in India or by a majority of such of them as are entitled to vote on the resolution.

(b) The Board of Directors shall exercise the following powers on behalf of the Company and the said powers shall be exercised only by resolution passed at the meeting of the Board:

i. Power to make calls on Shareholders in respect of moneys unpaid on their Shares;
ii. Power to issue Debentures;
iii. Power to borrow money otherwise than on Debentures:
iv. Power to invest the funds of the Company;
v. Power to make loans

(c) The Board of Directors may by a meeting delegate to any committee or the Directors or to the Managing Director the powers specified in sub clauses (iii), (iv) and (v) above.

(d) Every resolution delegating the power set out in sub clause (iii) above shall specify the total amount upto which moneys may be borrowed by the said delegate.

(e) Every resolution delegating the power referred to in sub-clause (iv) above shall specify the total amount, upto which the fund may be invested and the nature of the investments which may be made by the delegate.

(f) Every resolution delegating the power referred to in sub-clause (v) above shall specify the total amount upto which the loans may be made by the delegate, the purposes for which the loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases.

167. (a) The Board of Directors may from time to time but with such consent of the Company in general meeting as may be required under the Act raise any moneys or sums of money for the purpose of the Company provided that the moneys to be borrowed by the Company apart from temporary loans obtained from the Company's bankers in the ordinary course of business shall not, without the sanction of the Company at a general meeting, exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose and in particular, but subject to the provisions of section 292 of the Act, the Board may from time to time at their discretion raise or borrow or secure the payment of any such sum of money for the purpose of the Company, by the issue of Debentures, perpetual or otherwise, including Debenture convertible into Shares of this or any other Company or perpetual annuities and to secure any such money so borrowed, raised or received mortgage, pledge or charge the whole or any part of the property, assets or revenue of the Company present or future, including its uncalled capital by special assignment or otherwise or to transfer or convey the same absolutely or in trust and to give the lenders powers of sale and other powers as may be expedient and to purchase, redeem or pay off any such securities.

Provided that every resolution passed by the Company in general meeting in relation to the exercise of the power to borrow as stated shall specify the total amount upto which moneys may be borrowed by the Board Directors.

(b) The Directors may by resolution at a meeting of the Board delegate the above power to borrow money otherwise than on Debentures to a committee of Directors or the Managing Director, if any, within the limits prescribed.

(c) Subject to provisions of the above sub-clause, the Directors may, from time to time, at their discretion, raise or borrow or secure the repayment of any sum or sums of money for the purposes of the Company, at such time and in such manner and upon such terms and conditions in all respects as they think, fit and in particular, by promissory notes or by receiving deposits and advances with or without security or by the issue of bonds, perpetual or redeemable Debentures (both present and future) including its uncalled capital for the time being or by mortgaging or charging or pledging any lands, buildings, goods or other property and securities of the Company, or by such other means as they may seem expedient.

(d) To the extent permitted under the applicable law and subject to compliance with the requirements thereof, the Directors shall be empowered to grant loans to such entities at such terms as they may deemed to be appropriate and the same shall being the interests of the Company.

Assignment of debentures

168. Such Debentures, debenture-stock, bonds or other securities may be assignable free from any equities between the Company and the person to whom the same may be issued.

Terms of issue of debentures

169. Any such Debentures, debenture stock, or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into Shares of any denomination and with any privileges and conditions as to redemption, surrender, drawings, allotment of Shares, attending (but not voting) at the general meeting, appointment of Directors or otherwise, Debentures with a right of conversion into or allotment of Shares shall be issued only with the sanction of the Company in a general meeting by a Special Resolution.

Debenture directors

170. Any Trust Deed for securing Debentures or debenture stock may if so arranged provide for the appointment from time to time by the trustee thereof or by the holders of Debentures or debenture stock of some person to be a Director of the Company and may empower such trustee or holders of Debentures or debenture stock from time to time to remove any Directors so appointed. A Director appointed under this Article is herein referred to as a "Debenture Director" and the Debenture Director means a Director for the time being in office under this Article. A Debenture Director shall not be bound to hold any qualification Shares, not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provision shall have effect notwithstanding any of the other provisions herein contained.

Register of mortgages

171. The Directors shall cause a proper register to be kept, in accordance with the Act, of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the Act in regard to the registration of mortgages and charges therein specified.

Subsequent assigns of uncalled capital

172. Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same, subject to such prior charges and shall not be entitled to obtain priority over such prior charge.

Charge in favour of director for indemnity

173. If the Director or any person, shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security over or affecting the whole or part of the assets of the Company by way of indemnity to secure the Directors or other persons so becoming liable as aforesaid from any loss in respect of such liability.

MINUTES

Minutes to be made

174. (1) The Board shall in accordance with the provisions of section 193 of the Act, cause minutes to be kept of every general meeting, every meeting of the Board and of every committee of the Board.

(2) Any such minutes of any meeting of the Board or of any committee of the Board or of the Company in general meeting, if kept in accordance with the provisions of section 193 of the Act, shall be evidence of the matters stated in such minutes. The minutes books of general meetings of the company shall be kept at the office and shall be open to inspection by Members during normal business hours on such business days as the Act requires them to be open for inspection.

POWERS OF THE BOARD

General powers of company vested in the board

175. Subject to the provisions of the Act, the management and control of the Company shall be vested in the Board who shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorised to exercise and do, provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act, or by any other statute or by memorandum of the Company or by these Articles or otherwise, to be exercised or done by the Company in general meeting. Provided further that in exercising any such power on doing any such act or thing, the Board shall be subject to the provisions in that behalf contained in the Act or any other statute or in the memorandum of the Company or in these Articles, or in any regulations not inconsistent therewith and duly made thereunder including regulations made by the Company in general meeting, but no regulation made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

Certain power of the board

176. Without prejudice to the general powers conferred by the preceding Article and so as not in any way to limit or restrict those powers and without prejudice to the other powers, conferred by these Articles, but subject to the restrictions contained in the last preceding Article it is hereby declared that the Directors shall have the following powers, that is to say power

(1) To pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.

(2) To pay and charge to the capital account of the Company any commission or interest, lawfully payable there out.

(3) To purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire at or for price or consideration and generally on such terms and conditions as they may think fit; and in and such purchase or otherwise acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.

(4) At their discretion and subject to the provisions of the Act, to pay for any property, rights or privileges acquired by or service rendered to the Company either wholly or partially, in cash or in Shares, bonds, Debentures, mortgages or other securities of the Company and any such Shares may be issued either as fully paid or with such amount credited as paid up thereon as may be agreed upon, and any such bonds, Debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital.

(5) To secure the fulfilment of any contract or engagement entered into by the Company by

mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being are in such manner as they may think fit.

(6) To accept from any Member as far as may be permissible, by law, a surrender of his Shares or any part thereof on such terms and conditions as shall be agreed.

(7) To appoint any person or persons to accept and hold in trust for the Company property belonging to the Company or in which it is interested or for any other purpose and so all such deeds and things as may be required, in relation to any trust and to provide for the remuneration of such trustee or trustees.

(8) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts, due and of any claim or demands by or against the Company and to refer any differences to arbitration and observe and perform any awards made thereon.

(9) To act on behalf of the Company in all matters relating to bankrupts and insolvents.

(10) To make and give receipts, release and other discharges for monies payable to the Company and for the claims and demands of the Company.

(11) To invest and deal with and any moneys of the Company not immediately required for the purposes thereof upon such security or without security and in such manner as they may think fit and from time to time, to vary or realise such investments.

(12) To execute in the name and on behalf of the Company in favour of any Directors or other persons who may 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 mortgages may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.

(13) To determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, Dividend warrant releases, contracts and documents and to give the necessary authority for such purposes.

(14) 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 particular business or transaction and to charge such bonus or commission as part of the working expenses of the Company.

(15) To provide for the welfare of Shareholders or ex-Shareholders or Directors or ex Directors or employees or ex-employees of the Company and their wives, widows and families or dependants or connection of such persons by building or contributing to the building of houses, dwellings or chawls or by grant or moneys, or by creating, and from time to time subscribing at contributing to provident and other associations, funds or trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries medical and other attendance and other assistance, as the Board shall think fit, and to subscribe or contribute or otherwise to assist or to guarantee moneys to charitable benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claim or support or aid by the Company either by reason of locality of operation, or of public and general utility or otherwise.

(16) Before recommending any Dividend, to set aside out of the profits of the Company, such sums as they may think proper, for depreciation or to depreciation fund or to an insurance fund to meet contingencies or to repay Debentures or debentures stock, or for special Dividends, or for equalising Dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purposes referred to in the preceding clause) as the Board may, in their absolute discretion, think conducive to the interest of the Company, and subject to section 292 of the Act, to invest the several sums so set aside or so much thereof as required to be invested, upon such investments as they may think fit and from time to time to deal with and vary such investments and dispose off and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Board notwithstanding that the matters to which the Board apply or upon which they expend the same, or any part thereof may be matters to or upon which the capital moneys of the Company might rightly be applied or expended, and to divide the reserve fund into such special funds as the Board

may think fit, with full power to transfer the whole or any portion of a reserve fund or division of a reserve fund to another reserve fund of division of reserve and with full power to employ the assets constituting all or any of the above funds including the depreciation fund, in the business of the Company or in the purchase or repayment of Debentures or debenture stock, and without being bound to keep the same seperate from the other assets and without being bound to pay interest on the same with power, however, to the Board at their discretion to pay or allow to the credit of such funds, interest at such rate as the Board may think proper, not exceeding nine percent per annum.

(17) To appoint, and at their discretion, remove or suspend such general managers, managers, secretaries, assistants, supervisors, clerks, agents and servants for permanent, temporary or special service as they may from time to time think fit, and to determine their powers and duties and fix their salaries or emoluments or remuneration, and to require security in such instances and of such amount as they may think fit and also from time to time provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manners as they may think fit and the provisions contained in the four next following sub clauses shall be without prejudice to the general powers conferred by this sub clause.

(18) To comply with the requirement of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with.

(19) From time to time at any time to establish any local board for managing any of the affairs of the Company in any special locality in India or elsewhere and to appoint any person to be members of such local boards and to fix their remuneration.

(20) Subject to section 292 of the Act, from time to time at any time to delegate to and person so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their power to make loans or borrow moneys, and to authorise the member for the time being of any such local board, or any of them to fill in any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit, and the Board may at any time remove any person so appointed, and may annul or vary such delegation.

(21) At any time and from time to time by power of attorney under the seal of the Company, to appoint any person or persons to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorise by the Board the power to make limits) and for such period and subject to such conditions as the Board may from time to time think fit and any such appointment may (if the Board thinks fit) be made in favour of the members or any of the members of any local board, established as aforesaid or in favour of any company, or the Shareholders, director's nominees, or managers of any company, or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such power of attorney may contain such powers for the protection or convenience of persons dealing with such attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.

(22) Subject to section 294 and 297 of the Act for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such negotiations and contract and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.

(23) Subject to the provisions contained in these Articles, to give loan, guarantee or otherwise any financial assistance for the purpose of or in connection with the purchase of or subscription of Shares in the Company or in the holding company if any, on such terms and conditions as the Directors may consider proper or desirable.

MANAGEMENT

Prohibition of simultaneous appointment of different categories of managerial personnel

177. The Company shall not as provided by the section 197 A of the Act, employ at the same time more than one of the following categories of managerial personnel, namely:

a) Managing Director or (b) Manager

THE SECRETARY

Secretary

178. The Directors may from time to time appoint, and at their discretion remove any individual, (hereinafter called "The Secretary") to perform any function, which by the Act or to be performed by the secretary, and to execute any other ministerial or administrative duties which may from time to time be assigned to the secretary by the Directors. The Directors may also at any time appoint some person (who need not be the secretary) to keep the register required to be kept by the Company.

LOCAL MANAGEMENT

Local management

179. The Board may, subject to the provisions of the Act, make such arrangements as it may think fit for the management of the Company's affairs abroad and for this purpose appoint local boards, attorneys and agents and fix their remuneration and delegate to them such powers as the Board may deem requisite or expedient. The Company may exercise all the powers of section 50 of the Act and the official seal shall be affixed by the authority and in the presence of and the instruments sealed therewith shall be signed by, such persons as the Board shall from time to time by writing under the seal appoint. The Company may also exercise the powers of sections 157 & 158 of the Act with reference to the keeping of foreign registers.

AUTHENTICATION OF DOCUMENTS

Power to authenticate documents

180. Save as otherwise provided in the Act any Director or the Secretary or any person appointed by the Board for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any resolution passed by the Company or the Board and any books, records, document and accounts relating to the business of the Company and to certify copies thereof or extracts therefrom as true copies or extracts; and where any books, records documents or accounts are elsewhere than at the office, the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Board as aforesaid.

Certified copies of resolution of board

181. A document purpoting to be a copy of resolution of the Board or an extract from the minutes of a meeting of the Board which is certified as such in accordance with the provisions of the preceding Article shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be that such extract is a true and accurate record of a duly constituted meeting of the Board.

MANAGING DIRECTORS

Power to appoint managing director

182. Subject to the provisions of the Act, the Board may, from time to time, appoint one or more Directors to be the Managing Director/ Whole time Directors of the Company either for fixed term or without any limitation as to the period for which he or she is or are to hold such office, and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places. In the event of any vacancy arising in the office of a Managing Director or Whole-time Director, the vacancy shall be filled by the Board of Directors subject to the approval of the members.

To what provisions managing director/ whole time director shall be subject

183. A Managing Director/ Whole time Director shall ipso-facto and immediately cease to be a Managing Director/ Whole time Director if he ceases to hold the office of Director. The Managing Director or whole time Director shall not be liable to retirement by rotation as long as he holds office as Managing Director or whole-time Director.

Remuneration of managing director/ whole time directors

184. A Managing Director/ Whole time Director shall in addition to the remuneration payable to him as a Director of the Company under these Articles, receive such additional remuneration as may, from time to time, be sanctioned by the Company in general meeting.

Powers of managing director/ whole time directors

185. Subject to the provisions of the Act in particular to the prohibitions and restrictions contained in section 292 thereof, the Board may from time to time, entrust to and confer upon a Managing Directors/ Whole time Directors for the time being such of the powers exercisable under these presents by the Directors as it may think fit, and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as it thinks fit, and it may confer such powers, either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

Reimbursement of expenses

186. The Managing Directors/whole-time Directors shall be entitled to charge and be paid for all actual expenses, if any, which they may incur for or in connection with the business of the Company. They shall be entitled to appoint part time employees in connection with the management of the affairs of the Company and shall be entitled to be paid by the Company any remuneration that they may pay to such part time employees.

Business to be carried on by managing directors/ whole time directors

187. (a) The Managing Directors/whole-time Director shall have subject to the supervision, control and discretion of the broad, the management of the whole of the business of the Company and of all its affairs and shall exercise all powers and perform all duties in relation to the Management of the affairs and transactions of Company, except such powers and such duties as are required by law or by these presents to be exercised or done by the Company in General Meeting or by Board of Directors and also subject to such conditions or restriction

imposed by the Act or by these presents.

(b) Without prejudice to the generality of the foregoing and subject to the supervision and control of the Board of Directors, the business of the Company shall be carried on by the Managing Director/ whole-time Director and he shall have all the powers except those which are by law or by these presents or by any resolution of the Board required to be done by the Company in general meeting or by the Board.

(c) The Board may, from time to time delegate to the Managing Director or whole-time Director such powers and duties and subject to such limitations and conditions as they may deem fit. The Board may from time to time revoke, withdraw, alter or vary all or any of the powers conferred on the Managing Director or Whole time Director by the Board or by these presents.

THE SEAL

Custody of seal

188. The Board shall provide a Common Seal for the Company and they shall have power from time to time to destroy the same and substitute a new seal in lieu thereof; and the Common Seal shall be kept at the Registered Office of the Company and committed to the custody of the Managing Director or the Secretary if there is one.

Seal how affixed

189. The seal shall not be affixed to any instrument except by authority of a resolution of the Board or a Committee of Directors. Every deed or other instrument to which the seal is required to be affixed shall, unless the same is executed by a duly constituted attorney for the Company, be signed by any Director of the Company in whose presence the seal shall have been affixed, provided nevertheless that any instrument bearing the seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority issuing the same.

RESERVES

190. The Board may, from time to time, before recommending any Dividend, set apart any and such portion of the profits of the Company as it thinks fit, as reserves to meet contingencies or for the liquidation of any Debentures, debts or other liabilities of theCompany, for equalisation of Dividends for repairing, improving or maintaining any of the property of the Company and for such other purposes of the Company as the Board in its absolute discretion thinks conducive to the interests of the Company, and may, subject to the provisions of section 372 of the Act, invest the several sums so set aside upon such investment (other than Shares of the Company) as it may think fit, and from time to time deal with and vary such investments and dispose off all or any part thereof for the benefit of the Company and may divide the reserves into such special funds as it thinks fit, with full power to employ the reserves or any part thereof in the business of the Company and without being bound to keep the same separate from the other assets.

Investment of monies

191. All monies carried to the reserves shall nevertheless remain and be profits of the Company applicable, subject to due provisions being made for actual loss or depreciation, for the payment of Dividends and such monies and all the other monies of the Company not immediately required for the purposes of the Company, may, subject to the provisions of sections 370 & 372 of the Act, be placed as loan or invested in select securities or may be used as working capital or may be kept at any bank deposit or otherwise as the Board may, from time to time think proper.

Capitalisation of reserve

192. Any general meeting may resolve that any monies, investments or other assets forming part of the undivided profits of the Company standing to the credit of the reserves, including revaluation reserves or any capital redemption reserve account, or in the hands of the Company and available for Dividends or representing premiums received on the issue of Share and standing to the credit of the Share premium account be capitalised and distributed amongst such of the Shareholders as would be entitled to receive the same if distributed by way of Dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised funds be applied on behalf of such Shareholders in paying up in full any unissued Shares of the Company which shall be distributed accordingly or towards payment of the uncalled liability on any issued Shares and that such distribution of payment shall be accepted by such Shareholders in full satisfaction of their interest in the said capitalised sum.

Distribution of capital profit

193. The Company in general meeting may at any time and from time to time resolve that any surplus monies in the hands of the Company representing capital profits arising from the receipt of monies received or recovered in respect of or arising from the realisation of any capital assets of the Company or any investment representing the same instead of being applied in the purchase of other capital assets or for other capital purposes be distributed amongst the equity Shareholders on the footing that they receive the same as capital and in the Shares and proportions in which they would have been entitled to receive the same if it had been distributed by way of Dividend provided always that no such profit as aforesaid shall be so distributed unless there shall remain in the hands of the Company sufficiency of other assets to meet in full the whole of the liabilities and paid-up Share Capital of the Company for the time being.

Fractional certificate

194. For the purposes of giving effect to any resolution under the two last preceding Articles, the Board, may settle any difficulty which may arise in regards to the distribution as it thinks expedient and in particular may issue fractional certificates, and may fix the value of distribution of any specific assets, and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest such cash or specific assets in trustees upon such trusts for the persons entitled to the Dividend or capitalised sum as may seem expedient to the Board. Where requisite, a proper contract shall be filed in accordance with section 75 of the Act and the Board may appoint any person to sign such contract on behalf of the persons entitled to the Dividend or capitalised sum any such appointments shall be effective.

DIVIDENDS

How profits shall be divisible

195. Subject to the rights of Members entitled to Shares (if any) with preferential or special rights attached thereto, the profits of the Company, which it shall from time to time be determined to divide in respect of any year or other period, shall be applied in the payment of a Dividend on the equity Shares of the Company but so that a partly paid up Share shall only entitle the holder with respect thereof to such a proportion of the distribution upon a fully paid up Share as the amount paid thereon bears to the nominal amount of such Share and so that where capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not rank for Dividend or confer a right to participate in profits.

Declaration of dividend

196. The Company in general meeting may declare a Dividend to be paid to the Members according to their rights and interest in the profits and may, subject to the provisions of Section 207 of the Act, fix the time for payment.

Restrictions on amount of dividend

197. No large Dividend shall be declared than is recommended by the Board, but the Company in general meeting may declare a smaller Dividend.

Dividend

198. Subject to the provisions of section 205 of the Act, no Dividend shall be payable except out of the profits of the Company or out of monies provided by the Central or State Government for the payment of the Dividend in pursuance of any guarantee given by such government and no Dividend shall carry interest against the Company.

What to be deemed net profits

199. The declaration of the Board as to the amount of the net profits of the Company shall be conclusive.

Interim dividend

200. The Board may from time to time pay to the Members such interim Dividends as appear to the Board to be justified by the profits of the Company.

Debts may be deducted

201. The Board may deduct from any Dividend payable to any Member all sums of money, of any, presently payable by him to the Company on account of calls or otherwise in relation to the Share of the Company.

Dividend and call together

202. Any general meeting may take a call on the Members of such amount as the meeting fixes, but so that the call shall be made payable at the same time as the Dividend and the Dividend may be set off against the call.

Dividend in cash

203. No Dividend shall be payable except in cash provided that nothing in the foregoing shall be deemed to prohibit the capitalisation of profits or reserves of the Company for the purpose of issuing fully paid-up bonus Shares or paying up any amount for the time being unpaid on the Shares held by the Members of the Company.

Effect of the transfer

204. A transfer of Shares shall not pass the rights to any Dividend declared thereon before the registration of the transfer by the Company.

Payment of interest on capital

205. The Company may pay interest on capital raised for the construction of works and buildings when and so far as it shall be authorised to do by section 208 of the Act.

To whom dividend payable

206. No Dividend shall be paid in respect of any Shares except to the registered holders of such Share or to his order or to bankers but nothing contained in this Article shall be deemed to require the bankers of a registered Shareholder to make a separate application to the Company for the payment of the Dividend. Nothing in this Article shall be deemed to affect in any manner the operation of Article 190 thereof.

Dividends to joint holders

207. Anyone of several persons who are registered as the joint holders of any Share may give effectual receipts for all Dividends, bonus and other payments in respect of such Shares.

Notice of dividends

208. Notice of any Dividend, whether interim or otherwise, shall be given to the persons entitled to Share therein in the manner hereinafter provided.

Payment by post

209. Unless otherwise directed in accordance with section 206 of the Act, any Dividend, interest or other monies payable in cash in respect of a Share may be paid by cheque or warrant sent through by post to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is the first named in the register in respect of the joint holders, as the case may be, any direct, and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent. The Company shall not be liable for any cheque or warrant lost in transit or for any Dividend lost to any Members by the forged endorsement of any such cheque or warrant.

Unpaid or unclaimed dividend

210. Where the Company has declared a Dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of Dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called "VRL Logistics Limited Unpaid Dividend Account"

Any money transferred to the unpaid Dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Fund known as Investor Education and Protection Fund established under section 205C of the Act.

No unclaimed or unpaid Dividend shall be forfeited by the Board before the claim becomes barred by law and the Directors shall comply with provisions of sections 205A and 205B of the Act, as regards unclaimed Dividends.

BOOKS OF ACCOUNTS

Books of accounts to be kept

211. The Board shall cause proper books of account to be kept in accordance with section 209 of the Act.

Where to be kept

212. The books of account shall be kept at the office or at such other place in India as the Board may decide and when the Board so decides, the Company, shall within seven days of the decision, file

with Registrar a notice in writing giving full address of that other place.

INSPECTION

213. (1) The books of account shall be open to inspection by any Director during business hours.

(2) The Board shall, from time to time, determine whether and to what extent, and at what time and place, and under what conditions or regulations, the books of account and documents of the Company, other than those referred to in Article 174(2) hereof, shall be open to inspection by the Members not being Directors and no Member (not being a Director) shall have any right of inspecting any books of account or documents of the Company except as conferred by law or authorised by the Board or by the Company in general meeting.

BALANCE SHEET AND ACCOUNTS

Balance sheet and profit & loss account

214. At every Annual General Meeting, the Board shall lay before the Company, a balance sheet and profit and loss account made up in accordance with the provisions of section 210 of the Act and such balance sheet and profit and loss Account shall comply with the requirements of sections 210,211,212, 215 and 216 (d) and schedule VI to the Act so far as they are applicable to the Company, but save as afore said, the Board shall not be bound to disclose greater details of the result or extent of the trading and transactions of the Company that it may deem expedient.

Annual report of directors

215. There shall be attached to every balance sheet laid before the Company in general meeting a report by the Board complying with section 217 of the Act.

Copies of account or statement in prescribed form to be sent

216. A copy of every such profit and loss account and balance sheet (including the auditor's report and every other document required by law to be annexed or attached to the balance sheet) which are to be laid before the Company in general meeting shall, not less than twenty one days before the date of meeting, be sent to every Member of the Company, to every trustee for the holders of any Debentures issued by the Company, whether such Member or trustee is or is not entitled to have notices of general meetings of the Company sent to him, and to all persons other than such Members or trustees being persons so entitled. Provided that the Company may, instead of sending copies of the documents as aforesaid, keep copies of such documents available for inspection of the office during working hours for a period of twenty one days before the date of the meeting and send a statement containing the salient features of such documents in the form prescribed by the Central Government to every Member and to every trustee for the holders of any Debentures issued by the Company not less than twenty one days before the date of the meeting.

Copies of balance sheet etc., to be filed

217. The Company shall comply with section 220 of the Act, to filing with the Registrar, copies of the balance sheet and profit and loss account and document required to be annexed or attached thereto.

When accounts to be deemed finally settled

218. Every balance sheet and profit and loss account of the Company when audited and adopted by the Company in general meeting shall be conclusive.

AUDITORS

Accounts to be audited annually

219. Once in every year the books of accounts of the Company shall be examined by one or more auditors. The Company shall comply with the provisions of the Act in relation to the audit of the accounts of Branch Offices of the Company.

Appointment and remuneration of auditors

220. The appointment, powers, rights, remuneration and duties of the auditors shall be regulated by section 224 to 231 of the Act.

SERVICE OF NOTICE AND DOCUMENTS

How notices to be served on members

221. A notice or other document may be given by the Company to its Members in accordance with sections 53 & 172 of the Act. If a Member has no registered address in India, and has not supplied to the Company any address within India, for the giving of the notices to him, a document advertised in a newspaper circulating in the neighborhood of Registered Office of the Company shall be deemed to be duly served to him on the day on which the advertisement appears.

Transferee etc., bound by prior notice

222. Every person who by operation of law, transfer or otherwise whatsoever shall become entitled to any Share, shall be bound by every notice in respect of such Share which previously to his name and address being entered on the register shall have been duly given to the person from whom he derives his title to such Share.

Notice valid though member deceased

223. Subject to the provisions of Article 208 hereof any notice or document delivered or sent by post to or left at the registered address of any Member in pursuance of these Articles shall notwithstanding such Member be then dead and whether or not the Company has notice of his death be deemed to have been duly served in respect of any registered Share, whether held solely or jointly with other persons by such Member, until some other person be registered in instead as the holder or joint holder thereof and such service shall for all purpose of these present be deemed a sufficient service of such notice or documents on his heirs. Executors of administrators and all persons, if any, jointly interest with him in any such Share.

Service of process in winding up

224. Subject to the provisions of sections 497 and 509 of the Act, in the event of a winding up of the Company every Member of the Company who is for the time being in his Registered address shall be bound within eight weeks after the passing of any effective resolution to wind up the Company voluntarily or the making of an order for the winding up of the Company. To serve notice in writing on the Company appointing some householder residing in the neighbourhood of the office upon whom all summons, notice, process, orders and judgements in relation to or under the winding up of the Company may be served, and in default of such Member for all purposes, and where the liquidator makes any such appointment he shall with all convenient speed give notice thereof to such Member and such notice shall be deemed to be served on the day on which the advertisement appears or the letter would be delivered in the ordinary course of the post. The provisions of this Article shall not prejudice the rights of the liquidator of the Company to serve any notice or other document in any other manner prescribed by these Articles.

How notice to be signed

225. The signature to any notice to be given by the Company may be written, printed, lithographed, typed or rubber stamped.

Keeping of registers and inspection

226. The Company shall duly keep and maintain at the office, registers in accordance with sections 49(7), 143, 150, 151, 152, 301, 303, 307 and 372 of the Act and rule 7(2) of the Companies (Issues of Share Certificates) Rules, 1960.

Supply of copies of registers, etc.,

227. The Company shall comply with the provisions of sections 39, 118, 163, 192, 196, 219, 301, 302, 304, 307, 370 and 372 of the Act as to supplying of copies of the registers, deeds, documents, instruments, returns, etc., certificates and books therein mentioned to the persons therein specified when so required by such persons on payment of the charges, if any, prescribed by the said sections.

Register of members and debenture holders may be closed

228. The Company may in accordance with the provisions of section 154 (1) of the Act close the register of Members or the register of Debenture holders as the case may be.

Reconstruction

229. On any sale of the undertaking of the Company, the Board or the liquidators on a winding up may, if authorised by a special resolution, accept fully paid up or partly paid up Shares, Debentures or securities of any other company, whether incorporated in India or not, either then existing or to be formed for the purchase in whole or in part of the property of the Company and the Board (if the profits of the Company permit) or the liquidators (in winding up) may distribute such Shares or securities, or any other property of the Company amongst the Members without realisation, or vest the same in trustees for them, and any special resolution may provide for the distribution or appreciation of cash, Shares or other securities benefit or property, otherwise than in accordance with the strict legal rights of the Members or contributories of the Company, and for the valuation of any such manner as the meeting may approve and all holders of Shares, shall be bound to accept, and shall be bound by any valuation or distribution so authorised and waive all rights in relation thereto. Save only in the case the Company is proposed to be or is in the course of being wound up, such statutory rights (if any) under section 494 of the Act as are incapable of being varied or excluded by these Articles.

Secrecy

230. Every Director, Manager, Secretary, Trustee for the Company, its Member or Debenture holders, member of a committee, officer, servant, agent, accountant or other person employed in or about the business of the Company shall if so required by the Board or by the Managing Director before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto and shall by such declaration, pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except, when required so to by the Board or by any general meeting or by a court of law except so far as may be necessary in order to comply with any of the provisions in these Articles contained.

No member to enter the premises of the company without permission

231. No Member or other person (not being a Director) shall be entitled, to enter upon the property of

the Company or to inspect or examine the premises or properties of the Company without the permission of the Board or of the Managing Director to require discovery of or any information respecting any detail of the trading of the Company or any matter which is or may be in the nature of a trade secret, mystery of trade, or secret process, or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board or Managing Director, it will be expedient in the interest of the Company to communicate.

WINDING UP

Distribution of assets

232. If the Company shall be wound up and the assets available for distribution among Members as such shall be insufficient to repay the whole 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 winding up on Shares held by them respectively. If in a winding up the assets available for distribution among the Members shall be more than sufficient or repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the Shares held by them respectively. But this Article is to be without prejudice to the rights of holders of Shares issued upon special terms and conditions.

Distribution of assets in specie

233. If the Company shall be wound up whether voluntarily or otherwise, the liquidator may, with the sanction of a special resolution, divide among the contributories, in specie or kind, any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them as the liquidators, with the like sanction, shall think fit.

INDEMNITY

234. Every Director, Managing Director, Manager, Secretary or Indemnity Officer of the Company or any person (whether an officer of the Company or not) employed by the Company and any person appointed as auditor shall be indemnified out of the funds of the Company against all liabilities incurred by him as such Director, Manager, Secretary, Officer, employee or auditor in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under section 633 of the Act, in which relief is granted to him by the Court.

Not responsible for acts of others

235. (a) Subject to the provisions of Sec. 201 of the Act no Director or other Officer of the Company shall be liable for the acts, receipt, 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 to the Company through 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 of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency, or tortuous act of any person, Company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgment or over sight in his part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own willful act or default.

(b) Without prejudice to the generality foregoing it is hereby expressly declared that any filing fee payable or any document required to be filed with Registrar of Companies in respect of any act done or required to be done by any Director or other Officer by reason of his holding the said office, shall be paid and borne by the Company.

SECTION XI: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which have been attached to the copy of this Draft Red Herring Prospectus, delivered to the Registrar of Companies, Karnataka for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office/corporate office of our Company from 10.00 am to 4.00 pm on working days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts

1. Engagement Letter dated February 9, 2007 to the BRLM from our Company appointing them as the BRLM.
2. Memorandum of Understanding amongst our Company and the BRLM dated March 12, 2008.
3. Memorandum of Understanding amongst our Company and Karvy Computershare Private Limited dated April 27, 2007 and March 17, 2008 to act as Registrar to the Issue.
4. Escrow Agreement dated [•], between the Company, the BRLM, the Escrow Banks, and the Registrar to the Issue.
5. Syndicate Agreement dated [•], between the Company, the BRLM, and the Syndicate Members.
6. Underwriting Agreement dated [•], between the Company, the BRLM, and Syndicate Members.
7. Agreement dated [●] with the IPO grading agency
8. Tripartite Agreement dated June 20, 2007 between our Company, Karvy Computershare Private Limited and NSDL.
9. Tripartite Agreement dated June 07, 2007 between our Company, Karvy Computershare Private Limited and CDSL.
10. Six Power purchase agreements entered between our Company and HESCOM
11. Aircraft Maintenance Agreement between our Company and Indamer Company Private Limited dated November 1, 2007
12. IPO grading report for each of the grade obtained by our Company.

Material Documents

1. Our Memorandum and Articles of Association as amended from time to time.
2. Our Certificate of Incorporation and fresh Certificate of Incorporation consequent on change of name of our Company.
3. Board resolution dated July 28, 2007 in relation to the proposed Issue.
4. Shareholders’ resolutions dated August 25, 2007 passed at the AGM under Section 81(1A) of the Companies Act in relation to the proposed Issue.
5. Resolutions of the general body for appointment and remuneration of our whole-time Directors.
6. Consent of [●], a SEBI registered credit rating agency, for inclusion of its grading of the Issue in the Red Herring Prospectus.
7. Statement of Tax Benefits from H.K. Veerabhadrappa & Co, Chartered Accountants dated March 17, 2008 on possible tax benefits available to the Company and its shareholders.

8. Certificates dated March 17, 2008 from H.K. Veerabhadrappa & Co, Chartered Accountants regarding deployment of funds towards the objects of the Issue.
9. Copies of annual reports of our Company for the years ended March 31, 2003, 2004, 2005, 2006 and 2007 and auditor's report for six months ended September 30, 2007.
10. Report of H.K. Veerabhadrappa & Co, Chartered Accountants, our Statutory Auditors on restated financial statements for the six months ended September 30, 2007 and for the year ended 31 March 2007, 2006, 2005, 2004 and 2003.
11. Consent from H. K. Veerabhadrappa & Co, our Statutory Auditors, to include their report on restated financial statements, deployment of funds and Statement of Tax Benefits in this Draft Red Herring Prospectus
12. Report of Grant Thornton, Independent Auditors on audited financial statements for the six months ended September 30, 2007 and for the year ended March 31, 2007 and their consent to include this Report in this Draft Red Herring Prospectus
13. General Powers of Attorney executed by our Directors in favour of person(s) for signing and making necessary changes to this Draft Red Herring Prospectus and other related documents.
14. Consents of Bankers to our Company, Statutory Auditors, Independent Auditors, BRLM, Syndicate Members, Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue, Legal Advisor to the Issue, Directors of our Company, Company Secretary and Compliance Officer, IPO Grading agency as referred to act in their respective capacities.
15. In-principle listing approval dated [●] and [●] from BSE and NSE respectively.
16. Application dated March 14, 2008 to FIPB seeking their permission to issue shares to non residents.
17. Approvals from the FIPB dated [●]
18. Due diligence certificate dated March 17, 2008 to SEBI from the BRLM.
19. SEBI observation letter No. [●] dated [●], 2008.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes

DECLARATION

We, the Directors of the Company, certify that all relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made thereunder or guidelines issued, as the case may be. We further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

Signed by all the Directors of our Company

Mr. Vijay Sankeshwar

Mr. Anand Sankeshwar

Mr. R. P. Raichur

Mr. Sudhir Ghate

Mr. C. Karunakara Shetty

Mr. Mallesh Budihal

Mr. R.S Hugar

Mr. Suresh Angadi

Signed by Chief Financial Officer & Compliance Officer

Mr. R. P. Raichur

Date: 17.03.2008

Place: Hubli