DRAFT RED HERRING PROSPECTUS
Dated: April 29, 2006
Please read Section 60B of the Companies Act, 1956
Draft RHP will be updated upon ROC filing
(100 % Book Built Issue)

SHREE ASHTAVINAYAK CINE VISION LIMITED

(Incorporated as "Shree Ashtavinayak Cine Vision Private Limited" on October 23, 2001 at Mumbai under the Companies Act, 1956 and converted into a public limited company as "Shree Ashtavinayak Cine Vision Limited" on June 25, 2004.)

Registered Office: A-204/205, VIP Plaza, 2nd floor, Plot No.7, Block-B, Veera Industrial Estate, Off Andheri Link Road, Andheri (W), Mumbai 400053.

(The Registered office of our Company was shifted from 33/34 First Floor, RNA Arcade, Crystal View, CHS, Lokhandwala Complex, Andheri (w), Mumbai 400053 to Ahinsa Dham, Building No.1, Opposite Sabkhuch Supermarket, Link Road Malad (w), Mumbai-400064 with effect from April 1, 2002. Subsequently it was shifted to 422, New Sonali Link Industrial Estate, Link Road, Building No.2, Malad (W), Mumbai -400064 with effect from January 9, 2004 and then to the present address with effect from January 9, 2005)

Tel No:+91 22 67029630 **Fax No:** +91 22 67029634 **e-mail** : ipo@ashtavinayakindia.com, Website: www.ashtavinayakindia.com

Contact Person: Ms. Archana Andhare – Company Secretary –Phone. No. 022-67029630, **e-mail** : ipo@ashtavinayakindia.com

PUBLIC ISSUE OF 37,28,000 EQUITY SHARES OF FACE VALUE OF RS.10/- EACH ISSUED AT A PRICE OF RS. [●]/- PER SHARE FOR CASH AT A PREMIUM AGGREGATING TO RS. [●]/ LAKHS ("THE ISSUE"), INCLUDING PROMOTERS CONTRIBUTION OF 4,28,000 EQUITY SHARES OF FACE VALUE OF RS.10/- EACH AT A PRICE OF RS. [●]/- FOR CASH AT A PREMIUM AGGREGATING TO RS. [●]/- LAKHS AND NET ISSUE TO PUBLIC OF 33,00,000 EQUITY SHARES OF FACE VALUE OF RS.10/- EACH AT A PRICE OF RS. [●]/- AT A PREMIUM AGREEGATING TO RS. [●] LAKHS (HEREIN AFTER REFERRED TO AS THE "NET ISSUE TO THE PUBLIC") THE ISSUE WOULD CONSTITUTE 32.70% OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF THE COMPANY

PRICE BAND: Rs. [*] TO Rs. [*] PER EQUITY SHARE OF FACE VALUE Rs. 10/- EACH

ISSUE PRICE IS [●] TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND [●] TIMES OF THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND

The Issue is being made through 100% Book Building Process, where at least 50% of the Net Issue to the Public shall be allocated on proportionate basis to Qualified Institutional Buyers (5% of the QIB portion shall be available for allocation on proportionate basis for Mutual Funds only). If atleast 50% of the Net Issue cannot be allocated to QIB Bidders, than the entire application money will be refunded. Further not less than 15% of the Net Issue to the Public shall be available for allocation to Non-Institutional Bidders and not less than 35% of the Net Issue to the Public shall be available for allocation to Retail Individual Investors on proportionate basis, subject to the valid bid received at or above the issue price.

In case of revision in the Price Band, the Bidding period shall be extended for 3 additional working days after such revision, subject to the Bidding/Offer Period not exceeding 10 working days. Any revision in the Price Band, and the revised Bidding period, if applicable, shall be widely disseminated by notification to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, by issuing a press release and by indicating the change on the websites of the websites of the Book Running Lead Manager and ther terminals of the member of the Syndicate.

RISK IN RELATION TO THE FIRST ISSUE

This being the first Issue of the Equity Shares of Shree Ashtavinayak Cine Vision Limited ("the Company"), there has been no formal market for the Equity Shares of the Company. **The face value of the Equity Shares of the Company is Rs. 10/- per share and the Issue Price is [●] times of the face value at the lower price band and [●]** times of the value at the higher price band **of the Equity Shares of the Company**. The Issue Price (as has been determined and justified by the Book Running Lead Manager and the Company as stated herein under the paragraph 'Basis for Issue Price') should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and / or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

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

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares offered through this Draft Red Herring Prospectus are proposed to be listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). The in-principle approval of BSE and the NSE for the listing of our Equity Shares have been received pursuant to letters dated [●] and [●], respectively. BSE shall be the Designated Stock Exchange.

Book Running Lead Manager	Registrar to the Issue
Allianz Securities Limited 33, Vaswani Mansion, 6th Floor, Dinshaw Vachha Road, Opp. K.C. College, Churchgate, Mumbai – 400 020 Tel: 022-22870580, Fax: 022-22870581 Email: ashtavinayak_ipo@aslfinancial.com Website: www.aslfinancial.com Contact Person: Mr.Ajay Sarate	**Intime Spectrum Registry Limited** C-13, Pannalal Silk Mills Compund, LBS Marg, Bhandup (W), Mumbai, India 400078 Tel: +91-22-25960320 (9 Lines), Fax: +91-22-25960329 Email: ashtavinayak@intimespectrum.com Website: www.intimespectrum.com Contact Person: Mr. Vishwas Attavar

BID/ISSUE PROGRAMME	
BID/ISSUE OPENS ON: [●] 2006	**BID/ISSUE CLOSES ON: [●] 2006**

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SECTION - I

DEFINITIONS AND ABBREVIATIONS

Definations

Term	Description
Company or Our Company or Shree Ashtavinayak Cine Vision Limited	Shree Ashtavinayak Cine Vision Limited, a public limited company incorporated under the Companies Act, 1956
"We" or "us" or "SACVL"and "our"	Unless the context otherwise require, refers to **Shree Ashtavinayak Cine Vision Limited**
Promoters	Mr.Dhilin H. Mehta and Dahlia Traders Private Limited

Conventional / General terms

Terms	**Description**
AGM	Annual General Meeting of Shree Ashtavinayak Cine Vision Limited
AOA / Articles / Articles of Association	Articles of Association of Shree Ashtavinayak Cine Vision Limited.
Auditors	The Statutory Auditors of the Company, viz. Khimji Kunverji & Co., Chartered Accountant
Board of Directors / Board	The Board of Directors of Shree Ashtavinayak Cine Vision Limited
Companies Act	The Companies Act, 1956, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
Director(s)	Director(s) of Shree Ashtavinayak Cine Vision Limited, unless otherwise specified
Equity Shares	Equity Shares of the Company of face value of Rs. 10/- each
FII	Foreign Institutional Investor as defined under SEBI (Foreign Institutional Investors) Regulations, 1995 registered with SEBI under the applicable laws in India
Financial Year /Fiscal /FY	Period of twelve months ended March 31 of that particular year, unless stated otherwise
Government /GoI	The Government of India
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles in India
MOA/Memorandum/ Memorandum of Association	Memorandum of Association of Shree Ashtavinayak Cine Vision Limited
NRIs/ Non-Resident Indians	A person resident outside India who is a citizen of India or is person of Indian origin as defined in Foreign Exchange Management (Deposit) Regulations, 2000
Person or Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
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 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
SEBI Takeover	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended from time to time
Stock Exchanges	BSE and NSE

Issue Related Terms

Terms	**Description**
Allianz	Allianz Securities Limited

Allotment	Issue of Equity Shares pursuant to the Public Issue to the successful Bidders
Allottee	The successful bidder to whom the Equity Shares are being / have been issued
Bankers / Escrow Bankers to the Issue	Bankers with whom the Escrow Account for the Public Issue shall be opened
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid Closing Date/ Issue Closing Date	The date after which the members of the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated English National Newspaper, Hindi National Newspaper and a Marathi Regional Newspaper
Bid cum Application Form/ Bid Form	The Form in terms of which the Bidder shall make an offer to subscribe the equity shares of the Company in terms of this Draft Red Herring Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Draft Red Herring Prospectus
Bidding Period/ Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders may submit their Bids
Book Building Process	Book Building route as provided under Chapter XI of the SEBI Guidelines, in terms of which the Issue is being made
BRLM/Book Running Lead Manager	Book Running Lead Manager to the Issue being Allianz Securities Limited
CAN/ Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in the Book Building Process
Cap Price	The higher end of the Price Band, above which Issue Price will not be finalized and above which no Bids will be accepted
Cut-off Price	The Issue Price finalized by the Company in consultation with the BRLM. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band.
Depository Act	The Depository Act 1996 an amended from time to time.
Depository	A Company registered with SEBI under SEBI (Depository and Participant) Regulations 1996 as amended from time to time.
Depository Participant	A Depository participant as defied under Depository Act.
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 the Equity Shares to successful Bidders
Designated Stock Exchange	Bombay Stock Exchange Limited
Draft Red Herring Prospectus/DRHP	This Draft Red Herring Prospectus filed with SEBI, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement entered into amongst the Company, Syndicate Members, the Registrar, the Escrow Collection Bank(s) and the BRLM for collection of the Bid Amounts and for remitting 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 Bankers to the Issue at which bank(s) the Escrow Account of the Company will be opened
First Bidder	The Bidder whose name appears first in the bid cum application form or revision form
Floor Price	The lower end of the price band , below which the Issue Price will not be finalized and below which no Bids will be accepted
Issue Price	The final price at which the Equity Shares will be allotted in terms of the Red Herring Prospectus, as determined by the Company in consultation with BRLM on the Pricing Date
Issue Account / Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date

Issue Period	The period between the Bid / Issue Opening Date and Bid / Issue Closing Date including both these dates
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, being 10% to 100% of the Bid Amount as applicable.
Members of the Syndicate	The BRLM and the Syndicate Members
Mutual Fund Portion	5% of QIB portion or 82,500 equity shares available to allocation to Mutual Funds only, out of QIB portion
Non-Institutional Portion	The portion of this Issue being at least 15% of the Issue Size consisting of 495,000 Equity Shares of Rs. 10 each aggregating Rs.[•] Lakhs, available for allocation to Non Institutional Bidders
Non-Institutional Bidders	All Bidders that are not eligible Qualified Institutional Buyers or Retail Individual Bidders and who have bid for an amount more than Rs. 100,000
Pay-in-Date	Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	Means: (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the Bid/Issue Closing Date; and (ii) with respect to QIBs, whose Margin Amount is minimum 10% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date.
Price Band	Being the price band of a minimum price of Rs. [●] per Equity Share (Floor Price) and the maximum price of Rs. [●] per Equity Share (Cap Price), both inclusive, including revision thereof
Pricing Date	Means the date on which the Company, in consultation with the BRLM, finalizes the Issue Price
Prospectus	The Prospectus, filed with the RoC containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
Public Issue Account	An account opened with the bankers to the issue to receive monies from Escrow Account for the Issue on the Designated Date
QIB Portion	The portion of the Net Issue to the Public being at least 50% equity shares consisting of 16,50,000 of Rs. 10/- each at the Issue Price, for allocation to QIBs
Qualified Institutional Buyers/ QIBs	Public Financial Institutions as specified in Section 4A of the Companies Act, Scheduled Commercial Banks, Mutual Funds registered with SEBI, Foreign Institutional Investors registered with SEBI, Multilateral And Bilateral Development Financial Institutions, Venture Capital Funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with the Insurance Regulatory And Development Authority (IRDA), Provident Funds with a minimum corpus of Rs. 25 crores and Pension Funds with a minimum corpus of Rs. 25 crores
Registered Office of the Company	A-204/205, VIP Plaza, 2nd floor, Plot No. 7, B Block,Veera Industrial Estate, off Andheri Malad Link Road, Andheri (W), Mumbai 400053
Red Herring Prospectus or RHP	Means the document issued in accordance with Section 60B of the Companies Act and does not have complete particulars on the price at which the Equity Shares are offered and the size of the Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with RoC at least three days before the Bid/ Issue Opening Date. It will become a Prospectus after filing with RoC after the pricing and allotment
Registrar/Registrar to the Issue	Registrar to the Issue being Intime Spectrum Registry Limited
ROC / Registrar of Companies	Registrar of Companies, Maharashtra, Mumbai
Retail Portion	Consists of 11,55,000 Equity Shares of Rs. 10/- each, available for allocation to Retail Individual Bidder(s).
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who have made their bid for Equity Shares for an amount of not more than Rs. 100,000

Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of the Bid options as per their Bid-cum-Application Form and as modified by their subsequent Revision Form(s), if any.
Syndicate Agreement	Agreement to be entered into amongst the BRLM, Syndicate Member(s) and the Company in relation to the collection of Bids in the Issue
Syndicate Members	Intermediaries registered with SEBI and eligible to act as underwriters. Syndicate Members are appointed by the BRLM and In this case Allianz Securities Limited and Almondz capital Market Private Limited.
TRS or Transaction Registration Slip	The slip or document registering the Bids, issued by the Syndicate Members to the Bidder as proof of registration of the Bid
Underwriters	The BRLM and the Syndicate Members

Company/Industry Related Terms

Box Office	The aggregate of collections recorded by a film in all Territories
Circuit /Territory	The territory for which a distributor buys the distribution rights of a Film for exhibition in theaters in that particular territory
Content	Content is the software, matter or the film that is exhibited on screen before the viewer
Delhi & UP Territory	Entire State of Delhi & Uttar Pradesh
FICCI PwC Report	FICCI PwC Report – the Indian Entertainment Industry, An Unfolding Opportunity, March 2006
Mumbai Territory	Greater Mumbai , Western Maharashtra, Gujarat, Gujarat, Northern Karnataka and Goa, Daman and Diu.
Prints	The physical celluloid tape which contains the film exhibited at the theatre

Abbreviations

AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
A/c	Account
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
EPS	Earning Per Share
EGM	Extraordinary General Meeting
FCNR Account	Foreign Currency Non Resident Account
FIPB	Foreign Investment Promotion Board
FY / Fiscal/Financial Year	Period of twelve months ended March 31 of that particular year, unless otherwise stated
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under
Indian GAP	Generally Acccepted Accounting Principal in India
I.T. Act	Income Tax Act, 1961, as amended from time to time
IDBI	Industrial and Development Bank of India
MoF	Ministry of Finance, GoI
MOU	Memorandum of Understanding
NAV	Net Asset Value
NPV	Net Present Value
NRIs	Non Resident Indians
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
p.a.	per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
RBI	The Reserve Bank of India

ROC	Registrar of Companies, Maharashtra, Mumbai
ROE	Return on Equity
RONW	Return on Net Worth
Rs.	Rupees
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SCRA	Securities Contract (Regulation) Act, 1956, as amended from time to time
Sec.	Section
US	United States of America
USD/ US$/ $	United States Dollar

SECTION II

CERTAIN CONVENTIONS; USE OF MARKET DATA

In the Draft Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to the other gender.

Unless stated otherwise, the financial data in the Draft Red Herring Prospectus is derived from our financial statements prepared and restated in accordance with Indian GAAP, the Companies Act and SEBI Guidelines included elsewhere in the Draft Red Herring Prospectus. We have no subsidiaries. Accordingly, financial information relating to us is presented on a non-consolidated basis. Our fiscal year commences on April 1 and ends on March 31. In the Draft Red Herring Prospectus, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding-off.

Market data used throughout the Draft Red Herring Prospectus has been obtained from (i) Internationalization of the Indian Film Industry – Report by Indo Italian Chamber of Commerce and Industry; and (ii) Apraisal Report (iii) Internal Company reports. These publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by the Company to be reliable, have not been verified by any independent source.

FORWARD LOOKING STATEMENTS;

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

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

- General economic and business conditions in India and other countries
- Regulatory changes relating to the Film Industry in India and our ability to respond to them
- Our ability to successfully implement our strategy of growth and expansion, technological changes, our exposure to market risks that have an impact on our business activities or investments.
- The monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.
- Changes in the value of the Rupee and other currencies.
- The occurrence of natural disasters or calamities
- Change in the political situation in India

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

RISK FACTORS

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

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

INTERNAL TO THE COMPANY

1. **The Company is promoted by first generation entrepreneurs and the investors will be subjected to all consequential risk associated with such ventures.**

2. **The Company is relatively new in the business of film production and distribution**

   We have so far produced three films and also distributed films produced by other production houses in the Mumbai Territory. The films produced by us have been distributed at national level in the past through a network of distributors. For territories other than Mumbai, we enter into distribution agreements with other distributors. We have obtained distribution rights of films produced by other production house like Main Hoon Na, Garv, Asambhav, Mujse Shaadi Karogi, Fida, Rakht, Aitraaz, Insaan, Nigehbaan, Tango Charlie, Paheli, Nazar, Dus, Apharan, Mr. Prime Minister, Anjaane, and Family for Mumbai territory. We have acquired distribution rights for the film "Zinda" for Delhi territory.

3. **The success of film production depends on our directors, scriptwriters, artists and technicians and their loss or unavailability could adversely affect our business.**

   Film Production and its success largely depend upon creativity and individual skills of few people like the directors, scriptwriter, actors and other technicians, which are not readily replaceable. We have been able to maintain good interpersonal relations with bankable stars and directors. Agreements have been entered with well known directors, scriptwriters, artists and technicians for our forthcoming ventures. Unavailability of dates of directors, actors and other technicians could delay our projects.

4. **The production and release of films produced by the Company may be subject to certain delays including but not limited to termination of contract by or with the directors, star cast, writer, music director, delay/non issuance of certification for theatrical exhibition by the Censor Board.**

5. **The Company is dependent on the management team for its success.**

   We believe we have a team of professionals to effectively oversee the operations and growth of our business. Our success is substantially dependent on the expertise and services of our directors and our senior management team. We maintain key man insurance policies for our whole time directors. The loss of the services of such key members of our management team could have an adverse effect on our business and the results of our operations.

6. **We are largly dependent on our film releases for major part of our income.**

   The Business Model of our Company at present is mainly oriented towards movie releases and the revenue tends to rise/fall depending upon the number of films released and success of these films during a financial year. The operations of our Company in a particular quarter largely depend on the number of films released and its commercial success. The number of film releases varies from quarter to quarter. Hence there could be vide fluctuation in our quarterly results and the same could affect the trading price of equity shares.

7. **Public Image of Lead Artists working in Films Produced by the Company may affect the success of film.**

Since the lead artists are usually public figures, their image in public is very crucial to their popularity. Any dent to their public image for any reason whatsoever at the time of release of the film may impact the performance of the Film.

8. The Company's business is seasonal

Our business is seasonal in nature. Our revenues are higher during the April-June and October- December quarters. Any substantial decrease in our revenues in these quarters can have a material adverse impact on our financial performance. Our revenues increase in the third quarter of our financial year (October-December quarter) due to the occurrence of festivals like Durga Puja, Diwali, Christmas, etc, as well as during the summer vacation season (April-June quarter), during which time the film industry generally reports higher revenues. As a result of this, the quarter to quarter comparison of results may not be a meaningful indicator of our future performance.

9. The project for which funds are being raised has been appraised by BOB Capital Markets Limited based on the estimates, information and documents provided by the Company. The appraising agency is not participating in the project.

10. Weakness and Threats as per the appraising agency

Weakness

- The Company has been promoted by first generation entrepreneurs.
- The Company has an established distribution network only in Mumbai Territory and the Company's performance is largely dependent on revenues from Mumbai territory.
- At present the Company doesnot own any film production equipment.

Threats

- The shelf life in the nature of commercial theatrical screening of the films has reduced from more than one year to less than 6 weeks.
- Piracy is the major problem for the industry.
- Change in the Government policy.
- Competition from the established companies and future entrants into the business.

11. Major part of the Company's income during the year ended on 31st March 2005 was mainly contributed by the Distribution business.

During the financial year 2004-05, our Company did not release any home production and instead consolidated the distribution business. We distributed 10 films during this period.

12. The Company has not yet placed orders for equipment required for the film production activity.

Our Company at present does not own any production equipment. Our Company procures necessary production equipment on hire basis. However keeping in view the proposed films to be produced in future, we feel the need to own film production equipment to ensure smooth and timely execution of the projects. Although our Company has identified the production equipment viz. Jimmy Jib, Cameras, Lighting equipment and audio facilities and received quotations from various suppliers, we shall place orders for the same as per schedule. The total estimated cost for the above equipment is Rs. 1411.65 Lakhs.

13. The Company has reported negative cash flows during the period ended March 31, 2005

As per restated financial statement, our Company has reported negative cash flows of Rs.493.77 Lakhs for 31 December 2005 mainly on account of negative cash flow of Rs.1354.41 Lakhs from investment in purchase of fixed assets including office premises. However, there is a net cash flow of Rs.952.56 lakhs from operating activities.

14. Due to change in accounting policy the Company has restated its financials statement.

Our financial statements for the Financial Years 2001, 2002, 2003, 2004, 2005 and the nine month period ended 31st December 2005 have been restated due to the change in our accounting policy. Our Company has

from April 1, 2005 changed its accounting policy so as to account film production and distribution cost as intangible assets under Fixed Assets and write off the same as under:

- If the film is released in the last three months of the financial year, the sale proceeds received, to the extent of production/distribution cost, is provided as depreciation and the balance production/distribution cost is depreciated in the succeeding year;

- If the film is released three months prior to the end of the financial year, the entire production/distribution cost is provided as depreciation during the year;

- If the film is not released within 12 months from the date of completion of production, the production cost is fully depreciated upon expiry of the said 12 months;

15. Statutory Auditor's Report on the financial statements for the year ended March 31, 2005 states that the Company had not written off entire cost of production when a film is released and also non–writing off of the cost of distribution rights on release and as a result, profit for the said financial year was overstated by Rs.5,60,83,251.

In the 'Summary Statement of Assets and Liabilities, As Restated' appearing at page no. 68, production cost and cost of distribution rights have been appropriately written off in the respective year, as per the change in accounting policy adopted by our Company in this regard.

As per our Company's accounting policy film production was treated as inventory upto March 31, 2005. The excess of production cost over sales was carried forward to the next financial year as a part of inventory, pending sale of rights attached to the film. Our Company has from April 1, 2005 changed its accounting policy so as to account for film production and distribution cost as intangible assets under Fixed Assets and amortize the same.

On account of the change in accounting policy the profits for the previous accounting years have been restated. The profit before tax for the year 2004-05 before restatement was Rs.45.67 Lakhs which meant an overstatement of Rs.560.83 Lakhs, qualified by the auditor as overstated profit which has been dealt with in the year 2003-04 & 2004-05, as part of the amortization as explained under Risk Factor 11. Consequently the loss for 2003-04 has been restated and increased from Rs.15.38 Lakhs to Rs.531.43 Lakhs. This has resulted in an increase in the stated profit for 2004-05 from Rs.34.63 Lakhs to Rs.235.96 Lakhs as a large part of the expenses which were earlier absorbed in 2004-05 have now been shifted to 2003-04.

16. Our Company has taken a Foreign currency Loan to be repaid in US$ Fluctuations in currency rates may adversely affect profitability of the Company. Also delay in release of films "Golmaal –Fun Unlimited" for which this loan has been availed, may also affect cash flow and performance of the Company.

We have been sanctioned a Foreign Currency Loan of US$ 1.4 mn from IDBI Bank equivalent to Rs.610 Lakhs from IDBI for the production of a film namely titled "Golmaal-Fun Unlimited". The repayment of the principal amount as well as the interest thereon is to be made in US dollars by June 30, 2006 in bullet repayment. Any upward movement in US Dollars vis-à-vis Indian Rupees shall affect our cash flow and consequently the operations. We are confidant that Film will be released as per schedule i.e. before June 30, 2006 and the repayment obligation of our Company shall be met within time.

17. The Promoter / Promoter group Company are making losses as shown in the table below:

Sr. No.	Name of Promoter Company	Profit/(Loss) for the year ended of 31.03.2003 (Audited) Rs. (in Lakhs)	Profit/(Loss) for the year ended of 31.03.2004 (Audited) Rs. (in Lakhs)	Profit/(Loss) for the year ended of 31.03.2005 (Audited) Rs. (in Lakhs)
1	Dahlia Traders Pvt Ltd	(0.11)	(12.82)	(25.53)
2.	D.P.Merchants and Trade Pvt. Ltd	NA	13.29	(0.09)

18. **Default/delay in funding commitment by any Joint Producer involved in the production of Films may affect the performance of the Company.**
We have entered into Joint Production agreement for production of 10 films with K Sera Sera Production Limited. In case of any delay and default in the funding commitment of the Joint producers, Our Company shall complete the projects on its own financial strength by mobilizing required resources from internal resources and loans from Banks.

19. **Competition from established and new players in the Industry**
Our Company faces competition from established players of the Film Industry as well as new entrants into the industry. However, our Company believes that it shall be able to sustain the competition due to its experience and presence in all the segments of the industry and the integrated structure of its business activities of production, distribution and exhibition.

20. **We are subject to restrictive covenants in Loan Agreements entered into by Our company**
There are restrictive covenants in the agreements for short term and long term borrowings from banks, among the other things, which restricts us from dealing with the asset hypothecated with the Banks as security. These covenants further state that any default on our part will imperil our rights on assets which has been secured with the Banks and we may also be required to pay the balance amount upfront , thereby affecting our liquidity.

21. **The Company has not made any other alternate arrangements to avail funds from banks and financial institutions for the proposed production of 3 films and a delay in the Issue will adversely impact our film production business.**

Our Company believes that any delay in the receipt of funds shall only delay the schedule of film completion and release. However, in case of such an event our Company would mobilize the required resources from banks and internal resources.

22. **There is no standard valuation methodology in the media/entertainment industry.**
There is no standard valuation methodology or accounting practice in the media/entertainment industry. The financials of our Company are not comparable with other players in the media/entertainment industry. Valuations in media/entertainment industry may presently be high and may not be sustained in future and may also not be reflective of future valuations for the industry. Further, since there are limited numbers of listed companies in media/entertainment industry, current valuations of other listed companies may not be comparable with our Company

23. **The estimated cost of films to be funded through proceeds of Public Issue may undergo change depending upon the treatment that is given to individual scripts of the films**

24. **We may not be able to sustain effective implementation of our business and growth strategy.**

The success of our business will depend on our ability to effectively implement our business and growth strategy. Whilst we have successfully executed our business strategy in the past, there can be no assurance that we will be able to execute our strategy on time and within the estimated budget, or that we will meet the expectations of targeted viewers. We expect our growth strategy to place significant demands on our management and other resources and require us to continue developing and improving our operational, financial and other internal controls.

25. **Our Company has applied for registration of Trade Mark on October 3, 2005, the approval from concerned Government authority is yet to be received**.

26. **Mr. Dhilin Mehta, Promoter and Managing Director of the Company has received a notice dated March 21, 2006 under section 156 of the Income Tax Act from ITO, ward 2, gandhidham, Kutch, Gujarat demanding a sum of Rs.31,79,950/- for the AY2 003-04.**
An Appeal has been filed before the CIT, Appeal on April 20, 2006 against the demand made by the ITO. The Appeal will be heard in the normal course.

EXTERNAL RISK FACTORS

1. ***Piracy and Intellectual Property Rights***
   Piracy and home viewing are one of the gravest issues faced by the Indian Film Industry Copyright laws are also not very stringent in India due to which our Company may suffer losses. Further our Company relies on Intellectual Property Rights (Rights of our Films), which may not be adequately protected under the current laws. Misuse of our Intellectual Property Rights could harm our financial and competitive position.

2. ***Entertainment Tax levied by State Governments***
   Entertainment Tax is levied by State Governments on theatres, which is not uniform all over the country. A high tax levy discourages viewership growth as tax is ultimately passed on to the viewer and may therefore affect the growth of the Company. However, various State Governments like Maharashtra have reduced Entertainment Tax which has had a positive impact on the Film Industry, in general.

3. ***Lack of Screening Facilities in the Country***
   There is a lack of screening facilities in India. However, a number of multiplexes are being developed all across the country and the Government of India policy supports the development of multiplexes by way of tax holidays and other benefits. State Governments too are extending tax and other benefits for establishment of multiplexes.

4. **Lack of adequate infrastructure for film production**
   The present infrastructure available is scattered across the country and owned by public and private enterprises. There are state of the art facilities, however not under one roof. An integration of the infrastructure will help reduce production costs and increase efficiencies in terms of time. Our Company's expenditure on film production substantially increases due to the lack of such facilities and infrastructure for film production.

5. **Viewer's tastes and preferences.**
   Any change in viewer's tastes and preference can affect the performance of the film produced and distributed by us.

6. ***Exchange Rate Fluctuations may have impact on the performance of the Company.***
   We are exposed to exchange rate fluctuations. Uncertainties in the global financial market may have an adverse impact on the exchange rate between Rupee vis-à-vis other currencies. The exchange rate between the Rupee and other currencies is variable and may continue to fluctuate in the future. Such fluctuations can have a serious impact on the cost of the Company. However we are exploring options to mitigate the risk.

7. ***Natural disasters could disrupt our operations and result in loss of revenues and increased costs.***
   The business of the Company is exposed to man-made and natural disasters such as, explosions, earthquakes, storms and floods as well as to terrorist attacks or other enemy actions. The occurrence of a man-made or natural disaster, terrorist attack, enemy action or other accidents could disrupt the operations of the business of the Company and result in loss of revenues and increased costs.

8. ***After this Issue, the price of the Equity shares may be highly volatile or there may be no active market for the Equity Shares which may be due to various reasons including the following:***
   - Volatility in the Indian and Global securities market;
   - The results of operations and performance;
   - Perceptions about our future performance or the performance of Indian Entertainment and Media Companies.
   - Performance of the Indian Economy.

9. Any slow down in the Indian Economy could adversely affect the amount spent by people on leisure activities. Consequently this could adversely affect our financial performance.

10. Presently there are not many key regulations applicable to the Indian entertainment industry; however any change in the regulatory environment can significantly impact our business.

11. The Company faces competition from currently established companies and as well as future entrants into the industry due to lack of any barrier.

Notes to Risk Factors:

1. The Net Worth of the Company as on March 31, 2005 as per audited financial statements is Rs. Rs. 2386.94 Lakhs and the size of the Issue is Rs. [*]Lakhs.
2. The size of the Present Issue – Public Issue of 37,28,000 Equity Shares of Rs. 10/- each at a price of Rs. [*] per Equity Share for cash aggregating to Rs. [*] Lakhs.
3. The average cost of acquisition of our Equity Shares by our Promoters is Rs. (*) inclusive of the shares to be acquired in the present Issue.
4. Book value of share of our Company as per Audited Accounts as on 31st December, 2005 is Rs.37.87
5. There are other ventures of Promoter Mr. Dhilin H. Mehta viz. D.P.Merchants & Trade Private Limited wherein he is a Director. He is also Director of the Corporate Promoter i.e. Dahlia Traders Private Limited.
6. Other than what has been disclosed in the "Related Party Information" on page no. 62 of this Draft Red Herring Prospectus, the Promoters / Directors / Key Management Personnel of the Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits.
7. None of the other ventures of the Promoters have business interests/other interests in the Issuer Company except as disclosed in the "Related Party Information" on page no. 62 of this Draft Red Herring Prospectus.
8. No Loans and advances has been made to any person(s)/companies in which the Director(s) of the Company are interested except as stated in Auditors Certificate. For details please refer to "Related Party Information" given on page no. 62 of this Draft Red Herring Prospectus.
9. The Investors are advised to refer to the paragraph on "Basis for Issue Price" on page no. 22 of this Draft Red Herring Prospectus before making any investment in this Issue.
10. Investors may note that in case of oversubscription allotment to Retail Investors and Non- Institutional Investors shall be on proportionate basis and will be finalized in consultation with the designated Stock Exchange. If the Issue is oversubscribed, the Designated Stock Exchange along with the concerned Post Issue Book Running Lead Manager and the Registrar to the Issue shall be responsible to ensure that the Basis of Allotment is finalized in a fair and proper manner.
11. The Investors may contact the Book Running Lead Manager to the Issue or the Compliance Officer for any complaint / clarification / information pertaining to the Issue, who will be obliged to attend to the same.
12. No part of the Issue proceeds will be paid as consideration to Promoters, Directors, Key Managerial Personnel, Associate or Promoter Group Companies/ firm.
13. As per Audited Restated Report, there is no contingent liability as on March 31, 2005.

SECTION III: INTRODUCTION

SUMMARY

This is only a summary and does not contain all the information that you should consider before investing in our Equity Shares. You should read the following summary with the risk factors beginning on page i of this draft Red Herring Prospectus and the more detailed information about us and our financial statements included in this Draft Red Herring Prospectus.

Industry Overview

The Indian Entertainment & Media (E&M) industry has out-performed the Indian economy and is one of the fastest growing sectors. The Indian economy has been growing at a fast pace over the last few years, and the income levels too have been experiencing a high growth rate. The rise in disposable income is faster than the growth in total income. This results in the expenditure on leisure and entertainment being high. The E&M industry has significantly benefited from liberal foreign investment regime and specifically FDI in all film related activities such as film financing, production distribution, exhibition, marketing, etc is permitted up to 100% for all companies under the automatic route. India's demographic profile, which makes it one of the youngest nations in the world, is another significant driver of growth for the E&M industry.

Company Overview

Our Company was incorporated on October 23, 2001 as Shree Ashtavinayak Cine Vision Private limited by Ms. Seema D. Kar, Mr. Amit A. Behl, Mr. Kiran B. Mistry and L.R. Enterprises Pvt. Ltd. The Company was incorporated with a view to carry out the business of producing television serials. Our Company was converted into a public limited company and consequently its name changed to Shree Ashtavinayak Cine Vision Limited with effect from June 25, 2004.

Mr.Dhilin H. Mehta, the present Managing Director joined the Board on 31.02.02. Consequently our Company produced two full length films "Fantoosh" and "Agnipankh" which was released in financial year 2003-04. Since these were the initial venture of our Company into films, it was considered prudent to keep the risks low by keeping the budgets low. This venture helped us to get exposure to all aspects of making films and helped lay a foundation for our company in film production. Both the films were distributed by us. As we decided to discontinue business of TV serials, we sold TV serials produed by us to interested parties on as is whereis basis over a period of year. The last sale of TV serials was completed in November 2005 for Rs.65 lakhs.

In May 2004, we also entered into the business of distribution of films produced under other banner to achieve vertical integration. This also helped us to understand audience tastes and preferences and build relationships in the industry. The year 2004-05 saw us consolidate our position as major distributor for the Mumbai Territory and we distributed 10 films namely Main Hoon Na, Garv, Asambhav, Mujhse Shaadi Karogi, Fida, Rakht, Aitraaz, Insaan, Nigehbaan and Tango Charlie during the year. "Main Hoo Na" went a long way in establishing our Company's credential in distribution business.

During the year 2005-06, we distributed 8 films namely Nazar, Paheli, Dus, Zinda, Family, Anjaane, Apharan and Mr.Prime Minister. We distribute our home productions and those of other producers in the Mumbai Territory. We began distribution in the Delhi Territory with the film Zinda in January 2006. By end of Feb 2006, we had distributed films in 1145 theaters in a span of two years.

Having consolidated our distribution business, we again began work on the production of big budget film 'Maine Pyar Kyon Kiya' which was produced in association with Sohail Khan Productions, staring Salmaan Khan and was directed by Sohail Khan. The movie was released in July 2005 and turned out to be successful. The film was distributed by us in Mumbai Territory. The strategy of vertical integration of production and distribution which was put in place worked well with the release of this film. We also entered into an agreement with K Sera Sera Production Ltd whereby 10 films will be produed in association with them, who has also agreed to share the cost to be incurred on production of films.

To complete the chain of vertical integration, our Company forayed into the area of exhibition of films. This would enable us to have effective control over screening of our films both produced and distributed. We have tied up with 18 theatres across Mumbai Territory.

Our office is located at Andheri (W), the hub of Mumbai film and Television Industry

Our Strengths

1) Our Company is in all the key segments of film value chain i.e. Production, Distribution and Exhibition which allows us to be free from external dependence.
2) We have strong distribution capabilites and have distributed 18 films in last two years.
3) We have inhouse professional team for project implemention. This model of implementing projects enables us to complete films withing budget and time.
4) Due to our experience in content selection and deep understanding of different film genres (developed in our distribution business), we are well placed in our business.
5) As regards our exhibition business we have tied up with 18 theaters in the Mumbai Territory to operate them on an annual basis.

Our Strategy

Our Company has for its three business segments viz. Production, Distribution and Exhibition the following growth strategy:

Production ● We intend to expand our production activity to produce films which will cater to the choice of viewers in India and enhance our position as a leading production house with continuous innovation in the process and better understanding of the viewership trend.

Distribution ● We intend to expand our existing distribution network across India and abroad to reach out all possible sections of viewership by continuously building distribution network with focused marketing and brand building.

Exhibition ● Expand through tie ups with theatres across the country.

SUMMARY OF FINANCIAL DATA

The following information should be read together with the information contained in the Auditor's Report included on page 68 of this Draft Red Herring Prospectus.

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED					
				(Rs. ' LAKHS)	
	As at				
	31-03-2002	31-03-2003	31-03-2004	31-03-2005	31-12-2005
A Fixed Assets					
Gross Block	-	9.59	1,704.51	3,788.93	6,754.87
Less: Depreciation	-	0.37	1,643.11	3,745.04	6,323.21
Net Block	**-**	**9.21**	**61.40**	**43.88**	**431.66**
Capital Work in Progress	7.65	112.09	166.23	1,519.57	1,206.29
Total fixed assets (A)	**7.65**	**121.30**	**227.63**	**1,563.46**	**1,637.95**
B **Investments (B)**	**-**	**-**	**-**	**-**	19.87
C **Current assets, loans and advances**					
Inventories	19.55	973.88	32.90	32.90	-
Sundry debtors	-	-	-	120.62	2,378.39
Cash and bank balances	0.10	28.42	510.56	16.79	31.54
Loans and advances	1.31	0.10	469.45	853.79	679.96
Deffered Tax Assets	-	0.12	295.88	164.60	-
Total (C)	20.96	1,002.52	1,308.78	1,188.70	3,089.90
D **Liabilities and provisions**					
Secured loans	-	5.82	213.03	204.13	491.31
Unsecured loans	-	440.11	-	-	290.00
Deferred tax liability	-	-	-	-	13.47
Current liabilities	30.73	685.46	24.22	1,080.09	1,243.25
Provisions	-	-	0.15	7.88	322.74
Total (D)	30.73	1,131.39	237.40	1,292.10	2,360.77
E **Net Worth (A+B+C-D)**	**(2.12)**	**(7.56)**	**1,299.01**	**1,460.06**	**2,386.95**
F Represented by:					
1 Share Capital					
Equity share capital	1.00	1.00	286.50	286.50	630.30
Preference share capital	-	-	-	-	-
Less: calls in arrears	-	-	-	-	-
2 Share application money	-	-	75.00	-	-
3 Reserves and Surplus	-	-	1,469.50	1,469.50	1,125.70
Add: Balance in profit & loss account	-	-	-	-	631.14
4 Miscellaneous expenditure					
premilinary expenses	0.43	0.43	0.35	0.26	0.19
Pre- operative expenses account:					
Directors remunation	1.00	5.20	-	-	-
others	1.69	2.72	-	-	-
5 Debit balance in profit and loss acco	-	(0.21)	(531.64)	(295.68)	-
Net Worth (1+2+3-4+5)	(2.12)	(7.57)	1,299.01	1,460.06	2,386.94

Note:

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

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rs. ' LAKHS)

	For the period ended				
	31-03-2002	31-03-2003	31-03-2004	31-03-2005	31-12-2005
Sales					
Sale from Motion Pictures	-	-	838.11	2,664.66	4,605.89
Others	-	0.04	2.78	4.97	85.85
Total	**-**	**0.04**	**840.89**	**2,669.63**	**4,691.74**
Expenditure					
Cost of production and Distribution of Films	-	-	838.11	2,556.10	1,048.32
Directors remuneration	-	-	4.20	4.30	14.55
Employee costs	-	-	0.33	7.29	13.38
Administration and other expenses	-	-	9.82	45.46	75.30
Total	**-**	**-**	**852.46**	**2,613.14**	**1,151.55**
Profit/(loss) before interest, depreciation and ta	**-**	**0.04**	**(11.57)**	**56.49**	**3,540.19**
Depreciation	-	0.37	1.34	2.80	2,580.60
Profit/(loss) before interest and tax	**-**	**(0.33)**	**(12.91)**	**53.68**	**959.58**
Finance costs	-	-	2.47	8.01	21.80
Profit/(loss) before tax	-	(0.33)	(15.38)	45.67	937.78
Provision for taxes on income					
Current tax	-	-	-	7.50	315.00
Deferred tax Liabilities/ (Assets)	-			3.54	9.93
Fringe Benefit Tax	-	-	-	-	0.63
Profit/(loss) for the year	**-**	**(0.33)**	**(15.38)**	**34.63**	**612.22**
Adjustments - Increae/ (Decrease) in profits (Refer Annexure 4)					
Increase in sales			941.25	326.32	-
Adjustment in cost of production			(110.79)	2,099.13	475.88
Miscellaneous Receipts			-	3.43	
Miscellaneous Expenses			-	(2.61)	
Change in the basis of charging depreciation	-	-	(1,641.40)	(2,099.13)	
Deferred Tax Assets/ (Liabilities)		0.12	295.76	(127.74)	(168.14)
Amortization of preliminary expenditure	-	-	2.16	2.16	
Provision for Retirement Benefits	-	-	(0.15)	(0.23)	0.38
Expenses on increasing authorised share capital			(2.89)		
Impact of prior period items	-	-	-	-	6.48
Decrease in profit					-
Total impact of adjustments	**-**	**0.12**	**(516.05)**	**201.33**	**314.60**
Net Profit/(loss) as restated	**-**	**(0.21)**	**(531.43)**	**235.96**	**926.82**
Profit/(loss) brought forward from previous year	-	-	(0.21)	(531.64)	(295.68)
Balance carried to balance sheet, as restated	**-**	**(0.21)**	**(531.64)**	**(295.68)**	**631.14**

Note:

The above statement should be read with the significant accounting policies appearing in Annexure 5 and

Notes to Profit and Losses and Cash Flows as restated, appearing in Annexure 4

THE ISSUE

Particulars	**No. of Equity Shares**
Public Issue of Equity Shares	37,28,000 Equity Shares of face value of Rs. 10 each for cash at a premium of Rs. [•]
Promoter Contribution (if any)	4,28,000 Equity Shares of face value of Rs. 10 each for cash at a premium of Rs. [•]
Net Issue	33,00,000 Equity Shares of face value of Rs. 10 each for cash at a premium of Rs. [•]
Of which:	
Qualified Institutional Buyers Portion*	16,50,000 Equity Shares of Rs. 10 each for cash at a premium of Rs. [•] **(Allocation on a proportionate basis)**
Non Institutional Portion	Not Less than 4,95,000 Equity Shares of Rs. 10 each for cash at a premium of Rs. [•] **(Allocation on a proportionate basis*)***
Retail Portion	Not Less than 11,55,000 Equity Shares of Rs. 10 each for cash at a premium of Rs. [•] **(Allocation on a proportionate basis)**
Equity Shares outstanding prior to the Issue	**63,03,000** Equity Shares of face value of Rs. 10 each
Equity Shares outstanding after the Issue	**1,00,31,000** Equity Shares of face value of Rs. 10 each
Objects of the Issue	Please see the section entitled "Objects of the Issue" on page 16 of this Draft Red Herring Prospectus.

* As per the recent amendments to the SEBI Guidelines, allocation to QIB's is proportionate as per the terms of this Draft Red Herring Prospectus, 5% of the QIB portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% reservation in the QIB portion will also be eligible for allocation in the remaining QIB portion.

Our Company is proposing issue through 100% Book Building Process and at least 50% of Issue size is to be allotted to Qualified Institutional Buyers (QIB), failing which full subscription shall be refunded.

GENERAL INFORMATION

Address of the Registered Office of the Company:
Shree Ashtavinayak Cine Vision Limited, A-204/205, VIP Plaza, 2nd floor, Plot No. 7, Block B, Veera Industrial Estate, Off Andheri Link Road, Andheri (West), Mumbai 400053.

Registration No. of Company
CIN NO :U92110 MH2001 PTC 133759

Our Company is registered with the Registrar of Companies, Maharashtra, situated at Everest Building, 100, Marine Drive, Mumbai -400002

The Board of Directors comprise of the following members:

Name of Directors	Designation
Dhilin H. Mehta	Chairman and Managing Director
Harshad K. Mehta	Joint Managing Director
Rupen N. Amlani	Whole Time Director
Hiren J. Gandhi	Whole Time Director
Dhaval V. Jatania	Whole Time Director
Chandrakat K. Sachde	Independent Director
Pravin S. Jani	Independent Director
Ashok V.Ladhani	Independent Director
Nishant A. Mahidhar	Independent Director
Hetal N. Thakore	Independent Director
Subhash P.Rathod	Independent Director

Further details of the Board of Directors, Please refer to Chapter titled "Our Management" on page no. 50 of this Draft Red Herring Prospectus.

COMPANY SECRETARY AND COMPLIANCE OFFICER

Ms. Archana Hemant Andhare
A-204/205, VIP Plaza, 2nd floor,
Plot No.7, Block B, Veera Industrial Estate,
Off. Andheri Link Road, Andheri (W),
Mumbai-400053
Tel No: +91 22 67029630
Fax No: +91 22 67029634
E-mail: ipo@ashtavinayakindia.com
Investors can contact the Compliance Officer in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, non-credit of allotted shares in the respective beneficiary account, refund orders etc.

BOOK RUNNING LEAD MANAGER
ALLIANZ SECURITIES LIMITED
33, 6th Floor, Vaswani Mansion,
Dinsha Vachha Road,
Churchgate, Mumbai-400020
Tel: ***022-22870580***
Fax: ***022-22870581***
Website: ***www.aslfinancial.com***
Email: ashtavinayak_ipo@aslfinancial.com
Contact Person: Mr. Ajay Sarate

REGISTRAR TO THE ISSUE
Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (W),
Mumbai, India 400078
Tel: +91-22-25960320(9 Lines)
Fax: +91-22-25960329
Email: ashtavinayak@intimespectrum.com
Contact Person: Mr. Vishwas Attavar

LEGAL ADVISORS TO THE ISSUE

Rajani Associates
Solicitors & Advocates
F-4, Panchsheel,
53, 'C' Road, Churchgate, Mumbai 400020
Tel: 022-22021010
Fax: 022-22021011
Email: info@rajaniassociates.net

BANKERS TO THE COMPANY
Canara Bank
Mittal Tower, "C" Wing,
Nariman Point,
Mumbai 400021
Tel No.91-22-220735710
Fax : 41-22-22882492/22045876
Website: www.canbakindia.com

BANKERS TO THE ISSUE

Bankers to the issue will be appointed before filing the Red Herring Prospectus with ROC

AUDITORS TO THE COMPANY
Khimji Kunverji & Co.,,
Chartered Accountant
Suite 52, Bombay Mutual Building,
Sir P.M. Road, Fort, Mumbai 400001
Tel No.: 022-22662550/22661270
Fax No.: 022-22664045
Website: www.khimjikunverji.com
Email:rajesh@khimjikunverji.com

Credit Rating

As the Issue is of Equity Shares, credit rating is not required.

IPO Grading
The Company has not opted for IPO Grading.

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

Monitoring Agency
We are in the process of appointing the monitoring agency.

Appraising Entity
The project is appraised by
BoB Capital Market Limited
Meher Chambers,
Dr. Sunderlal Behl Marg,
Off. R.A. Kamani Marg,
Ballard Estate,
Mumbai 400038
Tel No. 022-56372301/03,
Fax No. 022-56372312,
Email:bcml@bobcapitalmarket.com,
Website: www.bobcapitalmarkets.com

Book Building Process

Book building refers to the process of collection of Bids, on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is fixed after the Bid Closing Date / Issue Closing Date.

The principal parties involved in the Book Building Process are:
- The Company;
- Book Running Lead Managers;
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with NSE / BSE and eligible to act as Underwriters. Syndicate Members are appointed by the BRLM;
- Escrow Collection Bank(s); and
- Registrar to the Issue.

The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Issue shall be allotted to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs including Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue would be allocated to Non-Institutional Bidders and not less than 35% of the Issue would be allocated to Retail Individual Bidders on a proportionate basis, subject to valid bids being received from them at or above the Issue Price. We will comply with the SEBI Guidelines for this Issue. In this regard, the Company has appointed the BRLM to manage the Issue and to procure subscriptions to the Issue.

Pursuant to amendments to the SEBI Guidelines, QIB Bidders are not allowed to withdraw their Bid(s) after the Bid Closing Date / Issue Closing Date and for further details see the section titled "Terms of the Issue" on page 108 of this Draft Red Herring Prospectus.

The process of Book Building under SEBI Guidelines is relatively new and 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 centers during the bidding period. The illustrative book as shown below shows the demand for the shares of the company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1000	23	1500	50.00%
1500	22	3000	100.00%
2000	21	5000	166.67%
2500	20	7500	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 book running lead managers, will finalize the issue price at or below such cut off price, i.e., at or below Rs. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken for bidding:

- Check eligibility for bidding, see the section titled "Issue Procedure-Who Can Bid?" on page 113 of this Draft Red Herring Prospectus;
- Ensure that the Bidder has a demat account; and
- 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.

Underwriters to the Issue

After the determination of the Issue Price and allocation of our Equity Shares but prior to filing of the Prospectus with the ROC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this 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 their respective Syndicate Members do not fulfill their underwriting obligations.

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

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten(Rs. Million)
[•]	[•]	[•]
[•]	[•]	[•]
[•]	[•]	[•]

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

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the Securities and Exchange Board of India Act, 1992 or registered as brokers with the Stock Exchange(s).

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default, the respective Underwriter in addition to other obligations to be defined in the Underwriting Agreement will also be required to procure / subscribe to the extent of the defaulted amount.

CAPITAL STRUCTURE OF THE COMPANY

Share Capital as at the date of filing of this Draft Red Herring Prospectus with SEBI (before and after the Issue) is set forth below:

(Amount in Rs. Lakhs)

Particulars			***Aggregate Nominal Value***	***Aggregate value at Issue Price***
A.	*Authorized Capital*			
	1,10,00,000	***Equity Shares of Rs. 10/- each***	***1,100.00***	
B.	*Issued, Subscribed and Paid-up Capital*			
	63,03,000	***Equity Shares of Rs. 10/- each***	***630.30***	***(*)***
C.	*Present Issue to the Public in terms of this Draft Red Herring Prospectus*			
	37,28,000	***Equity shares f Rs. 10/- each fully paid up***	***372.80***	
	Promoters Contribution in the Issue			
D	***4,28,000***	***Equity Shares of Rs. 10/- each fully paid up***	***42.8***	***(*)***
E.	*Net Issue to the Public*			
	3300,000	***Equity Shares of Rs. 10/- each fully paid up***	***330.00***	***(*)***
F.	*Paid up Capital after the Issue*			
	1,00,31,000	***Equity Shares of Rs. 10/- each***	***1003.10***	***(*)***
G.	*Share Premium Account*			
		Before the issue	***1125.70***	
		After the issue	***[●]***	

Details of Increase in the Authorized Capital

S. NO	Date	INCREASED FROM (RS.)	INCREASED TO (RS.)	REMARKS
1.	October 23,2001		10,00,000	On Incorporation
2.	December 14, 2003	10,00,000	3,00,00,000	Increased from Rs. 10 Lakhs divided into 1,00,000 equity shares of Rs. 10 each to Rs.300 Lakhs divided into 30,00,000 equity shares of Rs. 10 each.
3.	December 16, 2005	3,00,00,000	11,00,00,000	Increased from Rs. 300 Lakhs divided into 30,00,000 equity shares of Rs. 10 each to Rs. 1100 Lakhs divided into 1,10,00,000 equity shares of Rs. 10 each

NOTES FORMING PART OF THE CAPITAL STRUCTURE:

1. Capital Build up(Equity Share Capital history of the Company):

Date of allotment/ Fully paid up	No. of Equity Shares	Face Value (Rs.)	Issue Price Per share (Rs.)	Consideration	Reasons for allotment	Cumulative Paid-up Capital	Cumulative Share Premium Account (Rs.)
23.10.2001	10000	10	10	Cash	**Subscribers to Memorandum of Association**	1,00,000	0

10.02.2004	1250000	10	12	Cash	**Allotment to the Promoters**	1,26,00,000	25,00,000
09.03.2004	16,05,000	10	100	Cash	**Allotment to others Body Corporate**	2,86,50,000	14,69,50,000
26.12.2005	34,38,000	10	--	Bonus	Bonus Shares*	6,30,30,000	11,25,70,000

*The Company has issued Bonus Shares in the ratio of 6:5 i.e. Six equity shares for every five shares held by the shareholders by way of capitalization of General Reserve.

2. Details of the Shareholdings of Promoters -

Sr. No	Name	Date Of Allotment / Transfer	Date When Made Fully paid up	Consideration	No. of Shares	Face Value	Issue/ Transfer Price	% of Pre-Issue Paid-up Capital	% of Post-Issue Paid-up Capital
1.	Dhilin H. Mehta	31.03.2002	24.10.2001	Cash	9900	10	10	0.16	0.09
2.	Dhilin H. Mehta	03.06.2005	09.03.2004	Cash	500000	10	01	7.93	4.98
3.	Dhilin H. Mehta	26.12.2005	26.12.2005	Bonus	6,11,880	10	_	9.71	6.10
4	Dhilin H. Mehta	28.12.2005	28.12.2005	Cash	5,70,000	10	10	9.04	5.68
5.	Dhilin H. Mehta and Vipul Simaria	02.11.2004	23.10.01	Cash	10	10	01	0.00	0.0001
6	Dhilin H. Mehta and Vipul Simaria	26.12.2005	26.12.2005	Bonus	12	10	_	0.00	0.0001
7.	Dhilin H. Mehta and Ushma Simaria	02.11.2004	23.10.2001	Cash	10	10	01	0.00	0.0001
8.	Dhilin H. Mehta and Ushma Simaria	26.12.2005	26.12.2005	Bonus	12	10	_	0.00	0.0001
9.	Dhilin H. Mehta and Indumati Simaria	02.11.2004	23.10.2001	Cash	10	10	01	0.00	0.0001
10.	Dhilin H. Mehta and Indumati Simaria	26.12.2005	26.12.2005	Bonus	12	10	_	0.00	0.0001
11	Dhilin H. Mehta and Tulsidas Simaria	02.11.2004	23.10.2001	Cash	10	10	01	0.00	0.0001

12.	Dhilin H. Mehta and Tulsidas Simaria	26.12.2005	26.12.2005	Bonus	12	10	_	0.00	0.0001
13.	Dhilin H. Mehta and Mehul Simaria	02.11.2004	23.10.2001	Cash	10	10	01	0.00	0.0001
14.	Dhilin H. Mehta and Mehul Simaria	26.12.2005	26.12.2005	Bonus	12	10	_	0.00	0.0001
15.	Dahlia Traders Pvt. Limited	10.02.2004	10.02.2004	Cash	12,50,000	10	12	19.83	12.46
16	Dahlia Traders Pvt. Limited	26.12.2005	26.12.2005	Bonus	15,00,000	10	_	23.80	14.95
	Total				**44,41,890**			**70.47**	**44.28**

3. **Promoters Contribution and Lock-in :** The Promoters holding to the extent of 20.04% of the Post Issue equity Share capital of the Company shall be locked-in for a period of three years from the date of allotment of in the Issue as per details given below:

Sr. No	**Name**	**Date Of Allotment / Transfer**	**Date When Made Fully paid up**	**Consideration**	**No. of Shares**	**Face Value**	**Issue Price**	**% of Pre-Issue Paid-up Capital**	**% of Post-Issue Paid-up Capital**
1	Dhilin H. Mehta and Dahlia Traders Pvt. Ltd	Pursuant to Public Issue	Pursuant to Public Issue	Cash	4,28,000	10	(*)	_	4.27
2.	Dhilin H. Mehta	28.12.2005	28.12.2005	Cash	5,70,000	10	10	9.04	5.68
3.	Dhilin H. Mehta	26.12.2005	26.12.2005	Bonus	39,000	10	10	0.62	0.39
4.	Dahlia Traders Pvt. Ltd	26.12.2005	26.12.2005	Bonus	9,73,000	10	_	15.44	9.70
		Total			**20,10,000**	**10**			**20.04%**

In addition to above, the entire reamaining pre-Issue Equity Share capital of the Company i.e. .47,21,000 equity shares will be locked in for a period of one year from the date of allotment of Equity Shares in this Issue constituting 47.06% of the post issue equity share capital of the Company.

Locked in Equity Shares held by Promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions. In terms of clause 4.16 (b) of the SEBI Guidelines, Equity Shares held by the Promoter may be transferred to /or amongs the Promoter Group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquistion of Shares and Takeover) Regulations 1997, as applicable.

4. **Shareholding pattern of our Company**

Particulars	Pre-Issue		Post –Issue	
	No. of Equity Shares	% to the present share capital	No. of Equity Shares	% to the post share capital
A. Promoters				
Indian Promoters	44,41,890	70.47	48,69,890	48.55
B. Promoter Group				
Relative and Directors	2,31,110	3.67	2,31,110	2.30
Total Promoters Holding	46,73,000	74.14	51,01,000	50.85
Non-Promoter/ others				
Body Corporate	16,30,000	25.86	16,30,000	16.25
Public	**0.0**	**0.00**	**33,00,000**	**32.90**
Total	**63,03,000**	**100.00**	**1,00,31,000**	**100.00**

5. Details of Promoters

Name of Promoters	Total No. of Equity Shares held
DhilinH. Mehta	16,91,890
Dahlia Traders Private Limited	27,50,000
Total	**44,41,890**

6. The Promoters' Group/Directors have not purchased / sold / financed / acquired any shares of the Company during the past 6 months except for the following transaction on December 28, 2005

Date of Purchase	Transferor	Transferee	No. of Equity Shares	Price (Rs.)	Consideration (Rs.)
28.12.2005	Heranba Finvest Services Private Limited	Mr. Dhilin H. Mehta	5,70,000	Rs. 10/-	57,00,000

7. a) Details of top ten shareholders on date of filing Draft Red Herring Prospectus with SEBI are as follows:

SR. NO	NAME OF THE SHAREHOLDER	TOTAL NO. OF EQUITY SHARES HELD
1	Dahlia Traders Pvt. Ltd	2750000
2	Dhilin H. Mehta	1691780
3	Heranba Finvest Services Pvt Ltd	1630000
4	Dhaval Jatania and Hiren J.Gandhi and Nisha J.Gandhi	231000
5	Ms. Pankti Mehta	110
6	Dhilin H. Mehta and Vipul T. Simaria	22
7	Dhilin H. Mehta and Ushma V.Simaria	22
8	Dhilin H. Mehta and Indumati T.Simaria	22
9	Dhilin H. Mehta and Tulsidas T.Simaria	22
10	Dhilin H. Mehta and Mehul T.Simaria	**22**

b) Details of top ten shareholders ten days before the date of filing Draft Red Herring Prospectus with SEBI are as follows:

SL NO	NAME OF THE SHAREHOLDER	TOTAL NO. OF SHARES
1	Dahlia Traders Pvt. Ltd	2750000
2	Dhilin H. Mehta	1691780
3	Heranba Finvest Services Pvt Ltd	1630000
4	Dhaval Jatania and Hiren J.Gandhi and Nisha J.Gandhi	231000
5	Ms. Pankti Mehta	110
6	Dhilin H. Mehta and Vipul T.Simaria	22
7	Dhilin H. Mehta and Ushma V.Simaria	22
8	Dhilin H. Mehta and Indumati T.Simaria	22
9	Dhilin H. Mehta and Tulsidas T.Simaria	22
10	Dhilin H. Mehta and Mehul T.Simaria	22

c) Details of top ten shareholders two years prior to date of filing Draft Red Herring Prospectus are as follows:

SR. NO.	NAME OF THE SHAREHOLDER	TOTAL NO. OF SHARES
1.	Dahlia Traders Pvt. Ltd	12,50,000
2	N.E. Electronics Ltd	3,00,000
3	Logic Infotech Limited	2,50,000
4	Artillegence Bio Inovations Ltd	2,00,000
5	Laffan Software Ltd	1,80,000
6	Pensoft Technology Ltd	1,50,000
7	Griffon Securities Pvt Ltd	75,000
8	Olympus Vision Pvt Ltd	75,000
9	Microsoft Technologies Pvt. Ltd	75,000
10	Manodnyamala Investment and Finance Pvt Ltd	70,000

8. The Promoters' Contribution in Public Issue will be brought in to the extent of not less than the specified minimum lot of Rs.25,000/- per application from each individual and Rs.1,00,000 from companies
9. There are no partly paid up Equity Shares as on date of filing of Draft Red Herring Prospectus.
10. On the date of filing the Draft Red herring Prospectus with SEBI there are no outstanding financial instruments or any other rights, which would entitle the existing Promoter or shareholder, or any other person any option ot receive equity shares after the offer.
11. No further Issue of capital whether by way of Issue of Bonus shares, preferential allotment, rights issue or in any other manner will be made by the Company during the period commencing from submission of the Draft Red Hering Prospectus with SEBI till the equity shares referred to in this Draft Red Herring Prospectus have been fully paid up and shares are listed or application money is refunded in case of failure of the Offer.
12. Neither we, nor our Directors or our Promoters, or the BRLM have entered into any buyback and/or standby arrangements for the purchase of our Equity Shares from any person.
13. An over subscription to the extent of 10% of the net offer to public can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment.
14. The securities offered through this Public Issue shall be made fully paid up or may be forfeited within 12 months from the date of allotmen of share in the manner specified as per clause 8.6.2 of the disclosure & Investor protection Guidelines.
15. Atleast 50% of the Net Issue shall be allocated to QIBs. If atleast 50% of the Net Issue cannot be allocated to QIBs, than the entire application money will be refunded forthwith. Further upto 15% of Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and 35 % of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders subject to valid Bids being received at or above the Issue price. Undersubscription if any, in the Non-

Institutional and Retail Individual categories will be allowed to be met with spillover from any other category at the discretion of our Company and the BRLM.

16. We have not raised any bridge loan against the proceeds of the present issue.
17. A Bidder cannot make a bid for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
18. We presently do not have any intention or proposal to alter its capital structure for a period of six months from the date of opening of the Issue, by way of split/consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise except that if we go for acquisitions and joint ventures we may consider raising additional capital to fund such activity or use shares as currency for acquisition and / or participation in such joint venturse.
19. We have not issued any equity shares out of revaluation reserves.
20. We shall ensure that at any given point of time, there shall be only one denomination for the Equity Shares and comply with such disclosure and accounting norms specified by SEBI from time to time.
21. We have 10 shareholder as on the date of filing of the Draft Red Herring Prospectus with SEBI.
22. The Company has not issued any shares for consideration other than cash except for bonus issue as detailed at note no. 1 above under equity share capital history of the Company.
23. We have not grsnted any Options or issued any shares under any Employee Stock Option or Employee's Stock Purchase scheme.

Restrictive Covenants of Lenders

We are subject to standard restrictive covenants under the agreement, which we have entered with our lenders. However, we have obtained the NOC from Canara Bank and IDBI for this Public Issue.

OBJECTS OF THE ISSUE

Our Company is engaged in Production and distribution of films. So far our Company has produced three feature films and has distributed 18 films upto March 31, 2005. Our company has decided to consolidate our position in the production of films and also have own equipment of film production to achieve the growth. The Issue is being made to raise funds for the following purposes.

1. To finance the estimated expenditure for Production of three films.
2. To Purchase equipment for Film Production
3. To finance the Public Issue expenses
4. To list Equity Shares at Bombay Stock Exchange Limited (BSE) and National Stock Exchange (NSE)

The main object clause of the Memorandum of Association of our Company enables us to undertake the existing activites and the activites for which the funds are being raised through the present Issue.

Cost of Project and Means of Finance
The fund requirement has been appraised by BOB Capital Market limited vide their Appraisal Report dated April 4, 2006.

Cost of Project: (In Rs Lakhs)

Particulars	**Total**
Purchase of Equipment for Film Production	1411.65
Estimated Expenditure for Film Production	4590.00
Public Issue Expenses	360.00
Total	6361.65

The above expenditure is proposed to be funded as under:

(In Rs Lakhs)

Means of Finance	**Total**
Public Issue	5200.00
Promoters Contribution	675.00
Internal Resources	**486.65**
Total	6361.65

The excess proceeds if any from the present Issue would go towards reduction in the term loan taken by the Company and/or normal corporate purposes. The shortfall in funds if any shall be met from internal accruals and/or raising debt funds.

Details of the Planned Expenditure
Our Company is planning to purchase critical equipment that is required for making films for better operational convenience. The equipment that the Company is proposing to buy can broadly be divided into Pre-production Equipment and Post production equipment.

Pre-production Equipment
Cameras
We propose to buy high end cameras fitted with Hawk Lenses. Images captured through these high end lenses have a superior look in terms of colour and sharpness. As per the quotation dated 17th January, 2006 (revalidated on April 4, 2006) valid upto July 31, 2006. of S.R Electronics, S.V.Road, Goregaon (W), Mumbai,the estimated cost for purchasing the cameras and accessories is as follows:

Name of Equipment	Suppliers Name and Address	Date of Quotation	Price Per Unit (Rs. Lakhs)	No	Total (Rs. Lakhs)
ARRI 435 XTREME ANAM CAMERA – SET-UP	S.R Electronics, S.V.Road, Goregaon (W),	17th January, 2006		1	
Arri 435 Xtreme Anam Camera			65.94		
Angenieux 25-250 HR Zoom Lens			11.72		
Hawk Anamorphic Block Lenses -			59.34		

(35,50,75,100, & Extender for Ang.25-250 HR)	Mumbai				
Ronford-Baker Mini Atlas Fluid head & ***Tripod***			6.83		143.83
ARRICAM ANAM ST CAMERA - SET-UP	S.R Electronics, S.V.Road, Goregaon (W), Mumbai	17th January, 2006		1	
Arricam Anam ST Camera			142.79		
Angenieux 25-250 HR Zoom Lens			11.72		
Hawk Anamorphic Block Lenses -			59.35		
(35,50,75,100, & Extender for Ang.25-250 HR)					
Ronford-Baker Atlas Fluid head & Tripod			8.28		222.14
Tiffen Type 6.6 * 6.6 Basic Glass Filters - 25 pcs	S.R Electronics, S.V.Road, Goregaon (W), Mumbai	17th January, 2006	5.00	2	10.00
Batteries - 24 volt		18th January, 2006	0.12	6	0.72
Import Duty @5.10%					19.21
Total					395.88

The cameras and accessories are being imported from Germany. The import duty on the above equitpment would be @5.10% under EPCG scheme. The estimated cost of the cameras and accessories inclusive of import duty is estimated at Rs.395.88 Lakhs.

Jimmy Jib

We propose to buy Crane equipment with a remote controlled camera head. It has a swiveling base with a counterweight to support the camera. It can be rotated three hundred and sixty degrees on its swiveling base which enables the shooting of a scene from any of the required angle.

Name of the equipment	Suppliers Name & Address	Date of Quotation	Unit cost (Rs.Lakhs)	No of units	Cost (Rs.Lakhs)
Jimmy Jib	Vijay Cine Services (P) Ltd, Chembur, Mumbai	14th January, 2006	19.69*	1	19.69
Total					19.69

* Validity of quotation upto July 31, 2006 and Unit Cost is inclusive of tax.

Lighting

We propose to buy Lighting equipment which is a crucial for our production division. If enough light is not present, or too much is used, the film can be underexposed or overexposed. Proper lighting also helps to set the mood and feeling of a production regarding texture, ambience, and the amount of exposure on the camera lens. We plan to buy Arri Lighting equipment which is a prominent brand in Cinematographic Lighting Equipment. Arri Lighting is a German manufacturer of Cinematographic equipment. We intend to buy the Arri Lighting equipment from S.R Electronics as per their quotation dated 17th January, 2006 as per the details given below:

DETAILS	Supplier Name and Address	Price Per Unit (Rs. Lakhs)	Date of quotation	Nos	Total (Rs. Lakhs)
ARRI LIGHTS	S.R Electronics, S.V.Road, Goregaon (W), Mumbai		17/1/2006		
Arrisun 120 (12000 W) kit		11.84	17/1/2006	2	23.69
Arrisun 60 (6000 W) System		7.62	17/1/2006	8	60.98

Arrisun 40/25 (4000/2500 KW) set		4.75	17/1/2006	10	47.58
Arri pocket par light 125 W		2.28	17/1/2006	8	18.26
Arri Manaual 2.5 KW Softlight		0.48	17/1/2006	8	3.89
Import Duty @5.10%					7.88
Total					162.27

* The validity of quotation is extended by supplier upto July 31, 2006.
The above equipment is imported under the EPCG scheme.

Post Production Equipment
Post Production work involves editing, the addition of titles, the creation of special effects and the final soundtrack. We are proposing to purchase some of the critical post production equipment for better operational convenience. Presently we are paying rental charges to outside studios for the use of this equipment. Our professionals have to go to the studio as per the time slot that is made available by the studio. Since we will be working on number of films simultaneously, the present system of working on hired equipment at outside studios will create operational bottlenecks. Therefore we propose to own post production equipment so that work of the five films can be completed within the time frames.

Audio Facility
Most film theaters have moved to Dolby Premier Theater sound standard. The original sound recorded at the time of shooting does not have Dolby Sound. Therefore after the film is shot, the dialog is re-recorded in the studio in synchronization with the picture. We propose to have its own audio post production facility with two ADR (Automatic Dialog Replacement) Rooms. The re-recording of dialogues and addition of sound effects etc happens in the ADR rooms. We intend to be fully equipped with the ADRs with Dubbing, Track Laying, Foley Studio, Film Mixing and Optical Transfer equipment. As per the quotation dated 31/1/06 of Pace Communications (India) Pvt Ltd, Andheri, Mumbai the estimated cost of the audio post production facility is as follows:

DETAILS	Suppliers name & Address	Date of Quotation	Price (Rs. Lakhs)	Nos	Cost (Rs. Lakhs)
ADR (Two Rooms)	Pace Communications (India) Pvt Ltd, Andheri, Mumbai	31/1/06	116.15		116.15
FOLEY		31/1/06	44.67	1	44.67
Mix		31/1/06	199.87	1	199.87
Track Laying		31/1/06	42.24	1	42.24
Acoustics & Installation		31/1/06	199.32	1	199.32
Optical Transfer		31/1/06	185.00	1	185.00
Projection System		31/1/06	16.97	1	16.97
Dolby & Audio System for Mix		31/1/06	29.58	1	29.58
Total					833.81

* Validity of quotation is upto July 31, 2006.

Although, our Company is in contact with local suppliers and has received quotation from them for the latest equipment, there is a possibility of better equipments with the same features being available at the time of actual purchase. In the event of better equipment with the same features being available we may opt to purchase the same.

Thus the total expenditure of Rs 1411.65 Lakhs on purchase of Film Production Equipment is envisaged.

BUDGETED EXPENDITURE FOR FILMS UNDER PRODUCTION

The total cost for producing three films for which funds are proposed to be raised through Public Issue is estimated as follows:

Name of Film	**Estimated Costs**
Untitled I	1420 Lakhs
Untitled II	1625 Lakhs
Untitled III	1545 Lakhs
Total Estimated Cost of Three Films	**4590 Lakhs.**

The estimated costs of the films identified above are not fixed and may undergo a change depending upon the treatment that is given to the screenplay.

Estimated expenditure details of three films under production are as given below (Rs. In Lakhs)

Particulars	**Untitled –I Film**	**Untitled –II Film**	**Untitled –III Film**
Direction & Writing	200.00	200.00	200.00
Camera Department	30.00	35.00	35.00
Sound and Art Direction Department	15.00	15.00	15.00
Production, Costumes, Pre Production & Costume Design	50.00	50.00	50.00
Music, Choreography and Background	70.00	50.00	50.00
Post Production and Lab processing	125.00	125.00	125.00
Set, Daily Shooting and Out Door	200.00	450.00	400.00
Artist	350.00	350.00	345.00
Publicity	130.00	125.00	125.00
Print and other Expenses	250.00	225.00	200.00
Total	1420.00	1625.00	1545.00

* The variation in the estimated cost under Camera Department, Music, Choreography and Daily Shooting and outdoor of these three films are due to the difference in locales, technique etc. as demanded by the individual scripts of the films.

The proposed production equipments will be utilized for production of subsequent future films of our Company not including the above mentioned three films as tie up of the equipments for said three films would have taken palce much before the arrival/installation of the equipments.

Public Issue Expenses

The offer related expenses include issue management fees, selling commission, distribution expenses, legal fees, fees to advisors, stationary cost, advertising expenses, and depository fees and listing fees payable to the Stock exchanges, among others. The total expenses for this offer are estimated at approximately Rs. 360.00 Lakhs as per Appraisal Report , details of which are as under:

Activity	% of Total Offer Size
Lead Management , Underwriting and selling commission	[*]
Registrars Fee	[*]
Printing and Distribution of Offer stationary	[*]
Advertising and Marketing expenses	[*]
Other expenses include legal fees, depository etc	[*]
Total	[*]

SCHEDULE OF IMPLEMENTAION

The Schedule of implementation given by our Company Management is as given below:

Particulars	Engaement of Director/Cast/writer/Pre-production	Commencement of Shooting	Completion/Release
Film production			
Untitled-I	December 2005	March 2006*	December 2006#
Untitled –II		June 2006*	January 2007#
Untitled –III		July 2006*	March 2007#
Film Production Equipments Placement Orders Receipt of Equipments		July 2006	October 2006

Date of completion has been considered as date on which the film is ready for release.

DEPLOYMENT OF FUNDS IN THE PROJECT

The quarter -wise breakup of proposed deployment of funds as per Management is mentioned below:

Particulars	For the period ended December 2005	For the period ended March 2006	For the Period ended June, 2006	For the Period ended Sept ,2006	For the Period ended Dec ,2006	For the period ended March 2007	Total
Funds for film production							
Untitled-I	157.24	6.39	200.00	676.37	380.00		1420.00
Untitled –II	51.00	0.00	47.00	900.00	277.00	350.00	1625.00
Untitled –III	11.00	11.21	20.41	500.00	677.38	325.00	1545.00
Film Production Equipments			282.33	1129.32	__		1411.65
Issue Expenses	-	12.89	[●]	[●]	[●]		[●]
Total	219.24	30.49	[●]	[●]	[●]		[●]

Utilization of Funds

The expenditure incurred in respect of public issue on production of 3 films upto March 31, 2006 was Rs 236.84 Lacs and on Public Issue expenses was Rs. 12.89 Lakhs as certified by Statutory Auditors, Khimji Kunverji & Co., vide their certificates dated April 27, 2006 which was met out of Internal Accruals. The details are given below:

Details of utilizations as on March 31, 2006

Particulars	Utilization Amount (Rs. Lakhs)
Production - Untitled-I	163.63
Production -Untitled –II	51.00
Production -Untitled –III	22.21
Total Production cost	**236.84**
Public Issue Expenses	12.89
Total	**249.73**

Interim Use of Proceeds

Our management, in accordance with the policies established by the Board, will have the flexibility in deploying the proceeds received by us from the Issue. Pending utilization for the purposes described above, we intend to temporarily invest the funds from the Issue, in high quality interest bearing liquid instruments including deposits with banks, for the necessary duration. Such investments would be in accordance with the investment policies approved by our Board of Directors from time to time.

Monitoring of Utilization of Funds

We are in process of appointing monitoring agency for monitoring the utilization of the Issue proceeds. We shall ensure that monitoring agency is appointed before filing the Draft Red Herring Prospectus with ROC. We will disclose the utilization of proceeds of the Issue under a separate head in our balance sheet for fiscal 2007 clearly specifying the purpose for which such proceeds have been utilized. No part of the Issue proceeds will be paid by us, as consideration to Promoters, Directors, Company's Key Managerial Personnel or companies/entities promoted by the Promoters except in normal course of business. In case the Public Issue does not go as planned, our Company will make alternative arrangements like availaing of fresh loans from Banks and alos internal accruals.

BASIS FOR ISSUE PRICE

The issue price will be determinied by us in consultation with BRLM on the basis of assessment of market demend for the equity shares issued by way of Book Building.

Information presented in this section is derived from our restated financial statements prepared in accordance of Indian GAAP.

Qualitative Factors

1) Our Company is in all the segments of film value chain i.e. Production, Distribution and Exhibition which allows us to be free from external dependence.
2) We have distribution capabilites and have distributed 18 films in last two years upto March 31, 2006.
3) We have inhouse professional team for project implemention. This model of implementing projects enables us to complete films withing budget and time.
4) We have experience in content selection and deep understanding of different film genres (developed in our distribution business).
5) As regards our exhibition business we have tied up with 18 theaters in the Mumbai Territory to operate them on an annual basis.

Quantitative Factors:

1. Adjusted Earning Per Equity Share (As per restated Audit Report)

Particulars	EPS (Rs.)	WEIGHT
2002-2003	(0.96)	1
2003-2004	(87.13)	2
2004-2005	3.74	3
2005-2006* (Nine months period ended 31st December 2005)	19.60*	4
Weighted Average EPS	(8.56)	

* Annualized figure ** face value of the equity Shares is Rs.10/-

2. Price / Earning Ratio (P/E) in relation to the Issue Price of Rs. [•]

a.	P/E based on EPS of 2004 – 2005	[*]
	P/E based on weighted EPS	[*]
b.	Industry P/E*-Entertainment/Electronic Media Software	
(i)	Highest	187.8
(ii)	Lowest	1.8
(iii)	Average	48.0
	(* Source Capital Market April 24-May 7 Issue)	

3. Return on Networth (RoNW)

Financial year	RONW (%)	Weight
2002-2003	2.79	1
2003-2004	(43.42)	2
2004-2005	16.16	3
(9 months ended 31st December)	51.77*	4
Weighted Average RONW	17.15	

*** Annualised Figure**

Minimum return on increase networth required to maintain pre issue EPS of Rs. 14.87 is [*]**.**

4. Net Asset Value per share (NAV)

a. As at 31.3.2005	50.96
b. As at 31.12.2005	37.87
c. After Issue	[*]
d. Issue price	[*]

5. **Peer Group Comparison :** Based on the nature of activites of Company, the comparison of its accounting ratios with its closet comparable listed competitors in India is as given below:

Name of the Company	Face Value (Rs.)	EPS (Rs.)	P/E (times)	Book Value(Rs.)	RoNW (%)
Mukta Arts	5	-ve	NA	50.6	-ve
Pritish Nandi Communications Limited	10	3.6	12.1	57.5	6.9
K Sera Sera Productions Ltd	10	1.6	16.4	37.3	9.9
Sahara One Media	10	3.8	187.8	61.5	6.3

(* Source Capital Market April 24-May 07 Issue)

Face value of the Equity Shares of Shree Ashtavinayak Cine Vision Limited is Rs.10 and Issue Price is [●] times at the lower end of the price band and [*] times at the higher end of the price band of the face value.

The Issue price has been determined by us in consultation with the BRLM on the basis of assessment of market demand for the Equity Shares by way of book building and is justified on the basis of above factors. See the section titled "Risk factors" on page i of the Draft Red Herring Prospectus and the financial statements included in this Red Herring Prospectus.

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

We hereby report that the enclosed statement states the possible tax benefits available to Shree Ashtavinayak Cine Vision Limited (the Company) under the Income-Tax Act, 1961 presently in force in India and to the shareholders of the Company under the Income-tax Act,1961, Wealth tax Act,1957 and the Gift Tax Act, 1958, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in future, the Company may or may not choose to fulfill

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

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

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

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

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

For **KHIMJI KUNVERJI & CO.**
Chartered Accountants

SHIVJI K. VIKAMSEY
Partner
Membership No. 2242

Mumbai
Dated: March 20, 2006

STATEMENT OF TAX BENEFITS

The Auditors of our Company, Khimji Kunverji & Co. Chartered Accountants have, vide their letter dated 20th March 2006 certified that under the current provisions of the Income Tax Act, 1961 and the existing laws for the time being in force, the following benefits, inter–alia, will be available to the Company and the members:

The following key tax benefits shall be available to the Company and the prospective shareholders under the current direct tax laws in India

1. Key benefits available to the Company under the Income-tax Act, 1961 ('the Act')

A) **BUSINESS INCOME**:

A.i. **Depreciation**

The Company shall be entitled to claim depreciation on specified tangible and intangible assets owned by it and used for the purposes of its business under section 32 of the Act

Unabsorbed depreciation if any, for an Assessment Year (AY) can be carried forward & set off against any source of income in subsequent AYs

Business losses if any, for any AY can be carried forward and set off against business profits for eight subsequent AYs

A.ii **Preliminary Expenditure:**

As per Section 35D, the Company is eligible for deduction in respect of specified preliminary expenditure incurred by the Company before commencement of business for an amount equal to 1/5th of such expenses over 5 successive AYs subject to conditions and limits specified in that section

A. iii. **Rebate:**

As per Section 88E of the Act, the Securities Transaction Tax (STT) paid in respect of the taxable securities transactions entered into in the course of business would be eligible for rebate from the amount of income- tax on the income chargeable under the head 'Profits and Gains of Business or Profession' arising from taxable securities transactions. As such, no deduction in respect of amount paid on account of securities transaction tax will be allowed in computing the income chargeable to tax as capital gains

A. iv. **MAT Credit:**

As per section 15JAA(1A), the company is eligible to claim credit for Minimum Alternate Tax ("MAT") paid for any AY commencing on or after April 1, 2006 against normal income tax payable in subsequent A.Ys. MAT credit shall be allowed for any A.Y. to the extent of difference between the tax computed as per the normal provisions of the Act for that A.Y. and the MAT which would be payable for that A.Y. Such MAT credit will be available for set-off up to 5 years succeeding the A.Y. in which the MAT credit initially arose.

B) **CAPITAL GAINS:**

Long Term Capital Gain (LTCG)

LTCG means capital gain arising from the transfer of a capital asset being Share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of section 10, held by an assessee for more than 12 months

In respect of any other capital assets, LTCG means capital gain arising from the transfer of an asset, held by an assessee for more than 36 months

Short Term Capital Gain (STCG)

STCG means gain arising out of transfer of capital asset being share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of section 10, held by an assessee for 12 months or less

In respect of any other capital asset, STCG means capital gain arising from the transfer of capital asset, held by an assessee for 36 months or less

B.i. LTCG arising on transfer (sale) of an eligible equity share in a company purchased on or after 1-3-2003 and before 1-3-2004 is exempt u/s. 10(36)

B.ii. LTCG capital arising on transfer of equity shares or units of an equity oriented fund (as defined) which has been set up under a scheme of a Mutual Fund specified under Section 10 (23D), on a recognized stock exchange on or after October 1, 2004 are exempt from tax under Section 10(38) of the Act provided the transaction is chargeable to STT

B.iii. LTCG arising on transfer of capital assets, other than bonds and debentures excluding capital indexed bonds issued by Government, is computed by deducting from the gross consideration, the indexed cost of acquisition and expenses, if any, incurred in relation to such transfer

B.iii.a LTCG is taxed @20% plus applicable surcharge thereon and 2% education cess on tax plus Surcharge (if any) {hereinafter referred to as applicable SC + EC}

B.iii.b However, if such tax payable on transfer of listed securities/units/Zero coupon bonds exceeds 10% of the LTCG, without availing benefit of indexation, the excess tax is ignored

B.iv. As per section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined) under Section 10(23D), on a recognized stock exchange are subject to tax at the rate of 10 per cent (plus applicable SC + EC), provided the transaction is chargeable to STT

B.v. Short-term capital loss arising during a year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, should be carried forward and set-off against short-term as well as long-term capital gains for subsequent 8 years.

B.vi. Long-term capital loss arising during a year is allowed to be set-off only against long-term capital gains. Balance loss, if any, should be carried forward and set-off against subsequent year's long-term capital gains only for subsequent 8 years

B.vii. Under section 54EC of the Act, capital gains arising on the transfer of a long-term capital asset will be exempt from capital gains tax to the extent such capital gains are invested in a specified bond within a period of 6 months after the date of such transfer and subject to the conditions specified therein

B.viii. Under section 54ED of the Act and subject to the conditions specified therein, long-term capital gains on the transfer of listed securities or specified mutual fund units will be exempt from capital gains tax to the extent such, capital gains are invested in shares of an Indian company forming part of an eligible issue, within a period of 6 months after the date of such transfer

C) Income from Other Sources

Dividend income:

Dividend (both interim and final) income, if any, received by the Company on its investment in shares of another Domestic Company shall be exempt from tax under Section 10(34) read with Section 115- O of the Act

Income received in respect of units of a Mutual Fund specified under Section 10(23D) of the Act shall be exempt from tax under Section 10(35) of the Act, subject to such income not arising from transfer of

units in such Mutual Fund

2. Key benefits available to the Members of the Company

2.1 **Resident Members**

2.1.a Dividend income:

Dividend (both interim and final) income, if any, received by the resident shareholder from the domestic company is exempt under Section 10(34) read with Section 115O of the Act

2.1.b Capital gains:

i. Benefits outlined in Paragraph 1(B) above are also applicable to resident shareholders. In addition to the same, the following benefits are also available to resident shareholders

ii. As per Section 54 of the Act, LTCG arising from transfer of shares will be exempt from tax if net consideration from such transfer is utilized within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer and subject to conditions specified therein

2.1.c Rebate:

i. Benefits outlined in Paragraph 1(A)(iii) above are also applicable to resident shareholders

2.2 Key Benefits available to Non-Resident / Non-Resident Indian Member

2.2.a Dividend income:

Dividend (both interim and final) income, if any, received by the non-resident/non-resident Indian shareholders from the domestic company shall be exempt under section 10(34) read with Section115-O of the Act

2.2.b Capital gains:

Benefits outlined in Paragraph 2.1(b) above are also available to a non-resident/non-resident Indian shareholder except that as per first proviso to Section 48 of the Act, the capital gains arising on transfer of capital assets being shares of an Indian Company need to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. Further, the benefit of indexation is not available to non-resident shareholders

2.2.c Rebate:

Benefits outlined in Paragraph 1(A)(iii) above are also applicable to the non-resident/non-resident Indian shareholder

2.2.d Tax Treaty Benefits:

As per Section 90 of the Act, the shareholder can claim relief in respect of double taxation if any as per the provision of the applicable double tax avoidance agreements

2.2.e **Special provision in respect of income / LTCG from specified foreign exchange assets (shares)**

available to Non resident Indians under Chapter XII-B

2.2.e.i. Non-Resident Indian (NRI) means a citizen of India or a person of Indian origin who is not a resident. Person is deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India

2.2.e.ii. Income [other than dividend which is exempt under section 10(34)] shall be taxable @ 20% (plus applicable SC + EC). No deductions in respect of any expenditure allowance from such income will be allowed and no deductions under chapter VI-A will be allowed from such income

2.2.e.iii. Shares in Indian Company acquired/purchased/subscribed by NRI in convertible foreign exchange and held for more than 12 months, then capital gains arising there from shall be taxable @ 10% (plus applicable SC + EC). No deductions under chapter VI-A will be allowed from such LTCG

2.2.e.iv. Such LTCG shall be exempt under section 115F, in the proportion of the net consideration from such transfer being invested in specified assets or savings certificates within six months from date of such transfer, subject to further conditions specified under section 115F

2.2.e.v.If the income of a NRI taxable in India consist only of income / LTCG from such shares and tax has been properly deducted at source in respect of such income in accordance with the Act, it is not be necessary for the NRI to file return of income under section 139

2.2.e.vi. The NRI can opt not to be governed by provisions of chapter XII-A for any A.Y. by declaring the same in the return of income filed under section 139 in which case benefit outlined in clause 2.2.a, 2.2.b, 2.2.c and 2.2.d above will be available

2.3 Key Benefits available to Foreign Institutional Investors (FIIs)

2.3.1 Dividend income:

Dividend (both interim and final) income, if any, received by the shareholder from the domestic company shall be exempt under Section 10(34) read with Section 115O of the Act

2.3.2 Capital Gains:

i. Under Section 115AD, income (other than income by way of dividends referred in Section 115-O) received in respect of securities (other than units referred to in Section 115AB) shall be taxable at the rate of 20% (plus applicable SC & EC). No deduction in respect of any expenditure /allowance shall be allowed from such income

ii. Under Section 115AD, capital gains arising from transfer of securities (other than units referred to in Section 115AB), shall be taxable as follows:

- STCG arising on transfer of securities where such transaction is chargeable to STT, shall be taxable at the rate of 10% (plus applicable SC & EC). STCG arising on transfer of securities where such transaction is not chargeable to STT, shall be taxable at the rate of 30% (plus applicable SC & EC)

- LTCG arising on transfer of securities where such transaction is not chargeable to STT, shall be taxable at the rate of 10% (plus applicable SC & EC). The benefit of indexation of cost of acquisition, as mentioned under 1st and 2nd proviso to section 48 would not be allowed while computing the capital gains

2.3.3. Exemption of capital gains from income-tax

2.3.3.i. LTCG arising on transfer of securities where such transaction is chargeable to STT is exempt from tax under Section 10(38) of the Act

2.3.3ii. Benefit of exemption under Section 54EC and 54ED shall be available as outlined in Paragraph1(B)(viii) above

2.3.4 Rebate:

Benefit as outlined in Paragraph 1(A)(iii) above are also available to FIIs

2.3.5 Tax Treaty Benefits:

As per Section 90 of the Act, a shareholder can claim relief in respect of double taxation, if any, as per the provision of the applicable double tax avoidance agreements

2.4 Key Benefits available to Mutual Funds

Dividend income:

As per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India, would be exempt from income tax, subject to the prescribed conditions

Under Section 10(34) of the Act, income earned by way of dividends from domestic company referred to in Section 115-O of the Act shall be exempt from income-tax in the hands of the shareholders

Income received on units of a Mutual Funds specified under Section 10 (23D) of the Act will be exempt from tax in the hands of the unit holder under Section 10 (35) of the Act. Though, in case of Mutual funds other than

(i) Administrator as referred to in Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 and

(ii) Open ended equity oriented funds

such income will be subject to following rates (plus applicable SC & EC) of distribution tax under section 115R payable by Mutual fund at the time of distribution or payment of income to unitholders–

(a) In case the unit holder is an individual or Hindu undivided Family… @ 12.5%;

(b) In case of other unitholders…….@ 20%

2.5 Key Benefits available to Venture Capital Companies/ Funds

As per the provisions of Section 10(23FB) of the Act, any income of a Venture capital Fund/Venture Capital Company set up to raise funds for investment in a venture capital undertaking shall be exempt from tax

3. Wealth Tax Act, 1957

Shares in a company held by a shareholder are not treated as an asset within the meaning of Section 2(ea) of Wealth tax Act, 1957; hence, wealth tax is not leviable on shares held in a company

4. The Gift Tax Act, 1957

Gift of shares of the company made on or after October 1, 1998 are not liable to Gift tax

Notes:

a) All the above benefits are as per the current tax law and will be available only to the sole/ first named holder in case the shares are held by joint holders

b) In respect of non-residents, the tax rates and the consequent taxation mentioned above will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile

c) In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme

SECTION IV: ABOUT US

INDUSTRY OVERVIEW

The Indian entertainment industry
The Indian Entertainment & Media (E&M) industry has out-performed the Indian economy and is one of the fastest growing sectors. The Indian economy has been growing at a fast pace over the last few years, and the income levels too have been experiencing a high growth rate. The rise in disposable income is faster than the growth in total income. This results in the expenditure on leisure and entertainment being high. The E&M industry has significantly benefited from liberal foreign investment regime and specifically FDI in all film related activities such as film financing, production distribution, exhibition, marketing, etc is permitted up to 100% for all companies under the automatic route. India's demographic profile, which makes it one of the youngest nations in the world, is another significant driver of growth for the E&M industry.

The Indian media and entertainment industry can be broadly classified under five segments.

- Films
- Television
- Music
- Radio
- Print (Primarily Newspapers & Magazines)

Industry Evolution
The Indian film industry has evolved through four stages in its growth with the fourth stage of Corporatisation of entities being in its initial stage at present. The first stage in the evolution of the Indian Film Industry was from its inception to around 1930 which can be characterized as the Cottage Industry period. The second stage, from the mid-1931 to the mid-1940, was the Studio Era. The third stage from the late 1940s to 2001 was the era of the Star System in which "a bankable star" would ensure the funding of a project and the fourth stage from 2001 onwards which was marked by the Film Industry being accorded an Industry Status by the Government of India which is leading to Corporatization of various entities in the Film Industry in order to access the developed capital markets to meet the increased production costs in the industry. (Source: Appraisal Report)

Various Revenue Streams in the Film Industry
Although domestic theatrical sales and sales of overseas rights constitutes a major source of revenue for the industry the other revenue streams that are assuming importance are sale of music rights, sale of television and video rights and corporate sponsorships and merchandising.

Music Rights
The music industry's fortunes are closely interlinked with the film industry and the industry is likely to grow to approximately Rs 16.4 billion (U.S. $ 341.66 million) by 2007. As new film music contributes more than 4 per cent of the music industry revenues, music companies compete to procure the music rights of new films from reputed production houses eg the music rights of reputed films like Lagaan and Yaadein were sold for Rs 60 million ($1.25 million) and Rs 85 million ($1. 77 million) respectively (Source: Internationalisation of the Indian Film Industry-Indo Italian Chamber of Commerce).

Satellite Rights and Home Video segments
As per the report prepared by the Indo-Italian Chamber of Commerce and Industry – The Internationalisation of the Indian Film Industry, in the near future the home entertainment segment, broadcast TV, DVD and VCD is expected to increase its share, even as multiplexes emerge as a strong distribution platform. The share of satellite rights in the consolidated revenue pie has grown from 4 per cent to 14 per cent between 1999-2002. Towards, the end of 2002, channels started a new trend by acquiring and broadcasting new titles at exorbitant prices , within 3 to 4 months of their release. At a result of the large number of satellite TV Channels there is keen competition among the channels for viewership.

Corporate Sponsorships

Corporates paying for endorsement of their products/ brands in films has emerged as a new revenue stream for Films.

Internet Rights and Merchandising
This is a comparatively a small revenue stream for production houses and the above mentioned report states that revenues from sale of Internet rights and merchandising was estimated at approximately Rs 2.5 million (U.S. $ 520,83.33).

Video and CD Rentals
There are approximately 10,000 licensed video parlours and several other unauthorised video rental outlets which account for revenues from video and CVD film rentals. However it is difficult to arrive at an estimate for the size of this market.

Domestic theatrical sales
Box Office Ticket sales accounted for the largest share of the revenue streams for the Film Industry. Theatrical Box Office revenues have increased with the share of Multiplexs in the overall box office collections growing .

The Hindi cinema Box Office is based on a territory based system and the trade reports collection figures on this territory based system. The entire market for Indian films is divided into 7 physical territories: six in India and one comprising the overseas market. But not all territories are the same. There are major territories and minor territories depending on the marketsize of the audience for hindi films there. For the purposes of enumeration, all territories are rated as a *percentage* of an arbitrary major territory. The breakdown is as follows:
For example, Mumbai Territory is a major territory, ie. a 100% territory and consists of Mumbai city, Gujarat, Western Maharashtara and Northern Karnataka.

Depending on the cost of production and expected revenues, Film Production houses sell movies to distributors on a cost-per-territory basis. The Distributors pay the producers for getting the rights to screen the movie in a particular territory. The distributor bears the overhead cost which arises from the film promotions, publicity & print costs. This is usually an additional 25% to the distribution price of the film. So the *net cost* for the distributor of a film in a given territory is 125% the cost he/she paid to the producer initially and subsequently, the distributor only goes in the black once the film's theatrical collections cross the 125% of the net cost benchmark.

Overseas Rights
Overseas rights include overseas theatrical rights as well as overseas video and television rights, which are presently sold by film producers as a package to overseas distributors. The last few years have seen Indian movies gain immense popularity overseas. As a result the overseas market has become very lucrative with big banner films realising approximately 25-30 per cent of the total proceeds from sale of overseas distribution rights. While the major export destinations continue to be the U.S.A., Canada, and the U.K., countries such as Japan, South Africa, Mauritius, Australia, New Zealand and the Middle East are fast becoming important export markets for Indian films.

Components of the Indian film industry
The Indian film industry comprises of a cluster of regional film industries, like Hindi, Telugu, Tamil, Kannada, Malayalam, Bengali and other languages making it one of the most complex and fragmented national film industries in the world. These regional language films compete with each other in certain market segments and enjoy a virtual monopoly in certain others. The most popular among them is the Hindi film industry located in Mumbai, popularly referred to as “Bollywood”.

Major factors driving the growth in the film industry

a) Corporatization of the Indian Film Industry
The Industry Associations and the main players in the film industry lobbied to the government requesting for more support from the government in terms of policy & regulatory framework to enable the industry to access institutional finance. The government responded by conferring “Industry” status in 2001, thus making it eligible for film financing from banks and financial institutions. Thereafter, the Indian Banks' Association (IBA) developed a set of guidelines which would be adopted by banks to finance film production.
b) Process structuring

The vertical integration between content producers, distributors, exhibitors, broadcasters and music companies can be observed in the industry. The stakeholders, especially the new generation of producers, directors and performers, are increasingly adapting to international best practices to redefine their businesses. Integration and rightsizing of all functions across the value chain is expected to lead to a consolidation among the fragmented players in the industry.

c) New Trend of Multiplex

The multiplex segment of the film industry saw Capital raising and has attracted investments from corporate and large private equity funds. The rise in the number of multiplexes in the country is providing a tremendous boost to the domestic box office market. Though the number of multiplex screens is estimated to be only about 250 (as compared to about 12,000 single screens theatres in India). Multiplexes are also increasing the number of admission tickets and more importantly, the admission prices.

d) Developing economies of scale

The film producers have realized that resources should be optimally utilized to make maximize returns for every rupee that is spent and make a portfolio of cost-effective films in a year. Producers are being compelled to blend films of different genres. It is estimated that the producers can reduce their costs by 10-12 percent by: a) Owning studio infrastructure and equipment. B) Signing long-term contracts with creative talent d) Signing multiple contracts with distributors and exhibitors. These steps will enable them to get a higher share of the domestic theatrical revenues.

e) Organized film financing:

Most of the films were funded earlier funded through private sources. However, due to the unorganized nature of this funding and its perceived friskiness, the interest rates charged were abnormally high. As institutional financing is made available the interest paid by the producers will decrease and will improve the financial viability of their projects.

f) Growth in various, non-traditional revenue streams

Another major reason for the improved profitability of the industry is the various revenue streams that have started emerging. In-film advertising and co-branding, merchandising and in-cinema advertising are becoming more popular. Advertising in film halls guarantees a captive audience. In-cinema advertising is expected grow with the increasing popularity of multiplexes. (Apprisal Report)

OUR BUSINESS

Overview

Our Company was incorporated on October 23, 2001 as Shree Ashtavinayak Cine Vision Private limited by Ms. Seema D. Kar, Mr. Amit A. Behl, Mr. Kiran B. Mistry and L.R. Enterprises Pvt. Ltd. The Company was incorporated with a view to carry out the business of producing television serials. Our Company was converted into a public limited company and consequently its name changed to Shree Ashtavinayak Cine Vision Limited with effect from June 25, 2004.

Mr.Dhilin H. Mehta, the present Managing Director joined the Board on 31.02.02. Consequently our Company produced two full length films "Fantoosh" and "Agnipankh" which was released in financial year 2003-04. Since these were the initial venture of our Company into films, it was considered prudent to keep the risks low by keeping the budgets low. This venture helped us to get exposure to all aspects of making films and helped lay a foundation for our company in film production. Both the films were distributed by us. As we decided to discontinue business of TV serials, we sold TV serials produed by us to interested parties on as is whereis basis over a period of year. The last sale of TV serials was completed in November 2005 for Rs.65 lakhs.

In May 2004, we also entered into the business of distribution of films produced under other banner to achieve vertical integration. This also helped us to understand audience tastes and preferences and build relationships in the industry. The year 2004-05 saw us consolidate our position as major distributor for the Mumbai Territory and we distributed 10 films namely Main Hoon Na, Garv, Asambhav, Mujhse Shaadi Karogi, Fida, Rakht, Aitraaz, Insaan, Nigehbaan and Tango Charlie during the year. "Main Hoo Na" went a long way in establishing our Company's credential in distribution business.

During the year 2005-06, we distributed 8 films namely Nazar, Paheli, Dus, Zinda, Family, Anjaane, Apharan and Mr.Prime Minister. We distribute our home productions and those of other producers in the Mumbai Territory. We began distribution in the Delhi Territory with the film Zinda in January 2006. By end of Feb 2006, we had distributed films in 1145 theaters in a span of two years.

Having consolidated our distribution business, we again began work on the production of big budget film 'Maine Pyar Kyon Kiya' which was produced in association with Sohail Khan Productions, staring Salmaan Khan and was directed by Sohail Khan. The movie was released in July 2005 and turned out to be successful. The film was distributed by us in Mumbai Territory. The strategy of vertical integration of production and distribution which was put in place worked well with the release of this film. We also entered into an agreement with K Sera Sera Production Ltd whereby 10 films will be produed in association with them, who has also agreed to share the cost to be incurred on production of films.

To complete the chain of vertical integration, our Company forayed into the area of exhibition of films. This would enable us to have effective control over screening of our films both produced and distributed. We have tied up with 18 theatres across Mumbai Territory.

Our office is located at Andheri (W), the hub of Mumbai film and Television Industry

Our Product

The main product of our company is mass entertainment in the forms of films. Our company also distributes film produced under our banner and produced under other banner. Our Company also entered into Exhibition business in March 2005.

Our Business strategy

Our Company has three business segments viz. Production, Distribution and Exhibition. Following will be the strategies for the three segments:

Production ● We intend to expand our production activity to produce films which will cater to every need of viewers in India and enhance our position as a leading production house with continuous innovation in process and better understanding of the viewership trend.

Distribution ● We intend to expand the existing distribution network across India and Internationally to reach

out all possible sections of audience by continuously building distribution network with focused marketing and brand building.

Exhibition ● We intend to expand through tie ups with theatres across the country for screening rights.

We intend to implement the following strategy which will help derisk the business model and achieve the expected growth:

- Cover cost of production through pre-sale of a part of the rights.
- Secure the services of the best talents (directors/actors/technicians) by making timely and prompt payment, to ensure that there are no problems in engaging the dates.
- Sticking to the stipulated timelines and budgets to avoid cost and time overrun, commonly associated with film making
- Having our own distribution network helps increase the profitability and helps distribute films made under other banners.
- Corporate structure
  We have put in place a structure, where the roles of each of the team members is clearly defined with no overlapping of responsibilities, leading to increased efficiency. This has been achieved through the adoption of some initiatives such as:

  - Putting in place clear responsibility allocation across all functions of the company
  - Strict adherence and monitoring of systems
  - Recruiting and retaining the best talents for key positions with relevant experience in the entertainment industry or other industries
  - Provide an environment which keeps employees challenged and rewards talent.

In view of the rapid changing preferences in entertainment space domestically and internationally, we intend to build up capability of conceptualizing and producing films catering to every entertainment need for film viewers in terms of family drama, adventurous, romantic story, Sci-Fi, futuristic etc.

We intend to consolidate our position as a distributor by adding new territories viz. Central Teritory, Eastern Teritorry, Southern Teritorry and overseas distibution under our distribution network. This network will be used to distribute in-house productions and films produced by other production houses.

We intend to specialize in mapping the distribution network on the criteria of economics, quality, entertainment value, viewer preferences based on the past track record of distribution and consolidate it further in future. This would help us strategies for efficient distribution and exhibition for the future films.

We intend to get a foot print across the geography of the country in the Exhibition business. This will be done by entering into running arrangements with existing exhibitors. This will ensure on the ground feedback for the films being exhibited which will help formulate the film production strategy to suit audience taste.

We intend to improve the profitability by having control over all the verticals of the business viz. Production, Distribution and Exhibition and in addition to the same the following revenue streams will help improve profitability:

- Overseas Rights- Theatrical & Home Video
- Satellite Telecast Right sale of rights to satellite television channels
- World Music Rights
- World Home Video Rights
- Ring Tone Downloading Rights- to be received from various websites and telecom service providers
- In Film Advertising
- Cinema Advertising

Existing Business
Presently, our Company does not own any equipment for production. Hitherto, we used to hire equipment for producing films, but now we are planning to undertake production of films on a large scale. Our Company has proposed to purchase critical equipment for production and post production activities details of which is given in

object of issue.

Production:

In addition to three films to be financed through the Public Issue, our Company is planning production of another 10 films over a period of two years and we have signed some of writers, directors, and actors for these films. Our Company has spent an amount of Rs.271.27 Lakhs on pre-production of these films up to December 31, 2005. Furhter our Company has done a co-production agreement with M/s K. Sera Sera Production Limited for production of 10 films which will produced and released over a period of time. The two films presently on the production namely Golmaal-Fun Unlimited and Bhagambhag are under the agreement entered with K Sera Sera Porduction Limited. We have spent an amount of Rs.715.77 lakhs on production of these films upto December 31, 2005.

Our Company actively went into production business in financial year 2003-2004. Initially we began with two small budget films in order to keep the downside low in case the films did not do well. We gained valuable experience in film production during the making of these two films namely Fun2ssh dudes in the 10th Century and Agnipankh. We entered into an agreement of Production dated June 16, 2004 with Sohel Khan Production in relation to production of film maine pyar Kuon Kiaya having a star cast of Mr. Salman Khan, Ms. Sushmita Sen and others. The film was released in July 2005 and was a success. The Intellectual Property Rights to the same are held jointly. Having been in the Industry since 2003, we have been able to establish healthy relationships with artists, directors, technicians etc. which we have leveraged for our films currently under production namely Bhagam Bhag and Golmaal-Fun Unlimited and for our future productions.

The details of the films produced till date are as follows:

Sl.No.	Name of Film	Date of Release	Other Details
1	Fun2ssh dudes in the 10th Century	19 December 2003	Director: Imtiaz Punjabi Star cast: Paresh Rawal, Anuj Sahane, Iqbal Khan, Nataniya Singh, Raima Sen, Kader Khan & Gulshan Grover Theme: Comedy
2	Agnipankh	27 February 2004	Director: Sanjeev Puri Star cast: Jimmy Shergill, Rahul Dev, Sameer Dharmadhikari, Shamita Shetty & Richa Pallod Theme: Patriotic
3	Maine Pyar Kyun Kiya	15 July 2005	Director: David Dhavan Star cast: Salman Khan, Sushmita Sen, Sohail Khan, Katrina Kaif, Arshwad Warsi & Rajpal Yadav Theme: Family Entertainer

Distribution and Exhibition: Our Company entered this segment with a view to achieve forward integration of the business,enhance its margins and add another stream of revenue. We not only distribute films produced under our own banner but also distribute films made by other production houses. Over the years, we have a built a reputation as a major distributors of the Mumbai territory and recently diversified to build a presence in the Delhi Territory.

Till March 31, 2005, we have distributed following films produced under other banners apart from the films produced by our Company.

Sr No	Name of the film	Date of release	Territory	Nature of Agreement
1	Main Hoon Na	30 April 2004	Mumbai Territory	Minimum Guarantee
2	Garv-Pride and Honor	09 July 2004	Mumbai Territory	Minimum Guarantee
3	Asambhav	23 July 2004	Mumbai Territory	Minimum Guarantee
4	Mujse Shaadi Karogi	30 July 2004	Mumbai Territory	Minimum Guarantee
5	Fida	20 August 2004	Mumbai Territory	Minimum Guarantee
6	Rakht	03 September 2004	Mumbai Territory	Minimum Guarantee

7	Aitraaz	12 November 2004	Mumbai Territory	Minimum Guarantee & Advance
8	Insaan	14 January 2005	Mumbai Territory	Minimum Guarantee
9	Nigehbaan	25 February 2005	Mumbai Territory	Commission
10	Tango Charlie	25 March 2005	Mumbai Territory	Minimum Guarantee
11	Nazar	20 May 2005	Saurashtra Territory	Commission
12	Paheli	24 June 2005	Mumbai Territory	Minimum Guarantee & Advance
13	Dus	08 July 2005	Mumbai Territory	Minimum Guarantee
14	Apharan	02 December 2005	Mumbai Territory	Minimum Guarantee
15	Mr Prime Minister	30 December 2005	Mumbai Territory	Commission & Advance
16	Anjaane	30 December 2005	Mumbai Territory	Commission
17	Zinda	12 January 2006	Mumbai & Delhi-UP Territory	Minimum Guarantee
18	Family	12 January 2006	Mumbai Territory	Minimum Guarantee

The Company along with Sohail Khan Prodcutions has entered into an agreement in September 2005 with Star India Limited ("Star") for the satellite rights of the film Maine Pyar kyon Kiya. The rights assigned to Star include exclusive satellite Television Broadcasting Rights for the entire world, Cable Rights for India, Nepal and Bhutan and Terrestrial Rights fro India for multiple telecast of the Film.

Our Company has also entered into an agreement in February 2004 with Sharpline Pictures Private Limited for the sale of theatricle and satellite rights of the film "Agni Pankh". In March 2004 the Company entered into an agreement with Venus Records and Trades Private Limited for assigning the Satellite Rights, pay TV Rigths and DTH Rights for the film "Fun2shh Dudes In the 10th Century" produced by the Company.

Exhibition our Company has tied up with 18 single screen theaters for operating in the Mumbai Territory. This gives our Company a captive and assured audience, as well as helps understand the audiences psyche. The knowledge gained is used to make films which are in-sync with what the viewers' want.

Sr. No.	Name of Theatre	Nature of Agreement	Location
1	Meghdoot	Service / Sharing charges for 26 weeks	Vashi
2	Diamond	Service / Sharing charges for 52 weeks	Borivali
3	Astron	-do-	Rajkot
4	Girnar	-do-	Rajkot
5	Ashok	Package deals of fixed shares for 52 weeks	Panjim
6	Cini-Aaisha	-do-	Ponda
7	Cini Alankar	-do-	Mapusa
8	Cini National	-do-	Goa
9	Cini Paradise	-do-	Goa
10	Hira Talkies	-do-	Bicholim
11	Cine Lata Cinema	-do-	Madgaon
12	Shivam Cinema	-do-	Vasco
13	Vasco Navy Club	-do-	Goa
14	Vijaylaxmi	-do-	Goa

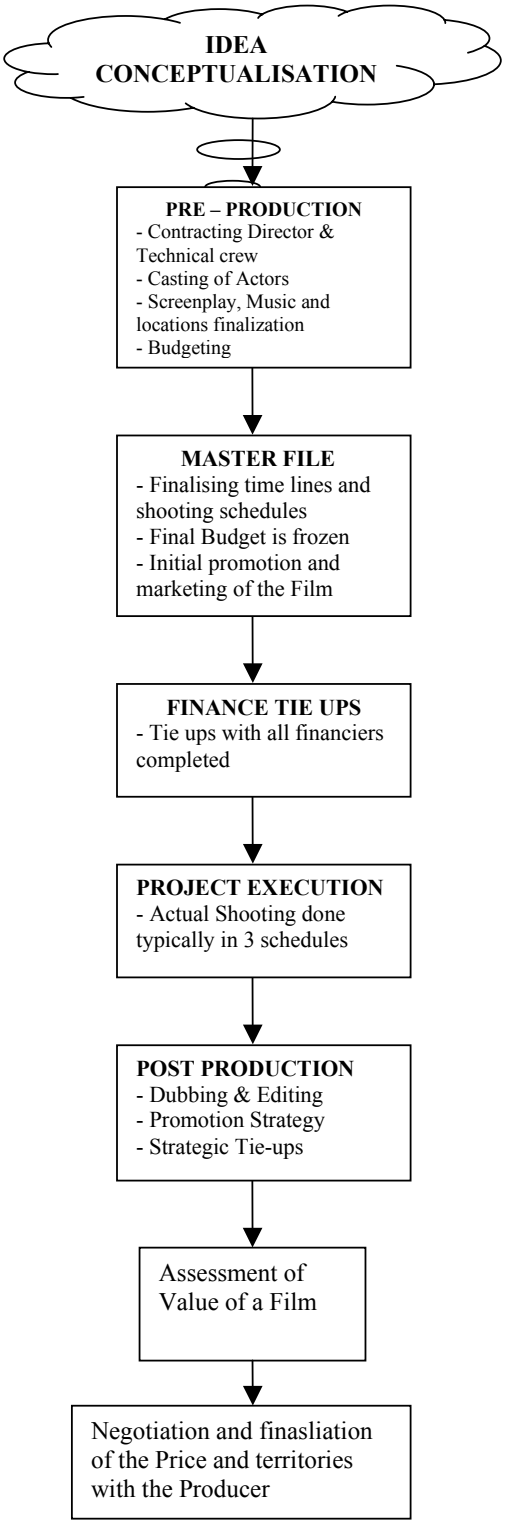
	Touring		
15	Vishant Cinema	-do-	Goa
16	Prabhakar Cinema	Service / Sharing charges for 52 weeks	Ozar
17	Shewanta Cinema	Service / Sharing charges for 52 weeks	Junnar
18	Ganesh Cinema	Service / Sharing charges for 52 weeks	Valod

OUR BUSINESS PROCESS

a. Motion Pictures Production

Our Company has set up well structured production unit in terms of its various production processes. We have a creative team that is primarily involved in idea generation and to vet the ideas we are approached with. We do not have an in-house team of film directors and technicians and instead hire as required based on projects on a contract basis. We have a professional team handing project scheduling and execution.

The company has process-driven work process to produce quality films, which can broadly explained as following.



Idea conceptualization

The creative team conceptualizes the idea on which the film will be based and then creates a project proposal based on that idea. The proposal is examined by the management team for distinctiveness and commercial

viability, and if approved, the entire screenplay is developed. The project thereafter moves into the pre-production stage.

Pre-production
The company contracts a director and the technical crew for the project. The casting for the film is done at this stage. The project is further developed with locations, scene breakdowns, music, art/sets, etc. All vendors/suppliers are hired at this stage. A preliminary cost and revenue projection is done.

Master File
At this stage, a detailed budget and timelines are drawn, which includes exact location, day/time, and costs for each shooting schedule. A final budget file is created and sealed, implying no further changes are allowed. The project coordination team begins work on the promotion and marketing of the film.

Project Execution
The film goes on floor and actual shooting begins. Typically, the shooting is completed in three schedules with the first schedule the shortest one to allow director/crew to provide feedback on the pace and performance. The project is regularly monitored for compliance with timelines and budget, and any variations in the same are corrected.

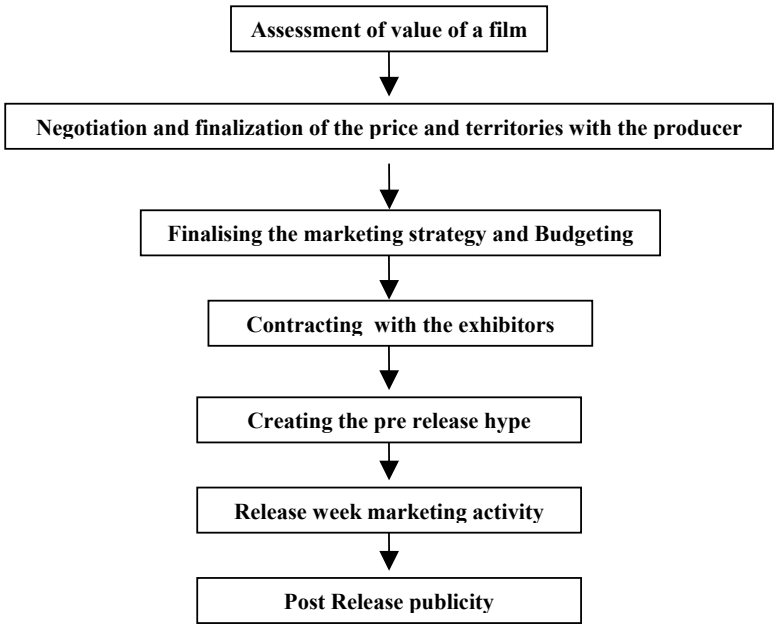
Post-production
At this stage, the film is dubbed and edited. The promotional strategy of the film is decided and any tie-ups/sponsorships are explored to further the revenue generation potential of the film.

Given the significant volatility and uncertainty in revenue generation in film production and distribution, the company's strategy is to generate revenue even before the film releases and base a significant portion of its costs on the actual revenue generation from the film. This is being achieved as follows:

a) The company generates cash from the sale of its music and some distribution rights in the production stage

b) Key creative talent including directors and actors are hired on multiple project basis. Apart from reducing costs, this arrangement motivates directors and actors to put in extra effort to maximize their gains

B. Motion Pictures Distribution and Exhibition
Distribution Process of the company is as explained below:



To de-risk our business, we distribute films produced by other production houses too. This helps us in broad basing our revenue streams. As of now, we have been acquiring rights for the Mumbai territory but recently entered Delhi territory and we propose to expand the scope of our distribution division further to increase our revenues.
Film distribution provides us benefits like:

- understanding of audience tastes
- localized marketing of the film
- selecting theaters and halls after assessing their past performances
- handling carefully the physical prints for distribution
- relationships with other producers & exhibitors

The various Distribution revenue models that are in practice in the industry are enlisted below:

Revenue Model (Distributor – Producer)
The key cost elements for a Distributor include cost of acquiring distribution rights, film print (positives /reels used for screening) costs and publicity costs.

There are three types of Distributor – Producer revenue sharing models, which are summarized below:

a) Minimum Guarantee plus Royalty Model:
The Distributor acquires the right to distribute a film in a particular territory, for a limited period, by paying a minimum guarantee to the Producer. The excess of Distributor revenues over the minimum guarantee, print & publicity costs and distributor's commission is called Overflow. The Distributor shares the Overflow with the Producer in a pre-agreed ratio.

b) Commission Model:
The Distributor retains a Commission on the total amount collected from the Exhibitor, and remits the rest to the Producer. The Distributor may pay a recoverable advance to the Producer, while acquiring the distribution rights. Such advance is usually adjusted against the remittances to be made to the Producer. The Distributor does not bear any risk of the box office collections.

c) Outright Sale Model:

The Distributor purchases the entire rights for the territory from the Producer.

Motion Pictures Exhibition

Our Company's film exhibition segment provide our Company in getting assured screening and also assists us in better exploiting theatrical rights for films which we distribute . We tie up with exhibition theater on the basis of its locational advantage, revenue collection, and entertainment facilities being provided to viewers.

Tie up with the theatre is being done as follows:

(1) One year exhibition agreement
(2) Weekly exhibition agreement

Marketing Strategy

Promotion and marketing of a film is an integral and essential part for the success of the film. The function of marketing and promotion is to bridge the gap between the audience and the film product. It is to drive the filmgoers to buy the ticket for our films and view them. It also provides information and creates excitement and demand in the trade for our films.

We have two pronged strategy to encompass production, distribution and exhibition. We have devised strategies for Pre-Release and Post–Release marketing to maximize the value of product at each stage of its production, distribution and exhibition successfully.

Pre-Release Marketing Strategy:

The objective of the pre-release strategy is to create awareness about the film produced within the industry and build hype about the film. This is achieved through various promotion tools as follows:

1. **Public Relations (PR) Services:** The marketing of the film starts normally around a couple of months before the release of the film to generate interest and to draw crowd to the theatres. We start PR activity for promoting the film, once the film completes 60-70% scheduled production. PR activity is mainly carried out in the print media and Trade circles. This generally involves interviews with stars or director who talk about the film and give ideas about the film.

2. **Satellite Channels:** Interest created by the PR services promotion is further supported by the selling music rights to music companies and getting satellite publicity through various music channels.The film songs publicity is followed up by film teasers which will add a curiosity value among the general public and builds expectation. If the songs and music of the film are well accepted the valuation of the final product increases in the distribution circles. This is followed by showing clips of the film with some dialogues which have punch one week before the film release. Efforts are also made to popularize music of film through TV channels and the radio.

3. **Ground Promotion:** Around one months prior to release of the film, ground promotion gets started with posters and hoardings at strategic locations and theaters where film is expected to be screened. Generally, ground promotion is done through hoardings; tie up with news paper, posters display in theatres etc.

Sequentially the marketing and promotional activities of our films follow a three-phase structure.

1. **Pre-Release -** This phase usually is a 30-day stretch and happens before the release of the film. Apart from strong television activity (Ad spots on channels); we also derive value from write-ups in the media about the cast, characters, concept, director of the film. Promotion of the film is done through print ads, posters, billboards and signboards.

2. **Release activity** – All marketing and promotional activity peaks during the week of release. We build a lot of excitement around the concept of the film both through paid and unpaid publicity options. TV spots, entertainment page ads in newspapers, artist's interviews, special shows for the media, etc are some of the activities that are undertaken.

3. **Post release activity** – Depending on the performance of the film in the opening weekend the level of publicity to be maintained for the film in the post release weeks, is decided.

Post Release Marketing Promotion:
Once the film is released, the length of the promos being aired on Satellite Channels is increased adding more scenes and songs as time passes. In addition to this live audience reaction to the films are also aired in order to influence those viewers who have not yet seen the film. The strategy would continue as long as the film is fetching the positive collection to the box office.

Infrastructural facilities

Our registered office is situated at Andheri in Mumbai and measures 5938 sq.f.t superbuild area situated at A-204/205, VIP Plaza, 2nd floor, Plot No.7, B Block, Veera Industrial Estate, Off Andheri Malad Link Road, Andheri (W), Mumbai 400053. The premises are owned by the Company.The furniture and fixtures are commensurate with the standards prevalent in the industry. Our in-house facilities include conference rooms suitable for one-to-one interactions as well as large meetings, latest facilities like plasma televisions, liquid crystal display televisions and other viewing equipment like projectors and screens to help us take quick decisions and corrective actions.

Among other facilities we have visitor's lounge which displays our forthcoming productions and films for which we have acquired the distribution rights. We have also installed the latest software for multimedia and animation and reduced our dependency on outside agencies helping us save significant time and cost.

Keeping in mind that expensive production equipments are stored at our office and with celebrities often visiting us, we have installed a sophisticated security system.

Purchase of Property

We have acquired the premises of registered office

Sl.No	Property	Nature of Title	Type of Facility	Consideration Rs. In Lakhs	Area
1.	A-204/205, VIP Plaza, 2nd floor, Plot No.7, B Block, Veera Industrial Estate, Off Andheri Malad Link Road, Andheri (W), Mumbai 400053	Freehold	Registered Office	232.10	5938 sq.ft

The Registered Office premises was purchased on August 31, 2004 . Other than this there is no immovable property which the Company has purchased or acquired or propose to purchase or acquire which is to be paid for wholly, or in part, from the net proceeds of the Issue or the purchase or acquisition of which has not been completed on the date of this Draft Red Herring Prospectus.

The Company has not purchased any property in which any Directors, have any direct or indirect interest in any payment made thereof.

Manpower

Over the years we have hired professionals to head the various verticals of the film business. They are supported by teams who have been trained in order to achieve our objective of being able to produce quality films. As is typical of the industry the fixed cost towards permanent employees is low as compared to other industries, this is because most of the technical hands, directors and film artists are free lancers and their services are hired on a project to project basis. Our company does not require a large number of permanent employees and we have the adequate manpower at present to scale up operations.

HUMAN RESOURCES

As on date of Draft Red Herring Prospectus, we have 19 employees, out of which 10 are in senior executive cadre, 6 are executives in technical cadre and 3 are non-technical.

Sr. No.	**Category**	**Total**
1	Managerial, Technical and Supervisory	10
2	Executive and assistance	6
3	Others	3
Total		**19**

Competitive Edge

1) Our Company is in all the segments of film value chain i.e. Production, Distribution and Exhibition which allows us to be free from external dependence.
2) We have distribution capabilites and have distributed 19 films in last two years upto march 31, 2006.
3) We have inhouse professional team for project implemention. This model of implementing projects enables us to complete films withing budget and time.
4) We have experience in content selection and deep understanding of different film genres (developed in our distribution business).
5) As regards our exhibition business we have tied up with 18 theaters in the Mumbai Territory to operate them on an annual basis.

Industry Competition

The Indian Film Industry is competitive. We face competition from both Corporate film Prodcution houses and other players in the film industry. We also face competition from other segment of entertainment media including but not limited to television channels, radio, and print among others. Among the organized players in the film industry we face competition with corporate houses like Mukta Arts Ltd, Pritish Nandy Communications Ltd, Sahara One Entertainment Ltd among others. With a number of corporate houses diversifying into film production and distribution and liberalization of FDI norms in film industry the competition may significantly increase.

Insurance

We have obtained the following insurance policies.

(Rs. in Lakhs)

Sr.No.	Policy No.	Policy Type	Description	Period	Sum Insured (Rs.Lakhs)	Premium (Rs. p.a.)
1	140300/11/05/01191	Fire	Office premises,Electrical Installation, Furniture & Fixture	01/09/2005 to 31/08/2006	200.00	13,224
2	OG-06-1901-1801-00017841	Private car comprehensive	Honda City	13/01/2006 to 12/01/2007	7.19	26,810
3	OG-06-1901-1801-00004434	Private car comprehensive	Toyota Land Cruiser	14/06/2005 to 13/06/2006	36.25	1,38,562
4	OG-07-1901-1801-00000692	Private car comprehensive	Toyota Innova	11/04/2006 to **10/04/2007**	8.36	32763
5	110900/31/05/05449	Vehicle	Opel Corsa	16/06/2005 to 15/06/2006	4.89	13,421
6	140300/31/05/26713	Vehicle	Hyundai Santro	15/12/2005 to 14/12/2006	2.84	9,364
7	276531324	Key Man (Whole life policy)	Dhilin H.Mehta	10/01/2006 to whole life	300.00	5,31,000
8	269719472	Key Man (Whole life policy)	Harshad K Mehta	10/01/2006 to whole life	7.78	30,000
9	276532801	Key Man (Whole life policy)	Dhaval Jatania	10/01/2006 to whole life	4.46	10,000
10	276532793	Key Man (Whole life policy)	Rupen Amlani	10/01/2006 to whole life	4.84	9,748
11	269719480	Key Man	Hiren Gandhi	10/01/2006	4.46	10,000

		(Whole life policy)		to whole life		

Indebtedness

Details about existing term loan & working capital facilities with all details:

Nature of Limit	**Existing Limit Sanctioned (As on Dec. 31, 2005) (Rs.Lakhs)**	**Rate of Interest p.a.**	**Amount** Outstanding December 31, 2005 (Rs. Lakhs)	**Security**
Working Capital Loan-OD Clean (Canara Bank)	200.00	11.75%	0.0022	Collateral security of commercial premises of the company wherein certain directors are interested as directors and personal guarantee of Managing director
Term loan-I Term Loan-II (Canara Bank)	166.00 90.00	11.75% 11.75%	132.76 88.50	Term loan from bank is secured against hypothecation of assets/ equipment purchased there against, equitable mortgage of office premises of our company and personal guarantee of Managing Director.
Foreign Currency Loan	610.00 (US $1.4 mn)	4.5% over 3/6 Months Libor	230.90	Charge on Movable Property of the Company both present and future including those relating to film production, distribution and exhibition of the film titled as "Golmaal-Fun Unlimited", and as well its Negatives, prints, audio and disc etc.
Vehicle Loan from ICICI Bank	---	10.57% 15.00% 2.57% 10.40%	1.22 29.84 1.21 6.88	Hypothecation of Honda City 2X-GXI-MT Hypothecation of Toyota Land Cruiser Prado Hypothecation of Opel Corsa - 1.6 Sail Hypothecation of Toyota Innova Model 2.0
Unsecured Loan *				
1. Dahlia Traders Private Limited	NA	Interest Free	150.00	Payable on demand
2. DP Merchants and Trade Pvt. Ltd	NA	Interest Free	140.00	Payable on demand

* Dhilin H. Mehta Managing director of our Company is also director on both the Company.

The Company has not defaulted in payment of interest or repayment of principal as on date. The NOC for Public Issue from Canara Bank and IDBI Bank has been received vide letter dated April 5, 2006 and dated March 25, 2006 respectively.

KEY INDUSTRY REGULATIONS AND POLICIES

Cinematograph Act, 1952

Cinematograph Act, 1952 sets out the law in relation to the certification of cinematograph films for exhibition and for regulating exhibitions by means of cinematographs. Under the Act the Central Government has constituted the Board of Film Certification (Board), commonly known as the Censor Board, for the purpose of sanctioning films for public exhibition. The Board may direct the applicant to carry out such excisions or modifications in the film as it thinks necessary before sanctioning the film for public exhibition or refuse to sanction the film for public exhibition.

After examining a film if the Board considers that:

(a) the film is suitable for unrestricted public exhibition, or, for unrestricted public exhibition with an endorsement of the nature mentioned above, it shall grant to the person applying for a certificate in respect of the film a "U" certificate or a "UA" certificate, as the case may be;

(b) the film is not suitable for unrestricted public exhibition, but is suitable for public exhibition restricted to adults or is suitable for public exhibition restricted to members of any profession or any class of persons, it shall grant to the person applying for a certificate in respect of the film an "A" certificate or a "S" certificate, as the case may be; The certificate granted by the Board is valid throughout India for a period of ten (10) years.

OUR HISTORY AND CERTAIN CORPORATE MATTERS

History

Our Company was incorporated on October 23, 2001 as Shree Ashtavinayak Cine Vision Private limited by Ms. Seema D. Kar, Mr. Amit A. Behl, Mr. Kiran B. Mistry and L.R. Enterprises Pvt. Ltd. The Company was incorporated with a view to carry out the business of producing television serials. Our Company was converted into a public limited company and consequently its name changed to Shree Ashtavinayak Cine Vision Limited with effect from June 25, 2004.

Mr.Dhilin H. Mehta, the present Managing Director joined the Board on 31.02.02. Consequently our Company produced two full length films "Fantoosh" and "Agnipankh" which was released in financial year 2003-04. Since these were the initial venture of our Company into films, it was considered prudent to keep the risks low by keeping the budgets low. This venture helped us to get exposure to all aspects of making films and helped lay a foundation for our company in film production. Both the films were distributed by us. As we decided to discontinue business of TV serials, we sold TV serials produed by us to interested parties on as is whereis basis over a period of year. The last sale of TV serials was completed in November 2005 for Rs.65 lakhs.

In May 2004, we also entered into the business of distribution of films produced under other banner to achieve vertical integration. This also helped us to understand audience tastes and preferences and build relationships in the industry. The year 2004-05 saw us consolidate our position as major distributor for the Mumbai Territory and we distributed 10 films namely Main Hoon Na, Garv, Asambhav, Mujhse Shaadi Karogi, Fida, Rakht, Aitraaz, Insaan, Nigehbaan and Tango Charlie during the year. "Main Hoo Na" went a long way in establishing our Company's credential in distribution business.

During the year 2005-06, we distributed 8 films namely Nazar, Paheli, Dus, Zinda, Family, Anjaane, Apharan and Mr.Prime Minister. We distribute our home productions and those of other producers in the Mumbai Territory. We began distribution in the Delhi Territory with the film Zinda in January 2006. By end of Feb 2006, we had distributed films in 1145 theaters in a span of two years.

Having consolidated our distribution business, we again began work on the production of big budget film 'Maine Pyar Kyon Kiya' which was produced in association with Sohail Khan Productions, staring Salmaan Khan and was directed by Sohail Khan. The movie was released in July 2005 and turned out to be successful. The film was distributed by us in Mumbai Territory. The strategy of vertical integration of production and distribution which was put in place worked well with the release of this film. We also entered into an agreement with K Sera Sera Production Ltd whereby 10 films will be produed in association with them, who has also agreed to share the cost to be incurred on production of films.

To complete the chain of vertical integration, our Company forayed into the area of exhibition of films. This would enable us to have effective control over screening of our films both produced and distributed. We have tied up with 18 theatres across Mumbai Territory.

Our office is located at Andheri (W), the hub of Mumbai film and Television Industry

Milestones achieved by the Company

Year	Milestones
2001-02	Incorporated on 23 October 2001
2003-04	Production of two films simultaneously Fun2shh Dudes In the 10th Century and Agnipankh
	First production house to restart shooting in Kashmir
2003-04	Release and Distribution of the in house productions, Fun2shh Dudes In the 10th Century was released on December 19, 2003 and Agnipankh was released on February 27, 2004
2004-05	Acquisition of Distribution rights of the blockbuster film Main Hoon Na, Mujhse Shaadi Karogi, Aitraaz among others. Distribution of 10 films during the year.
2004-05	Commenced exhibition business
2005-06	Release of the film Maine Pyar Kyon Kiya produced in association with Sohail Khan Productions
2005-06	Consolidation of the exhibition business by tying up with 18 theatres across Mumbai Territory

Main Objects of the Company

The main objects of the Company as set out in the Memorandum and Articles of Association of the Company are as follows:

"To produce, buy, sell, import, export, or otherwise deal in cinematographic films, television films, video films and video cassettes and production of T.V. serials, talk shows, game shows, event management, ad films, corporate films, cable T.V., feature film, regional television, casting, video plus film equipment supply, brand launches, theatre, stage management, music videos and to carry on the business of exhibiting and distributing cinematography films, television films, video films and acquiring or selling right therein."

The Main objects clause of the Memorandum and Association of the Company enables the Company to undertake the activities for which the funds are being raised from the present Issue and also the activity, which the Company has been carrying till date.

Changes in the Memorandum of Association

Since incorporation of our Company, the following changes have been made in the Memorandum of Association:

Amendments	**Date of Amendments**
Increase in the Authorized Share Capital of the Company from Rs. 10.00 Lakhs to Rs. 300 Lakhs	14.12.2003
Conversion of the Company from Private Limited to Public Limited	14.06.2004
Increase in the Authorized Share Capital of the Company from Rs. 300 Lakhs to Rs. 1100 Lakhs	16.12.2005

Subsidiaries of the Company
The Company does not have any subsidiary.

Strategic Partners
At present, the Company does not have any strategic partners.

Financial Arrangement
The Company has entered into an arrangement on 18th January 2006 with K Sera Sera Productions for the joint production of ten films with a budget of approximately Rs. 200 crores. K. Sera Sera shall be bearing 60% i.e. approximately Rs.120 crores of the cost of production whereas the balance shall be contribution of the Company. It has been agreed that for each film, a separate single venture agreement shall be entered into by the parties. The date of completion for each of the films for release shall not be later than 18 months from the first date of shoot, with a grace period of 90 days. All rights of the films shall be held jointly as per stipulated agreement (in the ratio of 50:50 by both the parties.) Similarly, losses from each film shall be borne by the parties equally. In case of cost overrun the excess amount shall also be made available equally by both the parties. In the credit title of films, the title will appear as "Shree Ashtavinayak Cinevision Limited (along with the name of a person connected with the Company) and K. Sera Sera Productions Ltd. Presents".

Shareholders Agreements
The Company has not entered into any shareholders agreement as on date of filing DRHP.

OUR MANAGEMENT

Board of Directors

As per the Articles of Association, the Company must have a minimum of three (3) and a maximum of twelve (12) Directors. As of March 31, 2006, the Company has eleven (11) Directors of which the Company has five (5) full time directors. The five full time directors have been allocated the following designations and responsibilities:

- Mr. Dhilin H. Mehta (Managing Director) is responsible for overall affairs of the Company and monitors its entire transactions and operations.
- Mr. Harshad K. Mehta , Jt. Managing Director is responsible for the financial affairs of the Company
- Mr. Rupen N. Amlani is responsible for the Distribution , Exhibition and Marketing affairs of the Company
- Mr. Hiren J. Gandhi looks after the Production Division and particularly focuses on the budgeting aspect
- Mr. Dhaval V. Jatania is instrumental in developing new business and is also involved with both the Production and Distribution Divisions of the Company.

Board of Directors

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

Name , Age, Designation, Address and Occupation	Date of Appointment	Qualifications	Other Directorships
1. Mr. Dhilin H. Mehta 24 Years A 603/604 Adarsh Classic Adarsh Vihar Complex, Marve Road, Malad (West). Mumbai 400064 Business Chairman and Managing Director	01.04.2002 Appointed Managing Director With effect from 1st December 2005 to 30th November 2010	MBA Finance	Dahlia Traders Pvt Ltd D P Merchants & Trade Pvt Ltd
2. Mr. Harshad K. Mehta 45 Years A-2/9, Kripa Nagar, Irla, S.V. Road, Vile parle (w), Mumbai – 400 056 Jt. Managing Director Business Term: 8th December 2005 to 7th December 2010	08.12.2005	B.Com	Nil
3. Mr. Rupen N. Amlani 27 Years 203-A, Kent Enclaves, Haridas Nagar, Shimpoli Road Borivali (w), Mumbai – 400 092 Non-Independent Executive Director Business Term: 8th December 2005 to 7th December 2010	08.12.2005	B.Com, Post Graduate Diploma in Management (Marketing)	Nil
4. Mr. Hiren J. Gandhi 31 Years Bungalow No.1, Shreenath Tower, Shankar Lane, Kandiwali (w), Mumbai – 400 067	08.12.2005	Diploma in Computer Techology	Nil

Name , Age, Designation, Address and Occupation	Date of Appointment	Qualifications	Other Directorships
Non-Independent Executive Director Business Term: 8th December 2005 to 7th December 2010			
5. Mr. Dhaval V. Jatania 31 Years 8, Mahavir Niketan, 110, S.V. Road, Opp. Parekh Lane Kandiwali (w), Mumbai – 400 067 Non-Independent Executive Director Business Term: 8th December 2005 to 7th December 2010	08.12.2005	Master of Management Studies University of Mumbai	Nil
6. Mr. Pravin S. Jani 61 years 34, Sharda Sadan Sion Housing Society Road, No.2 Sion (E) Mumbai - 400022 Retired Banker Independent Non-Executive Director Term: Liable to retire by rotation	15.02.2006	B.Sc. (Mumbai University)	Nil
7. Mr. Chandrakant K.Sachde 64 years A/15, 3rd floor Chandanbala Co.Op.H.S.Ltd Murar Road, Mulund (W), Mumbai 400 080 Independent Non-Executive Director Retired Banker Term: Liable to retire by rotation	15.02.2006	B.A, L.LB (Mumbai Univesity) & CAIIB	Nil
8. Mr. Ashok V. Ladhani 52, Years 5, Arihant Krupa, V.P. Road, Mulund (w), Mumbai – 400 080 Independent Non-Executive Director Practicing Chartered Accountant Term: Liable to retire by rotation	15.02.2006	B. Com (Mumbai University) & FCA	Nil
9. Mr. Nishant A. Mahidhar 31 years 12, Janshukh Nivas, Kasturba Road, Kandivali (W), Mumbai – 400 067 Independent Non-Executive Director Network Soultion & Consultant Term: Liable to retire by rotation	15.02.2006	Diploma in Electronics and Video Engineering	Nil
10. Mr. Hetal N. Thakore 43 Years Flat No. 601, 6th Floor, Fairwinds,	25.02.2006	B.Sc (Mumbai University) & LLB	SKS Ship Ltd.

Name , Age, Designation, Address and Occupation	Date of Appointment	Qualifications	Other Directorships
Dattaray Road Santacruz (West) , Mumbai –400 054 Independent Non-Executive Director Occupation:-Advocate and Solicitor Term: Liable to retire by rotation			
11. Mr.Subhash P. Rathod 41 Years Sheetal Bhuwan, First Floor, Room No.2, 7-A, Bakhr Lane, Delima Street, Dockyard Road, Mumbai-400 010 Independent Non-Executive Director Occupation. Advocate Term: Liable to retire by rotation	25.02.2006	B.Com, (Mumbai Univeristy), LL.B.	Nil

Brief Profile of the Directors (Promoters):

Mr. Dhilin H. Mehta, 24 years of age, is the Promoter of the Company and joined the Board of Directors on 31.3.2002. He is a M.B.A (Finance) from Mumbai University. Along with pursuing his education, he was also associated with our Company. He oversees the entire operations of our Company. He began his career with small budget films like Funtoosh and Agnipankh and then led the company in its bigger ventures in production and distribution. Presently he is concentrating on working with actors and technicians on the forthcoming ventures of the company. He is responsible for the day to day operations of the Company.

Please also refer to his profile mentioned under the head 'Promoters'. Please refer to page 59 of this Prospectus for further details.

Brief Profile of the other Directors:

Mr. Harshad K. Mehta, 45 years of age, is in-charge of the Finance Division of the Company. He liaises with various financiers and co-ordinates with all the department of Shree Ashtavinayak Cine Vision for their funding requirements.

Mr. Rupen N. Amlani, 27 years of age, is a Whole-time Director. He has done Post Graduate Diploma in Management from Mumbai University, specializing in Marketing. He is responsible for the Distribution and Marketing Divisions of the Company. He is involved in the acquisition of distribution rights for the films produced by other production houses. After concluding the acquisition deals, he decides the media strategy using the various channels for publicity like television, print and hoardings for successful commercial exploitation of the films.

Mr. Hiren J. Gandhi, 31 years of age is a Whole-time Director. He hold Diploma in Computer Enginerring from Board of Technical Education Maharashtra State. Hiren looks after the Production Division and particularly focuses on the budgeting aspect. Each project receives his attention and is responsible for the finalization of the scripts, directors, cast and locations. His experience and relations built over the years with one and all aid smooth coordination between the various facets of filmmaking. Hiren has been involved in all the three in-house productions of Shree Ashtavinayak Cine Vision.

Mr. Dhaval V. Jatania, 31 years of age, is a Whole-time Director. He is B.Com from Mumbai University and hold Post Graduate Diploma from Razvi Academy, Mumbai specialized in Marketing. He is instrumental in developing new business and also is involved with the both the Production and Distribution Divisions of the Company. He is responsible for drawing up the strategic roadmap of the production department, He guides a venture from concept to creation. His insight in the field of distribution is of assistance while selling the different rights such as distribution rights, overseas rights, music rights, satellite rights among others to extract the maximum revenues. He is also the Executive Producer of the three films produced by Shree Ashtavinayak Cine Vision.

Mr. Ashok Ladhani, 52 years of age, Non-Executive Independent Director, a Chartered Accountant and has been in practice with over two decades of post qualification experience. He has developed an expertise in the field of Audit, Taxation and Corporate Advisory Services. He is a Fellow Member of the Institute of Chartered Accountants of India.

Mr. Nishant Mahidar, 31years of age is a Non-Executive Independent Director, he holds a Diploma in Electronics and Video Engineering. He has around nine years of experience in the field of Information Technology. His experience in the area would add value to the Company's line of business relating to animation, multimedia and special effects.

Mr. Pravin Jani, 61 years of age is a Non-Executive Independent Director, he is a Bachelor of Science from Mumbai University . He has a total of 37 years experience out of which he has spent 31 years in the Banking Industry. He retired from Canara Bank in the year 2000 after serving in various capacities before opting for VRS

Mr. C.K. Sachde, 64 years of age is a Non-Executive Independent Director he is B.A, L.L.B, CAIIB and has worked with Bank of India, for 38 years in various capacities. Presently he is working as a financial consultant rendering corporate financial advisory services to clients.

Mr. Hetal N. Thakore, 43 years of age is a Non-Executive Independent Director, he is a Law graduate and is presently a senior partner of Thakore Jariwala & Associates a firm of advocates and solicitors practicing in the Bombay High Court. He has been rendering legal services to companies on various legal matters.

Mr. Subhash Rathod, 41 years of age is a Non-Executive Independent Director, he is Bachelor in Commerce and a law graduate. He is a practicing advocate and partner of M/s. Devi & Associates. He has around 20 years of experience in legal matters.

Borrowing Powers of the Board

Pursuant to a resolution passed by our shareholders at the EGM held on December 16, 2005 in accordance with the provisions of the Companies Act, 1956, our Board of Directors has been authorized to borrow money for the Company upon such terms and conditions and with or without security as the Board of Directors may think fit, provided that the money or monies to be borrowed together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed, at any time, a sum not being more than Rs. 10,000 Lakhs.

Compensation of the Directors
Terms of Appointment & Compensation to the Managing Directors/ Whole time Directors
The shareholders in the Extraordinary General meeting held on December 16, 2005 approved a 5 year term for the Chairman and Managing Director, Jt. Managing Director and Whole-time Directors under the following terms:

1. Mr. Dhilin H. Mehta, Chairman and Managing Director

A. Salary: Rs. 1, 00,000/- Per Month

B. Commission: In addition to salary perquisites and other allowances, commission based on the net profits of our Company in the manner laid down in the Section 309(5) of the Companies Act 1956, however total remuneration shall not exceed 5% on net profit.

C. Perquisites: Perquisites as may be paid or allowable to other senior executives of the Company, within overall limit as above

2. Mr. Harshad K. Mehta, Jt. Managing Director

Salary: - Rs. 41650/- Per Month inclusive of all perquisites

3. Mr. Dhaval V. Jatania, Whole time Director

Salary: - Rs. 35000/- Per Month inclusive of all perquisites

4. Mr. Hiren J. Gandhi, Whole time Director

Salary: - Rs. 30000/- Per Month inclusive of all perquisites

5. Mr. Rupen N. Amlani, Whole time Director

Salary: - Rs. 30000/- Per Month inclusive of all perquisites

CORPORATE GOVERNANCE

The provisions of the listing agreement to be entered into with the stock exchanges with respect to corporate governance will become applicable to our Company at the time of seeking of In-Principle approval of Stock Exchanges.The Company has complied with the provision of clause 49 of the Listing Agreement in respect of the appointment of Independent Directors to our Company's board and the constituation of various committees of the Board viz.. Audit Committee, Remuneration Committee and the Shareholder/ Investor Greivance Committee. Our Company undertakes to take all necessary steps to comply with all the requirements of the guidelines on Corporate Governace and adopt the Corporate code as per Clause 49 of the Listing Agreement to be entered into with the Stock Exchange as would be applicable to our Company upon Listing of the Equity Shares.

The Board of Directors of the Company comprises of 11 directors, of which 5 are executive directors and 6are independent directors.

Committees of the Board

Audit Committee:
The Audit Committee was constituted on 25-02-2006. The Audit Committee consists of six non-executive directors. The terms of the Audit Committee comply with the requirements of Section 292A and Clause 49 of the listing agreement to be entered into with the Stock Exchange. The Committee currently comprises of 6 members namely Ashok V. Ladhani as its Chairman,Chandrakant K Sachde, Nishant A. Mahidhar, Pravin S Jani, Hetal M Thakore and Mr. Subhash Rathod as its members. All the members of the Committee are Non- Executive and Independent directors.

The scope of Audit Committee shall include but shall not be restricted to the following:

1. It shall have authority to investigate into any matter in relation to the items specified in Section 292A of the Companies Act, 1956 or referred to it by the Board and for this purpose, shall have full access to information contained in the records of the Company and may also seek external professional advice, if necessary.
2. To investigate any activity within its terms of reference.
3. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
4. Reviewing with management the annual financial statements.
5. Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
6. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
7. It shall have discussion with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the quarterly, half-yearly, and annual financial statements before submissions to the Board.
8. To seek information from any employee.
9. To obtain outside legal or other professional advice.
10. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Remuneration Committee

The Remuneration Committee was constituted on 25-02-2006. The Remuneration Committee consists of non-executive directors, with the Chairman being an independent director. The Committee currently comprises of six members namely Nishant A. Mahidhar (Chairman), Chandrakant K Sachde, Ashok V Ladhani, Pravin S. Jani, Hetal M. Thakore, Subhash P. Rathod as its members. The Committee has been formed to decide and approve the terms and conditions for appointment of executive directors of the company and remuneration payable to other directors and executives of the Company and other matters related thereto.

The terms of the remuneration committee are to decide the remuneration of the Managing Director and Whole Time Directors of our Company and recommend the same to the board for its implementation.

Shareholders / Investor Grievance

As part of its Corporate Governance initiative, the Company constituted the Shareholders/Investors Grievance Committee on 25-02-2006. The Shareholders Committee consists of Chandrakant K. Sachde, Chairman, Ashok V. Ladhani, Nishant A Mahidhar, Pravin S Jani, Hetal M Thakore, Subhash P. Rathod as its members. All the members of the Committee are Non-Executive and Independent Directors. The Committee is formed to specifically look into matters relating to shareholders grievance such as approval of transfer / transmission / demat / remit of shares, issue of duplicate, split–up, consolidation, renewal of share certificate, non-receipt of Annual Report, non- receipt of declared dividends and such other issues.

Shareholding of Directors in the Company

The Articles of Association of the Company do not require the Directors to hold any equity shares in the Company as qualification shares. The following table sets out the shareholding of the Directors who hold shares either in their personal capacity or as joint holder, as at the date of this Prospectus.

Sr. No.	Name of the Directors	Number of Equity Shares	% of Share Capital
1	Mr. Dhilin H. Mehta	1691890*	26.84
2	Mr. Dhaval V. Jatania Jointly with Mr. Hiren Gandhi, Nisha Gandhi	231000	3.66
	TOTAL	**1922780**	**30.51**

Note *: Include 110 shares held jointly with others

INTEREST OF DIRECTORS / PROMOTERS

All the Directors/Promoters of our Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them under the Articles of Association. All the Directors may also be deemed to be interested to the extent of equity shares, if any, already held by them and/or their friends and relatives in our Company or that may be subscribed for and allotted to them, out of the present Issue in terms of the Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said equity shares.

The Directors may also be regarded as interested in the shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as Directors, Members, partners and/or trustees.

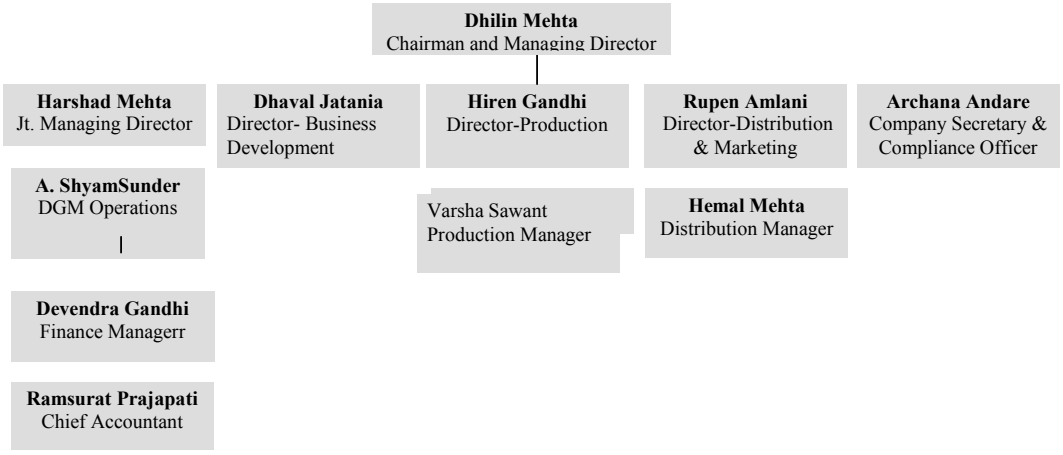
All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by the Company with any Company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations. Except as stated otherwise in this Red Herring Prospectus, the Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of the Red Herring Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made to them.

Changes in the Directors

The following changes have taken place in the Board of Directors of the Company during the last three years.

Name of Director	Date of Appointment/	Date of / Resignation	Reason for Change
Miss Seema D Kar		02.11.2004	Resignation
Mr. Vipul T Simariya	01.06.2004	08.12.2005	Resignation
Ms. Pankti H. Mehta	01.11.2004	08.12.2005	Resignation
Mr.Harshad K. Mehta	08.12.2005	-----	Appointment
Mr.Rupen N. Amlani	08.12.2005	-----	Appointment
Mr.Dhaval V. Jatania	08.12.2005	-----	Appointment
Mr.Hiren H. Gandhi	08.12.2005	-----	Appointment
Mr.Ashok V. Ladhani	15.02.2006	-----	Appointment
Mr.Chandrakant K.Sachde	15.02.2006	-----	Appointment
Mr.Nishant A.Mahidhar	15.02.2006	-----	Appointment
Mr.Pravin S. Jani	15.02.2006	-----	Appointment
Mr.Hetal N. Thakore	25.02.2006	-----	Appointment
Mr.Subhash P. Rathod	25.02.2006	-----	Appointment

Organisation Structure



Key Management Personnel

Sr No	Name	Description	Age	Qualification	Date of joining	Experience	Previous Employment
1	Mr.A. Shyamsunder	DGM Operation	36	B.Com,	01/04/2006	13	Nair & Co. Outsourcing India Pvt. Ltd.
2	Mr. Devendra Gandhi	Finance Manager	52	Diploma In Prinitng	03/04/2004	30	M/S Amol Paper Syndicate
3	Ms. Archana Andhare	Company Secretary	38	B.Com, LL.B – Company Secretary – ICSI	01/02/2006	Nil	Nil
4	Mr. Ramsurat Prajapati	Chief Accountant	42	B.Com,	01/04/2003	15	M/S Garodia Sons Pvt Ltd
5	Ms. Varsha Sawant	Production Manager	25	B.Com,	05/04/2004	5	Shree Krishna Trading Pvt. Ltd.
6	Mr. Hemal B. Mehta	Distribution Manager	24	B.Com –	08/04/2004	2	None

The details of the key managerial personnel of the Company are as follows:
Mr.Dhilin H. Mehta,
Mr. Harshad K. Mehta,
Mr. Rupen N. Amlani,
Mr. Hiren J. Gandhi,
Mr. Dhaval V. Jatania

Mr. A. Shyamsunder, aged 36 is a Bachelor of Commerce and Chartered Accountant having a total of 13 years of work experience. He is DGM Operations of the Company. He has worked in various capacities in the Banking & Finance Industry for nine years. He is looking after operations of the Company.

Mr. Devendra S. Gandhi, 52 years of age, **Diploma in Printing, Mumbai** is the Finance Manager of the Company. He has over 30 years of experience in handling day to day operations of business. He is responsible for finalization of accounts and taxation matters. His remuneration in the FY 2005-06 was Rs.1.20 Lakhs.

Ms. Archana Andhare, aged 37, is the Company Secretary and Compliance officer of the Company**.** Her remuneration in the FY 2005-06 was R 0.16 Lakhs.

Mr. Ramsurat Prajapati, 42 years of age, B.Com from Mumbai University**, is** Chief Accountant of the Company. He is responsible for the accounting of production, distribution and exhibition businesses of the Company. He is also responsible for ensuring compliance of various statutes applicable to the Company. His remuneration in FY 2005-06 was Rs.1.80 Lakhs.

Ms. Varsha Sawant, 25 year of age, B.Com from Mumbai University**,** is the Production Manager of the Company. She is involved in all aspects of production of films. Her responsibilities include planning and budgeting of schedules, co-coordinating with artist and technicians and other persons involved in production of films. Her remuneration in the FY 2005-06 was Rs.0.84 Lakhs.

Mr. Hemal B. Mehta, 24 years of age, having B.Com from Mumbai University, maintaining day to day accounting records of the Company and project reports (MIS reports) of distribution department and its accounts and also co-coordinating with the exhibitor clients. His remuneration in the FY 2005-06 was Rs.0.64 Lakhs.

All the key management personnel are on the payrolls of the Company as permanent employees. None of the Key Managerial Personnel are related to each other except Mr.Devendra Gandhi, who is related to Mr.Dhilin H. Mehta. All the above-mentioned key managerial personnel are permanent employees of our Company.

Shareholding of Key Managerial Personnel
None of the key employees of the Company, except the ones disclosed under the heading Shareholding of Directors as mentioned above, hold any shares in the Company as on the date of the Draft Red Herring Prospectus.

Bonus or Profit Sharing Plan for the Key Managerial Personnel
There is no Profit Sharing Plan for the Key Managerial Personnel. The Company makes bonus payments to the employees based on their performances, which is as per their terms of appointment.

Changes in Key Managerial personnel

Following are the changes in the key managerial personnel during the last one years.
Table

Name of the Employee	Designation	Date of Change	Reasons of Change
Mr. A. Shyamsunder	DGM Operations	April 01, 2006	Appointment
Ms. Archana Andhare	Company Secretary	Feburary 2, 2006	Appointment

Employee Stock Option Scheme

The Company has not issued any shares to its employees and does not have a scheme of Employee Stock Option Plan (ESOP).

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

There has been no such payment or benefit to the Officers of the Company. There has been no benefit paid or given within the two proceeding years or intended to be paid or given to any officer and no consideration shall be made for payment of giving of the benefit.

PROMOTERS

Mr. Dhilin H. Mehta has promoted the Company. A brief profile of the Promoters is given herewith:

A) Mr. Dhilin H. Mehta



Mr. Dhilin H. Mehta, 24 years, is the Chairman and Managing Director of the Company. He is an M.B.A. (Finance) from University of Mumbai and has been a student of the MET Institute of Management, Mumbai. He has 4 years experience in the film industry in relation to production and distribution of films. He has been instrumental in professionally managing the Company and relationship building with various artists, film directors and technicians of the film industry. He is responsible for the day to day operations of the Company.

Driving licence no. is MH03/2000/16564, Passport No. is [F2518592],
Permanent Account No:AFWPM0506N

B) Dahlia Traders Private Limited

The Company registration no. U51420 MH 2001 PTC 130975 (ROC Maharashtra, Mumbai.
Permanant Account No: AABCD3091N

Dahlia Traders Private Limited was incorporated with the main objects of trading, dealers of merchandise, goods, articles and other materials, designers, dealers in computer software, software development, vertical web development and such other businesses. The Company was initially promoted by Dr.Shrikant S. Desai and Mrs. Meena Shrikant Desai.Mr. Dhilin H.Mehta joined the Company as director on October 10,2003 and Ms. Pankti H. Mehta was inducted as director on November 1, 2004.

Shareholding Pattern

Name	**No. of Shares of Rs. 10 each**	**% of Shareholding**
Mr. Dhilin H Mehta	14,60,000	**98.65**
Miss Pankti H Mehta	20,000	**1.35**
Total	**14,80,000**	**100**

Nature of Activities	Trading and Investment
Date of Incorporation	23 February, 2001
Directors as on March 31, 2006	Mr Dhilin H Mehta & Miss. Pankti H Mehta
Registered Office	A/501, Building M, Palm Court,Complex, 5th floor, New Link Road, Malad (w), Mumbai 400064

Financials for the Last Three Years

(Rs. In Lakhs)

Particulars	**2002 – 2003**	**2003 – 2004**	**2004-2005**
Sales	0.00	0.00	0.00
Other Income	0.00	1.82	11.04
Profit After Tax (PAT)	(0.11)	(12.82)	(25.53)
Equity Capital	1.00	148.00	148.00
Reserves (excl. revaluation reserves)	(0.23)	634.95	609.42
Net Worth (excl. deferred tax)	0.65	781.03	756.00

Earning per Share (EPS) Rs.	N.A	N.A	N.A
Book Value per Share Rs.	32730	52.77	51.08

Bank Account No: Canara Bank, Nariman Point, Account No. 6141

We confirm that Permanent Account Number, Bank Account Number and Passport Number of the Promoters have been submitted to NSE and BSE at the time of filing the Prospectus with them.

Common Pursuits

There are no common pursuits in the business of the Company. There are no other group companies.

Interest of the Promoters

The Promoters may be deemed to be interested to the extent of shares held by them, their friends or relatives, and benefits arriving from their holding directorship in the Company.

No property is proposed to be purchased from the proceeds of this Issue.

The Promoters are not interested in any loan or advance given by the Company, neither are they beneficiary of any such loans or advances.

Except as disclosed above and Related party transaction on Page 62, the Promoters of the Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits, if any.

Payment or benefit to Promoters of the Company

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

Currency of Presentation

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

Dividend Policy

The Company has not declared and paid any dividend since incorporation. The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition.

PROMOTER GROUP COMPANY

1. D.P. Merchants and Trade Private Limited

The Company was incorporated at Kutch (Gujarat) on September 30, 2003 as D.P. Petro Private Limited under registration number U51102 GJ 2003 PTC 42984.(by Rigistrar of Companies Gujarat). The name of the company was subsequently changed to D.P. Merchants and Trade Private Limited with effect from January 27, 2005.

Nature of Activities	Traders, distributors, dealers, exporter, Importer of General Merchandise
Date of Incorporation	Sept 30, 2003
Directors	Mr Dhilin H Mehta Mr. Denis H Selarka
Registered Office	NO.109 BMCB Gandhidham Owners Association Building, Plot No 19, Sector No. 9, Gandhidham, Gujarat Pin-370201

Shareholding Pattern

Name	**No. of Shares of Rs. 10 each**
Mr. Dhilin H. Mehta	95,700
Mr. Denis H. Selarka	3,82,620
Total	4,78,320

Financials for the Last Three Years

(Rs. In Lakhs)

Particulars	**2003 – 2004**	**2004 – 2005**
Sales	8016.84	0.0
Other Income	10.29	4.12
Profit After Tax (PAT)	13.29	(0.09)
Equity Capital	47.83	47.83
Reserves (excl. revaluation reserves)	339.94	339.84
Net Worth (excl. deferred tax)	386.85	386.98
Earning per Share (EPS) Rs.	2.78	(0.00)
Book Value per Share Rs.	80.87	80.90

The Company has discontinued its business activities since April 2004.

The Promoter Mr.Dhilin H. Mehta also a propriter of Ashtvinyak Enterprises. The firm was closed in March 2006.

RELATED PARTY TRANSACTIONS

Based on review of financial statements and other records produced before us and verification of Books of Accounts of Shree Ashtavinayak Cine Vision Limited for the year ended on March 31, 2003, March 31, 2004, March 31, 2005 and March 31,2006, we hereby certify that the related party transactions for the respective years then ended are as given in Annexure –I, Related party transactions for the year ended, March 31, 2006 comprising of audited figures for the period ended April 1, 2005 to December 31, 2005 and un audited figures for the period ended January 1, 2006 to March 31, 2006 are given in Annexure-II annexed herewith.

The Related Party Transactions, considered in accordance with Accounting Standard 18 on Related Party Disclosures issued by the Institute of Chartered Accountants of India, have been identified by the management and relied upon by us.

The contents of the enclosed Annexure are based on information, explanations and representations obtained from the management.

For and on behalf of
Khimji Kunverji & co.
Chartered Accountants

R.V.Chaniyari
Partner
Membership No.31083

Mumbai,
Dated: April 27, 2006

Shree Ashtavinayak Cine Vision Limited

Annexure-I

List of Related Parties	
Accounting Period April 1,2002 to March 31, 2003	
Associates	Dhalia Traders Private Limited D.P.Merchants & Trade Private Limited Ashtavinayak Enterprise
Key Management Personnel	Mr. Dhilin H.Mehta –Director Mr. Kiran B. Mistry - Director Ms. Harsha K. Mistry - Director Ms. Seema D. Kar - Director

TRANSACTIONS WITH RELATED PARTIES

Accounting year ended March 31, 2003

(Rs.' in lacs)

Particulars	**Dhalia Traders Pvt. Ltd.**	**D.P.Merchants & Trade Pvt.Ltd.**	**M/s. Ashtavinayak Enterprise**	**Key Management Personnel**
Loan obtained during the year	-	500.11	-	-
Loan obtained – closing balance as on March 31, 2003	-	440.11	-	-
Directors Remuneration	-	-	-	4.20

Shree Ashtavinayak Cine Vision Limited

Annexure-I Contd…

List of Related Parties	
Accounting year ended March 31, 2004	
Associates	Dhalia Traders Private Limited D.P.Merchants & Trade Private Limited M/s. Ashtavinayak Enterprise
Key Management Personnel	Mr. Dhilin H.Mehta –Director Mr. Kiran B. Mistry - Director Ms. Harsha K. Mistry - Director Ms. Seema D. Kar - Director

TRANSACTIONS WITH RELATED PARTIES

Accounting year ended March 31, 2004

(Rs.' in lacs)

Particulars	**Dhalia Traders Pvt. Ltd.**	**D.P.Merchants & Trade Pvt. Ltd.**	**M/s. Ashtavinayak Enterprise**	**Key Management Personnel**
Loans obtained during the year	1868.70	1812.86	-	-
Loans obtained – closing balance as on March 31, 2004	-	-	-	-
Directors Remuneration	-	-	-	4.20
Equity Contribution	125.00	-	-	-

Shree Ashtavinayak Cine Vision Limited

Annexure-I Contd…

List of Related Parties	
Accounting year ended March 31, 2005	
Associates	Dhalia Traders Private Limited D.P.Merchants & Trade Private Limited M/s. Ashtavinayak Enterprise
Key Management Personnel	Mr. Dhilin H.Mehta –Director Ms. Pankti H. Mehta - Director Mr. Vipul T. Simaria - Director Ms. Seema D. Kar - Director

TRANSACTIONS WITH RELATED PARTIES

Accounting year ended March 31, 2005

(Rs.' in lacs)

Particulars	**Dhalia Traders Pvt. Ltd.**	**D.P.Merchants & Trade Pvt. Ltd.**	**M/s. Ashtavinayak Enterprise**	**Key Management Personnel**
Trade Advances	461.14	690.00	63.85	-
Trade Advances – closing balance as on March 31, 2005	330.00	350.00	-	-
Interest	-	-	2.20	-
Directors Remuneration	-	-	-	4.30

Shree Ashtavinayak Cine Vision Limited

Annexure-II

List of Related Parties	
Accounting year ended March 31, 2006	
Associates	Dhalia Traders Private Limited D.P.Merchants & Trade Private Limited M/s.Ashtavinayak Enterprises
Enterprise having common key management personnel	Heranba Finvest Services Private Limited
Key Management Personnel	Dhilin H.Mehta – Chairman Cum Managing Director Harshad K.Mehta - Joint Managing Director Rupen Amlani - Whole Time Director Hiren Gandhi - Whole Time Director Dhaval Jatania - Whole Time Director

TRANSACTIONS WITH RELATED PARTIES

Annexure II…..Contd

Accounting year ended March 31, 2006

(Rs.' in lacs)

Particulars	Dhalia Traders Pvt. Ltd.	D.P.Merchants & Trade Pvt. Ltd.	Key Management Personnel
Loans obtained during the period			
April 1, 2005 to December 31, 2005	150.00	1028.00	-
January 1, 2006 to March 31, 2006	-	425.00	-
Loans obtained – closing balance			
April 1, 2005 to December 31, 2005	150.00	140.00	-
January 1, 2006 to March 31, 2006	150.00	85.00	-
Directors Remuneration			
April 1, 2005 to December 31, 2005	-	-	14.55
January 1, 2006 to March 31, 2006	-	-	7.10
Professional Fees to key management personnel			
April 1, 2005 to December 31, 2005	-	-	3.38
January 1, 2006 to March 31, 2006	-	-	-

STATEMENTS OF ASSETS AND LIABILITIES, PROFITS AND LOSSES AND CASH FLOWS

AS RESTATED FOR THE YEARS ENDED MARCH 31, 2002, 2003, 2004, AND 2005

AND FOR THE PERIOD APRIL 1, 2005 TO DECEMBER 31, 2005

The Board of Directors
Shree Ashtavinayak Cine Vision Limited
204–205 VIP Plaza
Second Floor
B–7, Veera Industrial Estate
Andheri Link Road, Andheri (West)
Mumbai 400053

Dear Sirs,

1. We have examined the financial information of **SHREE ASHTAVINAYAK CINE VISION LIMITED** ('the Company') annexed to this report and as approved by the Board of Directors of the Company, which has been prepared in accordance with the requirements of paragraph B(1) of Part II of Schedule II of the Companies Act, 1956 ('the Act'); the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time ('the SEBI Guidelines') issued by the Securities and Exchange Board of India ('SEBI') on January 19, 2000, as amended, in pursuance to Section 11 of SEBI Act, 1992 and related clarifications; and in accordance with the terms of reference received from 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 (referred to as "IPO") of equity shares in the Company

2. The IPO will be for a fresh issue by the Company of such equity shares of Rs.10 each, at such premium, by way of book building process, as may be decided by the Board of Directors (referred to as the "Offer"). The Offer is being made through 100 percent book–building scheme

3. We have examined the attached Summary Statement of Assets and Liabilities, As Restated of the Company for the four financial years ended March 31, 2002, 2003, 2004, 2005 and the period April 1, 2005 to December 31, 2005, being the last date to to which the accounts of the Company have been made up and audited for presentation to the members of the Company, the attached Summary Statement of Profit and Loss, As Restated and the attached Summary Statement of Cash Flows, As Restated for each of the applicable years/ period ended on those dates (referred to as the "Summary Statements") (See Annexure 1, 2, and 3) as

   Prepared by the Company and approved by the Board of Directors. These profits/ (losses) have been arrived at after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the notes appearing in Annexure 4 to this report. We have relied on relevant financial statements of the Company for the financial years ended on March 31, 2002 and March 31, 2003 audited and reported by M/s Shyam C Agrawal & Co, Chartered Accountants and for the financial year ended March 31, 2004 and March 31, 2005 audited and reported by M/s Dokania S Kumar & Co, Chartered Accountants. We have not performed any audit procedures in respect of the financial statements for the years ended March 31, 2002, 2003, 2004 and 2005. We make no representation regarding those audited financial statements
   The accounts of the Company for the period April 1, 2005 to December 31, 2005 have been duly audited and reported by us

4. Based on our examination of the Summary Statements, we confirm that:

4.1 The Restated Assets and Liabilities of the Company as at March 31, 2002, 2003, 2004, 2005 and December 31, 2005 are as set out in **Annexure 1** to this report after making such adjustments and regrouping as in our opinion are appropriate and more fully described in the notes appearing in **Annexure 4** to this report

4.2 The Restated Profits and Losses of the Company for the financial years ended March 31, 2002, 2003, 2004, and 2005 and for the period April 1, 2005 to December 31, 2005 are as set out in **Annexure 2** to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustments and regrouping as in our opinion are appropriate and more fully described in the notes appearing in **Annexure 4** to this report

4.3 The Restated Cash flows of the Company for the financial year ended March 31, 2002, 2003, 2004, and 2005 and for the period April 1, 2005 to December 31, 2005 are as set out in **Annexure 3** to this report. These cash flows have been arrived at after making such adjustments and regrouping as in our opinion are appropriate and more fully described in the notes appearing in **Annexure 4** to this report

4.4 The impact of changes in accounting policies adopted by the Company as at and for the nine months ended December 31, 2005 have been adjusted with retrospective effect in the attached summary statements

4.5 The summary of significant accounting policies adopted by the Company together with the notes pertaining to the audited financial statements for the nine months ended December 31, 2005 are enclosed as **Annexure 5** to this report

4.6 We have examined the following financial information relating to the company and as approved by the Board of Directors for the purpose of inclusion in the Offer Document:

i. Statement of details of Dividend as appearing in Annexure 6 to this report

ii. Accounting ratios as appearing in Annexure 7 to this report

iii. Capitalization statement as at December 31, 2005 as appearing in Annexure 8 to this report

iv. Statement of tax shelters as appearing in Annexure 9 to this report

v. Statement of details of secured loans as appearing in Annexure 10 to this report

vi. Statement of details of unsecured loans as appearing in Annexure 11 to this report

vii. Statement of details of investments as appearing in Annexure 12 to this report

viii. Statement of details of sundry debtors as appearing in Annexure 13 to this report

ix. Statement of details of loans and advances as appearing in Annexure 14 to this report

x. Statement of details of other income as appearing in Annexure 15 to this report

4.6 In our opinion, the above financial information of the Company, read with significant accounting policies and notes attached to this report, after making adjustments and re–grouping as considered appropriate has been prepared in accordance with Part II of Schedule II of the Act and the SEBI Guidelines

5 This report is intended solely for your information and for inclusion in the Offer Document in connection with the IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent

For **KHIMJI KUNVERJI & CO.**
Chartered Accountants

SHIVJI K VIKAMSEY
Partner
Membership No. 2242

Mumbai
Dated: March 20, 2006

ANNEXURE 1

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

Rs in Lakhs

	As at				
	31-03-2002	**31-03-2003**	**31-03-2004**	**31-03-2005**	**31-12-2005**
A Fixed Assets					
Gross Block	-	9.59	1,704.51	3,788.93	6,754.87
Less: Depreciation	-	0.37	1,643.11	3,745.04	6,323.21
Net Block	**-**	**9.21**	**61.40**	**43.88**	**431.66**
Capital Work in Progress	7.65	112.09	166.23	1,519.57	1,206.29
Total fixed assets (A)	**7.65**	**121.30**	**227.63**	**1,563.46**	**1,637.95**
B **Investments (B)**	-	-	-	-	19.87
C **Current assets, loans and advances**					
Inventories	19.55	973.88	32.90	32.90	-
Sundry debtors	-	-	-	120.62	2,378.39
Cash and bank balances	0.10	28.42	510.56	16.79	31.54
Loans and advances	1.31	0.10	469.45	853.79	679.96
Deffered Tax Assets	-	0.12	295.88	164.60	-
Total (C)	20.96	1,002.52	1,308.78	1,188.70	3,089.90
D **Liabilities and provisions**					
Secured loans	-	5.82	213.03	204.13	491.31
Unsecured loans	-	440.11	-	-	290.00
Deferred tax liability	-	-	-	-	13.47
Current liabilities	30.73	685.46	24.22	1,080.09	1,243.25
Provisions	-	-	0.15	7.88	322.74
Total (D)	30.73	1,131.39	237.40	1,292.10	2,360.77
E **Net Worth (A+B+C-D)**	**(2.12)**	**(7.56)**	**1,299.01**	**1,460.06**	**2,386.95**
F Represented by:					
1 Share Capital					
Equity share capital	1.00	1.00	286.50	286.50	630.30
Preference share capital	-	-	-	-	-
Less: calls in arrears	-	-	-	-	-
2 Share application money	-	-	75.00	-	-
3 Reserves and Surplus	-	-	1,469.50	1,469.50	1,125.70
Add: Balance in profit & loss account	-	-	-	-	631.14
4 Miscellaneous expenditure					
premilinary expenses	0.43	0.43	0.35	0.26	0.19
Pre- operative expenses account:					
Directors remunation	1.00	5.20	-	-	-
others	1.69	2.72	-	-	-
5 Debit balance in profit and loss account	-	(0.21)	(531.64)	(295.68)	-
Net Worth (1+2+3-4+5)	(2.12)	(7.57)	1,299.01	1,460.06	2,386.94

Note:

The above statement should be read with the significant accounting policies appearing in Annexure 5 and

notes to the summary statements of Assets and Liabilities, Profit and Losses and Cash Flows as restated, appearing in Annexure 4

ANNEXURE 2

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rs. ' LAKHS)

	For the period ended				
	31-03-2002	31-03-2003	31-03-2004	31-03-2005	31-12-2005
Sales					
Sale from Motion Pictures	-	-	838.11	2,664.66	4,605.89
Others	-	0.04	2.78	4.97	85.85
Total	**-**	**0.04**	**840.89**	**2,669.63**	**4,691.74**
Expenditure					
Cost of production and Distribution of Films	-	-	838.11	2,556.10	1,048.32
Directors remuneration	-	-	4.20	4.30	14.55
Employee costs	-	-	0.33	7.29	13.38
Administration and other expenses	-	-	9.82	45.46	75.30
Total	**-**	**-**	**852.46**	**2,613.14**	**1,151.55**
Profit/(loss) before interest, depreciation and ta	**-**	**0.04**	**(11.57)**	**56.49**	**3,540.19**
Depreciation	-	0.37	1.34	2.80	2,580.60
Profit/(loss) before interest and tax	**-**	**(0.33)**	**(12.91)**	**53.68**	**959.58**
Finance costs	-	-	2.47	8.01	21.80
Profit/(loss) before tax	-	(0.33)	(15.38)	45.67	937.78
Provision for taxes on income					
Current tax	-	-	-	7.50	315.00
Deferred tax Liabilities/ (Assets)	-			3.54	9.93
Fringe Benefit Tax	-	-	-	-	0.63
Profit/(loss) for the year	**-**	**(0.33)**	**(15.38)**	**34.63**	**612.22**
Adjustments - Increae/ (Decrease) in profits (Refer Annexure 4)					
Increase in sales			941.25	326.32	-
Adjustment in cost of production			(110.79)	2,099.13	475.88
Miscellaneous Receipts			-	3.43	
Miscellaneous Expenses			-	(2.61)	
Change in the basis of charging depreciation	-	-	(1,641.40)	(2,099.13)	
Deferred Tax Assets/ (Liabilities)		0.12	295.76	(127.74)	(168.14)
Amortization of preliminary expenditure	-	-	2.16	2.16	
Provision for Retirement Benefits	-	-	(0.15)	(0.23)	0.38
Expenses on increasing authorised share capital			(2.89)		
Impact of prior period items	-	-	-	-	6.48
Decrease in profit					-
Total impact of adjustments	**-**	**0.12**	**(516.05)**	**201.33**	**314.60**
Net Profit/(loss) as restated	**-**	**(0.21)**	**(531.43)**	**235.96**	**926.82**
Profit/(loss) brought forward from previous year	-	-	(0.21)	(531.64)	(295.68)
Balance carried to balance sheet, as restated	**-**	**(0.21)**	**(531.64)**	**(295.68)**	**631.14**

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

ANNEXURE – 3

SUMMARY STATEMENT OF CASH FLOW, AS RESTATED

(Rs.' Lacs)

Particulars	For Year ended March 31, 2002	For Year ended March 31, 2003	For Year ended March 31, 2004	For Year ended March 31, 2005	For the Period December 31, 2005
A)CASH FLOW FROM OPERATING ACTIVITIES					
Net Profit Before Tax & Extra Ordinary Items	-	(0.33)	(849.82)	395.30	1,422.59
Adjustment for:					
Depreciation on tangible assets	-	0.37	1.34	2.80	12.68
Interest Paid	-	-	2.47	8.01	21.80
Interest received	-	(0.04)	(2.78)	(4.78)	-
Dividend recevied	-	-	-	-	(0.06)
Loss on Sale of Fixed Assets	-	-	-	-	3.66
Loss on Sale of Investments	-	-	-	-	16.17
Pre - Operative expenses	-	-	7.92	-	-
Preliminary Expenses w/off	-	-	0.09	0.09	0.06
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**-**	**(0.00)**	**(840.78)**	**401.42**	**1,476.90**
Decrease / (Increase) in trade & other receivables	-	-	-	(120.62)	(2,257.77)
Decrease / (Increase) in loans & advances	(1.31)	1.21	(469.35)	(376.79)	178.88
Decrease / (Increase) in inventories	(19.55)	(954.33)	940.98	-	32.90
Increase / (Decrease) in trade and other payable	30.73	654.73	(661.09)	1,056.11	163.02
CASH GENERATED FROM OPERATIONS	9.87	(298.39)	(1,030.24)	960.12	(406.08)
Income Tax paid	-	-	-	(7.55)	(5.68)
Increase in Miscellaneous expenditure	(3.12)	(5.23)	-	-	-
NET CASH FROM OPERATING ACTIVITIES	**6.75**	**(303.63)**	**(1,030.24)**	**952.56**	**(411.76)**
B)CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of Fixed Assets	(7.65)	(114.02)	(85.04)	(1,359.20)	(113.20)
Proceeds from Sale of Fixed Assets	-	-	-	-	20.31
Purchase of Investments	-	-	-	-	(57.59)
Proceeds from Sale of Investments	-	-	-	-	21.55
Dividend recevied	-	-	-	-	0.06
Interest received	-	0.04	2.78	4.78	-
NET CASH FLOW FROM IVESTING ACTIVITY	**(7.65)**	**(113.98)**	**(82.26)**	**(1,354.41)**	**(128.87)**
C)CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from issue of Equity Shares (Face Value - Rs.10)	1.00	-	285.50	-	-
Security Premium (Face Value Rs.10, Security Premium Rs.90)		-	1,469.50	-	-
Proceeds from Borrowings	-	5.82	207.22	-	287.18
Repayment of Borrowings	-	-	-	(8.90)	-
Proceeds from unsecured loans	-	440.11	-	-	290.00
Repayment of unsecured loans	-	-	(440.11)	-	-
Interest paid	-	-	(2.47)	(8.01)	(21.80)
Share Application Money Recevied / (Returned)	-	-	75.00	(75.00)	-
NET CASH FLOW FROM FINANCING ACTIVITY	**1.00**	**445.93**	**1,594.63**	**(91.92)**	**555.38**
Net Increase in Cash & Cash Equivalents	0.10	28.32	482.14	(493.77)	14.74
Opening Cash & Cash Equivalents	-	0.10	28.42	510.56	16.79
Closing Cash & Cash equivalents	0.10	28.42	510.56	16.79	31.54

NOTE:

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

ANNEXURE 4:

NOTES TO SUMMARY STATEMENT OF ASSETS & LIABILITIES, PROFITS AND LOSSES AND CASH FLOWS, AS RESTATED

A. ADJUSTMENTS RESULTING FROM CHANGES IN ACCOUNTING POLICIES

A.1 Production Costs

The company's accounting policy was to treat film production as inventory, upto year ended March 31, 2005. The excess of production cost over sales was carried forward to the next financial year as a part of inventory, pending sale of rights attached to the film
Pursuant to April 1, 2005, the company has changed its accounting policy to account film production as intangible assets under Fixed Assets and write off the same as under:

- If the film is released in the last three months of the financial year, the sale proceeds received, to the extent of production cost, is provided as depreciation and the balance production cost is depreciated in the succeeding year

- If the film is released three months prior to the end of the financial year, the entire production cost is provided as depreciation during the year

- If the film is not released within 12 months from the date of completion of production, the production cost is fully depreciated upon expiry of the said 12 months

Accordingly, 'Summary statement of Assets and Liabilities, as restated' have been restated for the years ended March 31, 2002, 2003, 2004 and 2005 to give effect to the change in accounting policy

A.2 Film Distribution rights

The company's accounting policy was to treat film distribution rights as inventory. The excess of cost of film distribution over sales was carried forward to next year pending realization of revenues from film distributions, as a part of inventory

Pursuant to April 1, 2005, the company has changed its accounting policy to account film distribution rights as intangible assets under Fixed Assets and write off the same as under:

- If the film is released in the last three months of the financial year, the exhibition proceeds received, to the extent of cost of production, is provided as depreciation and the balance cost of production is depreciated in the succeeding year

- If the film is released three months prior to the end of the financial year, the entire cost of production is provided as depreciation during the year

Accordingly, ''Summary statement of Assets and Liabilities, as restated'' have been restated for the years ended March 31, 2002, 2003, 2004 and 2005 to give effect to the change in accounting policy

A.5 Retirement Benefit

The company's accounting policy was to account any kind of retirement benefit on cash basis

Pursuant to April 1, 2005, the company has changed its accounting policy to account retirement benefit in the nature of gratuity on accrual basis based on the provisions of the Payment of Gratuity Act, 1972

Accordingly, ''Summary statement of Assets and Liabilities, as restated'' have been restated for the years ended March 31, 2004 and March 31, 2005 to give effect to the change in accounting policy

A.6 Pre–operative Expenditure

Company had laid down accounting policy to allocate pre–operative expenses to respective TV Serials during year ended March 31, 2002, which was changed during year ended March 31, 2003, to write it off over a period of 5 years from the year of commencement of release of films and TV Serials

In order to adhere with generally accepted accounting principles, the company changed its accounting policy effective April 1, 2005 to allocate pre–operative expenses to films/ TV Serials from the year of commencement of release of respective films/ TV serials. Accordingly, 'Summary statements of Assets and Liabilities, as restated' have been restated for the year ended March 31, 2004 to give effect to the change in accounting policy. Further, balance in profit and loss account as at March 31, 2004 has been appropriately adjusted to reflect the impact of such change

A.7 Preliminary Expenses

Company had laid down accounting policy the year ended March 31, 2003 to write off preliminary expenses over a period of 5 years from the year of commencement or release of film and TV serials. In order to adhere with generally accepted accounting principles, the company changed its accounting policy effective April 1, 2005 to allocate preliminary expenses to respective films/ TV serials. Accordingly, 'Summary Statement of Assets and Liabilities, as restated' have been restated for the year ended March 31, 2005 to give effect to change in accounting policy. Further balance in profit and loss account as at March 31, 2004 and March 31, 2005 has been appropriately adjusted to reflect the impact of such change

A.8 Deferred Tax

The Company adopted Accounting Standard 22, "Accounting for Taxes on Income" issued by ICAI for the first time in preparing the financial statements for the year ended March 31, 2005. Accordingly, the summary financial statements have been restated for the years ended March 31, 2003, March 31, 2004, and March 31, 2005 to give effect to the change in accounting policy

B. MATERIAL RE–GROUPINGS/ RECLASSIFICATIONS

B.1 Balance Sheet

B.1.1 Assets

B.1.1.1 Pre–operative expenditure for the year ended March 31, 2002 and 2003, earlier reflected as preliminary and pre–operative expenditure under Miscellaneous Expenditure, have been reclassified and separately disclosed thereunder for the purpose of 'Summary Statement of Assets and Liabilities, as restated'

B.1.1.2 Preliminary expenditure for the year ended March 31, 2002, earlier reflected as preliminary and pre–operative expenditure under Miscellaneous Expenditure, have been reclassified and separately disclosed there under for the purpose of 'Summary Statement of Assets and Liabilities, as restated'

B.2 **Profit & Loss Account**

B.2.1 **Revenues**
(As compared to the audited financial statements)

B.2.1 In the audited financial statements for the year ended March 31, 2005 and March 31, 2004 the Company presented Revenues as Sales. The Company has now reclassified such Revenues on the basis of Sales generated from Production of Films, Sale of Distribution Rights, Exhibition and Sale of TV serial

B.2.2 In the audited financial statements for the year ended March 31, 2004, the Company has sold TV serials

at cost on as is where is basis and reduced the sales proceeds directly from inventory. The 'Summary Statement of Profits and Losses, As Restated' has been restated and appropriately adjusted to account for the said sales as a part of Revenue

B.2.3 In the audited financial statements for the year ended March 31, 2005, the realization from Film production has been netted off from Production cost under inventory. The 'Summary Statement of Profits and Losses, As Restated' has been restated and appropriately adjusted to account for the said Sales as part of Revenue

B.3 **Expenses**
(As compared to the audited financial statements)

B.3.1 Employee remuneration and benefits for the year ended March 31, 2002, 2003, 2004 and 2005, earlier reflected under administrative and general expenses have been reclassified and disclosed separately for the purpose of 'Summary Statement of Profits and Losses, As Restated'

B.3.2 In the audited financial statements for the year ended March 31, 2004, the Company had sold TV serials at Cost on 'as is where is' basis and reduced the Sale proceeds directly from inventory. The 'Summary Statement of Profits and Losses, As Restated' has been restated and appropriately adjusted to account for the said Expenses as a part of cost of TV serial

C. AUDITORS' QUALIFICATION

C.1 Statutory Auditor's Report on the financial statements for the year ended March 31, 2005 stated that the Company had not written off entire cost of production when the film is released and also non–writing off of the cost of distribution right when the same is released and as a result, profit for the year was overstated by Rs.5, 60,83,251

For the purposes of 'Summary Statement of Assets and Liabilities, As Restated', such production cost and cost of distribution right have been appropriately written off in the respective year, as per the change in accounting policy adopted by the company in this regard

D. OTHER NOTES

D.1 For the purpose of 'Summary Statement of Profits and Losses, As Restated', the financials for the year ended March 31, 2002 are not restated since the company had not commenced commercial operations and accordingly, Profit and Loss Account was not prepared by the company during the respective year

ANNEXURE: 5

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

A SIGNIFICANT ACCOUNTING POLICIES

A.1 Accounting Convention

The financial statements are prepared under historical cost convention, on an accrual basis and in accordance with the applicable accounting standards

A.2 Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation. Cost comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use

A.3 Depreciation and Amortization

Depreciation on Fixed Assets, other than Film Productions & Film Distribution Rights is provided on Straight Line Method at the rates and in the manner specified under Schedule XIV of the Companies Act, 1956

Depreciation on Fixed Assets added/ disposed off/ discarded during the year has been provided on pro–rata basis with reference to the date of addition/ disposal/ discarding

Fixed assets having value lower than Rs.5,000 are depreciated fully in the year of purchase

Depreciation of Intangible Assets

Films produced & Film Distribution rights acquired are amortized as under:

If the film is released in the last three months of the financial year, the exhibition proceeds received, to the extent of cost of production/ cost of distribution rights, is provided as depreciation and the balance cost of production/ cost of distribution rights are depreciated in the succeeding year

If the film is released three months prior to the end of the financial year, the entire cost of production/ cost of distribution rights is provided as depreciation during the year

If the film is not released within 12 months from the date of completion of production, the cost of production is fully depreciated upon expiry of the said 12 months

A.4 Translation of Foreign Currency Items

Transactions in foreign currency are recorded at the rate of exchange in force at the date of the transactions. Foreign currency assets (except investments) and liabilities other than for financing fixed assets are stated at the rate of exchange prevailing at the year end and resultant gains/ losses are recognized in the profit and loss account

Transactions in foreign currency liabilities for financing fixed assets are stated at the rate of exchange prevailing at the year end and resultant gains/ losses are recognized in the profit and loss account

A.5 Investments

Long term Investments are stated at cost after deducting provision, if any, made for decline, other than temporary, in its values

Current Investments are stated at lower of cost and market/ fair value

A.6 Taxation

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income Tax Act, 1961

Deferred tax for timing difference between the book and tax profit for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the balance sheet date

Deferred tax assets arising from timing differences are recognized to the extent there is a certainty that these would be realized in the future

Deferred tax assets are recognized on unabsorbed losses only if there is virtual certainty that such deferred tax asset can be realized against future taxable profits

A.7 Borrowing Cost

Borrowing cost attributable to acquisition and construction of qualifying assets are capitalized as a part of the cost of such asset upto the date when such assets is ready for its intended use

A.8 Revenue Recognition

A.8.1 Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured

A.8.2 In case of distribution rights of Film/s acquired and released by the company, revenue is recognized on the date of release/ exhibition of the respective film.

In case of Acquisition & Sale of distributing rights of Film/s, revenue is recognized on the date of sale of such rights.

A.8.3 Overflow from distributors, in the nature of excess collection over recoupment of Minimum Guarantee, net of eligible expenses, is accounted for on receipt basis, in view of prudence

A.8.4 Revenue from other rights of Film/s such as satellite rights, music rights, video rights, etc. are recognized from effective date of exploitation of such rights

A.8.5. Sale of film/s is accounted upon receipt of theatrical release certificate in respect of the concerned Film/s

A.9 Miscellaneous Expenditure

Preliminary expenses are written–off over a period of five years

A.10 Retirement and Other Staff Benefits

Provision for gratuity is accounted for based on the provisions of the Payment of Gratuity Act, 1972

A.11 Contingent Liabilities

Contingent Liabilities if any, are disclosed by way of notes

Annexure - 6

STATEMENT OF DETAILS OF DIVIDEND

(Rs. ' Lacs)

	As at				
	31-03-2002	**31-03-2003**	**31-03-2004**	**31-03-2005**	**31-12-2005**
On Equity Share Capital					
Paid up share capital	1.00	1.00	286.50	286.50	630.30
Less: Calls in arrears	-	-	-	-	-
Net Share Capital	1.00	1.00	286.50	286.50	630.30
Face Value (In Rupees)	10.00	10.00	10.00	10.00	10.00
Rate of dividend %	NIL	NIL	NIL	NIL	NIL
Amount of dividend	NIL	NIL	NIL	NIL	NIL
Tax on dividend	NIL	NIL	NIL	NIL	NIL
On Preference Share Capital	NIL	NIL	NIL	NIL	NIL
Paid up share capital	NIL	NIL	NIL	NIL	NIL
Face Value (Rs.)	NIL	NIL	NIL	NIL	NIL
Rate of dividend %	NIL	NIL	NIL	NIL	NIL
Amount of dividend	NIL	NIL	NIL	NIL	NIL
Tax on dividend	NIL	NIL	NIL	NIL	NIL

Note: No dividend has been declared till date by the Company

Annexure - 7

ACCOUNTING RATIOS

(Rs. ' LAKHS)

	As at				
	31-03-2002	**31-03-2003**	**31-03-2004**	**31-03-2005**	**31-12-2005**
Net Profit/(Loss) before extraordinary items but after tax, as restated **(A)**	-	(0.21)	(531.43)	235.96	926.82
Less: Preference dividend including tax on dividend	-	-	-	-	-
Net profit after preference dividend **(B)**	-	(0.21)	(531.43)	235.96	926.82
Net Worth excluding share application and revaluation reserve at the end of the year **(C)**	(2.12)	(7.57)	1,224.01	1,460.06	2,386.94
Net Worth excluding share application and revaluation reserve and preference share capital at the end of the year **(D)**	(2.12)	(7.57)	1,224.01	1,460.06	2,386.94
Weighted average number of equity shares outstanding during the year (In Nos.) **(E)**	22,000	22,000	609,929	6,303,000	6,303,000
Add: Effect of share application money on equity shares (In Nos.)			750000*		
Weighted average number of equity shares outstanding during the year (In Nos.)- Dilutive **(F)**	-	-	-	-	-
Total Number of Equity shares outstanding at the end of the year (In Nos.) **(G)**	10,000	10,000	2,865,000	2,865,000	6,303,000
Earnings Per Share					
Basic (In Rupees) **(B/E)**	-	(0.96)	(87.13)	3.74	14.70
Diluted * **(B/F)**					
Return on Net Worth(%) **(A/C)**	-	2.79	(43.42)	16.16	38.83
Net Asset Value/ Book Value per share(In Rupees) **(D/G)**	(21.20)	(75.65)	42.72	50.96	37.87

* Refer note 3. below

Notes:

1. Net Profit/(Loss), as restated as appearing in the summary statement of Profits and Losses as restated of the Company has been considered for the purpose of computing the above ratios

2. Net Worth , as restated as appearing in the summary statement of Assets and Liabilities as restated of the Company has been considered for the purpose of computing the above ratios

3. Numbers of shares under share application are not considered for diluted earnings per share since basic earning per share is a loss per share assuming that conversion of any potential equity shares reduces the loss per share and is not therefore dilutive

4. Earnings/(Loss) per share (EPS) calculations have been done in accordance with Accounting Standard 20-"Earning per share" issued by the Institute of Chartered Accoountants of India

5. The calculation of basic earning per share has been adjusted in proportion to bonus equty shares issued for all the periods presented

Annexure - 8

CAPITALIZATION STATEMENT AS AT DECEMBER 31,2005

(Rs. ' Lakhs)

Particulars	Pre issue as at 31.12.2005	Post issue *
Borrowings:		
Short term debt	290.00	
Long Term debt	491.31	
Total Debts	**781.31**	
Shareholders Funds		
Equity Share Capital	630.30	
Reserves and Surplus	1,756.84	
Less:Miscellaneous		
Expenditure	0.19	
Total Shareholders Funds	**2,386.94**	
Total Capitalisation	**3,168.25**	
Long term debt/ Shareholders' Funds	**0.21**	

* Shareholder's funds post issue can be calculated only on the conclusion of the book building process

Notes:

1. Borrowings and Shareholders' funds , as restated as appearing in the summary statement of Assets and Liabilities as restated has been considered for the purpose of computing the above statement
2. Long term debt include current portion of the long term debt payable over the next twelve months from December 31, 2005
3. The above amounts are as per the summary statement of assets and liabilities of the Company, as restated

Annexure - 9
STATEMENT OF TAX SHELTERS

(Rs. ' LAKHS)

		Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Nine months ended December 31, 2005
A	Net Profit/ (Loss) before current and deferred taxes, as restated	-	(0.33)	(827.19)	374.74	1,420.53
	Income Tax rates applicable	35.70%	36.75%	35.88%	36.59%	33.66%
	Tax at applicable rate (A)	**-**	**(0.12)**	**(296.79)**	**137.12**	**478.15**
	Adjustments					
B	**Permanent Differences**					
	Others	-	-	2.89	0.06	(0.06)
	Total (B)	**-**	**-**	**2.89**	**0.06**	**(0.06)**
C	**Timing Differences**					
	Difference between Tax Depreciation and Book Depreciation (including loss on sale of depreciable asset)	-	(0.08)	(4.31)	(5.29)	(35.68)
	Short term loss on sale of Investment	-	-	-	-	16.17
	Provision for Gratuity	-	-	0.15	0.23	(0.14)
	Carry Forward of Losses	-	0.41	828.46	(369.73)	(459.15)
	Total (C)	**-**	**0.33**	**824.30**	**(374.79)**	**(478.79)**
D	Net Adjustments (B+C)	-	0.33	827.19	(374.74)	(478.85)
E	Tax Savings thereon **(E)**	-	0.12	296.79	(137.12)	(164.81)
F	Total Taxation Charge/(Saving) - Current (A+E)	-	-	-	-	313.34
G	Incremental taxes due to MAT / (Set off of MAT credit)	-	-	-	31.55	(31.55)
H	Total current taxes (F+G)	-	-	-	31.55	281.79
I	Deferred tax expenses/(credit)	-	(0.12)	(295.76)	137.14	164.89
K	Total taxation (H+I)	**-**	**(0.12)**	**(295.76)**	**168.69**	**446.68**

Notes:

1. The above amounts are as per the summary statement of profit and losses of the Company, as restated

2. Minimum Alternate tax (MAT) is payable for F.Y.2004-05 u/s.115JB of the Income tax Act, credit in respect of which is allowed to be carried forward & set off against the normal income taxes in subsequent 5 years u/s.115JAA. This MAT credit has been set off against the normal tax payable for 9 months period ended December 31, 2005

3. The above amounts are as per the summary statement of profit and losses of the Company, as restated

4. The Management is reasonable certain that sufficient Capital Gains arises in future against which the short Term Capital Loss on sale of Investment arising during the nine months period ended December 31, 2005, will be set off.

Annexure - 10
Secured Loans

(Rs. ' LAKHS)

	As at				
	31-03-2002	**31-03-2003**	**31-03-2004**	**31-03-2005**	**31-12-2005**
From Banks					
Bank Overdraft	-	-	199.90	36.93	0.00
Vehicle Loan	-	5.82	13.14	9.50	39.15
Term Loan	-	-	-	157.69	221.26
Project Loan					230.90
Total	**-**	**5.82**	**213.03**	**204.13**	**491.31**

Notes:

Sr.No.	Particulars	Rate of Interest	Repayment Terms	Amount outstanding as at December 31, 2005	Details of Security
1	Working Capital Loan Bank Over Draft	11.75%	Limit renewed after every 1 year	0.0022	Bank Overdraft is secured against collateral security of commercial premises of a company wherein certain directors of the company are interested as directors and personal guarantee of Managing Director
2	Term Loan Canara Bank	BPLR + 1 % = 11.75%	60 equated monthly installments of Rs.1.50 lacs from 16-12-2005	221.26	Term Loan from Bank is secured against hypothecation of assets/ equipment purchased there against, equitable mortgage of office premises of the Company and personal guarantee of Managing Director
3	Project Loan IDBI Bank	4.5 % over 3/6 months LIBOR	Bullet date June 30, 06 or release of Proposed film whichever is earlier	230.90	Project Loan from Bank is Secured against : Charge of movable properties of the Company both present and future, including all physical properties of every kind or nature of or relating to the Film and all versions thereof, including without limitation, all physical properties relating to the development, production, completion, delivery exhibition, distribution or other exploitation of the film tentatively titled as 'Golmaal... Fun Unlimited', and all versions thereof or any part thereof, including without limitation, the property of exposed film, developed film, positives, negatives, prints, answer prints, special effects, pre–print materials, sound tracks, recordings, audio and video tapes and discs of all types and gadgets, etc

					All receivables, insurance claims and other rights to receive the payment of money under present or future contracts or agreements including rent, revenue income, compensation, proceeds and profits from sale, distribution, sub–distribution, lease, sub–lease, hire purchase, marketing, licensing, or any other use of disposition or the film All cash, cash equivalent and other funds including deposits in all bank accounts of the company All agreements entered into by the company concerning distribution/ exhibition/ music rights/ copy rights/ patents/ trademarks/ trade names/ general intangibles pertaining to the film and letter of credit guarantees or performance bonds given by third party in favor of the Company
3	Vehicle Loan	(Flat Rate)			
(a)	ICICI Bank Ltd.	10.57%	36 Equated monthly installments of Rs.21,500 from 10-02-06	1.22	Hypothecation of Honda City 2X GXI MT
(b)	ICICI Bank Ltd.	15.00%	48 Equated monthly installments of Rs.86,250 from 01-05-05	29.84	Hypothecation of Toyota Land Crusier Prado
(c)	ICICI Bank Ltd.	2.57%	36 Equated monthly installments of Rs.20,300 from 01-08-04	1.21	Hypothecation of Opel Corsa - 1.6 Sail
(d)	ICICI Bank Ltd.	10.40%	36 Equated monthly installments of Rs.27,600 from 01-05-05	6.88	Hypothecation of Toyota Innova Model 2.0

Note:
The above amounts are as per the summary statement of assets and liabilities of the Company, as restated

Annexure - 11

UNSECURED LOANS

(Rs. ' Lacs)

	As at				
	31-03-2002	**31-03-2003**	**31-03-2004**	**31-03-2005**	**31-12-2005**
From Banks	-	-	-	-	-
From Directors	-	440.11	-	-	-
Others	-	-	-	-	290.00
Total	**-**	**440.11**	**-**	**-**	**290.00**
Above amount includes transactions with following related parties:					
- Dahlia Traders Private Limited	-	-	-	-	150.00
- D.P.Merchants & Trade Pvt. Ltd.	-	-	-	-	140.00
- Dhilin H Mehta	-	440.11	-	-	-
Total	-	440.11	-	-	290.00

Note :
1. The above Unsecured loans taken are Interest Free and repayable on demand

2. The above amounts are as per the summary statement of assets and liabilities of the Company, as restated

Annexure - 12

INVESTMENTS, AS RESTATED

(Rs. ' Lacs)

	As at				
	31-03-2002	**31-03-2003**	**31-03-2004**	**31-03-2005**	**31-12-2005**
Non-trade, Long Term (at cost),Quoted In associates (partnership firms) (trade)	-	-	-	-	19.87
	-	-	-	-	-
In subsidiary company (trade)	-	-	-	-	-
Others (non trade)	-	-	-	-	-
Current (at lower of cost and fair value) In units (non trade)	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**19.87**

Note:
1. The above amounts are as per the summary statement of assets and liabilities of the Company, as restated

Annexure - 13

SUNDRY DEBTORS, AS RESTATED

(Rs. ' Lacs)

	As at				
	31-03-2002	**31-03-2003**	**31-03-2004**	**31-03-2005**	**31-12-2005**
Debts outstanding for a period exceeding six months	-	-	-	-	355.39
Others	-	-	-	120.62	2023.01
Total	**-**	**-**	**-**	**120.62**	**2,378.39**

Note:
1. The above amounts are as per the summary statement of assets and liabilities of the Company, as restated

Annexure - 14

LOANS AND ADVANCES, AS RESTATED

(Rs. ' Lacs)

	As at				
	31-03-2002	**31-03-2003**	**31-03-2004**	**31-03-2005**	**31-12-2005**
Advance to Wholly owned subsidiary	-	-	-	-	-
Advance recoverable in cash or in kind or for value to received	1.31	0.10	453.32	205.89	666.74
Advances to vendors	-	-	-	-	-
Deposits	-	-	16.13	17.10	0.59
Total	**1.31**	**0.10**	**469.45**	**222.99**	**667.33**
No transactions with related parties in respect of loans and advances					

Note:
1. The above amounts are as per the summary statement of assets and liabilities of the Company, as restated

Annexure - 15

OTHER INCOME, AS RESTATED

(Rs. ' Lacs)

	As at				
	31-03-2002	**31-03-2003**	**31-03-2004**	**31-03-2005**	**31-12-2005**
OTHER INCOME, AS RESTATED	-	0.04	2.78	4.78	0.63
Net Profit/(Loss) before tax, as restated	-	(0)	(531)	247	1,252
Percentage	-	(19.34)	(0.52)	1.94	0.05

(Rs. ' Lacs)

	As at						
Source of Other Income	**31-03-2002**	**31-03-2003**	**31-03-2004**	**31-03-2005**	**31-12-2005**	**Nature**	**Related/Not Related to Business Activity**
Bank Interest on Fixed Deposit	-	0.04	2.78	4.78	-	Non-Recurring	Related
Dividend on Long term Investment	-	-	-	-	0.06	Non-Recurring	Not-Related
Discount Received	-	-	-	-	0.24	Recurring	Related
Insurance Claim					0.33	Non-Recurring	Related
Total	**-**	**0.04**	**2.78**	**4.78**	**0.63**		

Note:

1. The above amounts are as per the summary statement of profit and losses of the Company, as restated

2. The classification of other income as recurring/non-recurring and related/non-related to business activity is based on the current operations and business activity of the Company, as determined by the management

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS

The following discussion of our Company's financial condition and results of operations should be read together with the audited financial statements for the Financial year 2002, 2003, 2004, 2005 and nine months ending December 31, 2005 including the Schedules, Annexure and Notes thereto and the Reports thereon, which appear in this Draft Red Herring Prospectus. These financial statements are prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines as described in the Auditor's Report of Khimji Kunverji & Co. Chartered Accountants dated 20th March 2006 in the section with the title 'Financial Information of our Company'. Our fiscal year ends on March 31st of each year, so all references to a particular fiscal year are to the 12 month period ended 31st day of that fiscal year.

OVERVIEW

Our Company was originally incorporated as 'Shree Ashtavinayak Cine Vision Private Limited' on 23rd October 2001 for carrying on the business to produce, buy, sell, import, export or otherwise deal in cinematographic films, television films, video films, video cassettes and productions of TV serials, talk shows, game shows, event management ad films, corporate films, cable TV, feature film, regional television, casting, video plus film equipment supply, brand launches, theatre, stage management, music videos and to carry on the business of exhibiting and distributing cinematography films, television films, video films and acquiring or selling rights therein.

The name of our company was changed to Shree Ashtavinayak Cine Vision Ltd. at the Extra Ordinary General Meeting held on 14th June 2004. The certificate for change of name as above was issued by the Assistant Registrar of Companies, Maharashtra, Mumbai on 25th June 2004.

We are a vertically integrated Film Production, Distribution and Exhibition Company controlling the entire value chain. Our business model enables us to leverage our strengths better and allow an optimum and efficient utilization of existing infrastructure and resources. Over a period of time we have developed and enhanced our distribution and exhibition capabilities for in-house productions. We use these capabilities to distribute and exhibit films produced by other production houses, and consequently leverage our relationships with the industry fraternity.

Company Background:

Initially the focus of our Company was on producing TV Serials. After the induction of Mr.Dhilin H. Mehta on the Board of Directors in March 2002, we redefined our core business and decided to focus on production and distribution of films. As part of this strategy we began by producing two medium budget films namely Fun2ssh dudes in the 10th Century and Agnipankh which were released in the year 2003-2004. We made a profit in Fun2ssh dudes in the 10th Century whereas we broke even with Agnipankh. Simultaneously we entered into film distribution and expanded this division aggressively.

In the year 2004-2005 we distributed 10 films including like Main Hoon Naa, Mujhse Shaadi Karogi, and Aitraaz in Mumbai Territory. After successfully putting in place the infrastructure and expertise for production and distribution, we decided to produce a high budget film with an attractive star cast. Hence we ventured into production of Maine Pyar Kyon Kiya in association with Sohail Khan Productions featuring Salman Khan, Katrina Kaif, Sushmita Sen, and Sohail Khan among others. This film was released in July 2005 and proved to be a success at the box office. Between April 2005 and March 2006 we distributed 8 films including Paheli, Dus, Apaharan, and Zinda among others of other production houses besides Maine Pyar kyon Kiya.

Factors Affecting future Results of Operation.

- General economic and business conditions in India and other countries
- Regulatory changes relating to the Film Industry in India and our ability to respond to them
- Our ability to successfully implement our strategy of growth and expansion.
- Changes in the value of the Rupee and other currencies.
- The occurrence of natural disasters or calamities
- Image of lead artist working in films produced and distributed by us.

We distribute our home productions as well as films made by other production houses mainly in the Bombay Territory. With the film Zinda we entered the Delhi Territory as a distributor and are in the process of consolidating our position in North India. By the end of February 2006, we have distributed films in 1145 theaters.

To complete the chain of vertical integration we decided to extend our operation to exhibition which will enable us to control the eventual screening of films and gather direct feedback about audience taste and preferences. We ventured into exhibition towards the end of the financial year 2004-2005 and since then we have tied up with 18 theaters across Mumbai territory for exclusive screening of our own films and films produced by other production houses.

ANALYSIS OF RESULTS OF OPERATIONS

(Rs. In Lakhs)

	31-03-2003		**31-03-2004**		**31-03-2005**		**31-12-2005**	
	Rs	**%**	**Rs**	**%**	**Rs**	**%**	**Rs**	**%**
SALES								
Film Production	-	-	838.11	47.03	389.48	12.98	3103.55	66.15
Film Distribution	-	-	-	-	2,601.50	86.73	1502.37	32.02
TV Serial Production	-	-	941.25	52.81	-	-	65.00	1.39
Other Income	0.04	100.00	2.78	0.16	8.40	0.29	20.85	0.44
Total	0.04	100.00	1782.14	100.00	2,999.38	100.00	4,691.74	100.00
EXPENDITURE								
Cost of production and distribution of films	-	-	948.90	36.37	456.97	17.41	572.44	17.50
Directors remuneration	-	-	4.20	0.16	4.30	0.16	14.55	0.44
Employee cost	-	-	0.48	0.02	7.52	0.29	13.00	0.40
Administrative and other expenses	-	-	12.70	0.49	48.07	1.83	75.30	2.30
Interest	-	-	2.47	0.09	8.01	0.31	21.80	0.67
Depreciation & Amortization	0.37	100.00	1640.58	62.87	2099.77	80.00	2,580.60	78.89
Prior Period Adjustment							(6.48)	(0.20)
Total	**0.37**	**100.00**	**2609.33**	**100.00**	**2,624.64**	**100.00**	**3,271.21**	**100**
Profit before Taxation	(0.33)	-	(827.19)	-	374.74		1420.53	
Current tax	-		-		7.50		315.00	
Deferred Tax (Net)	(0.12)		(295.76)		131.28		178.07	

Fringe benefit tax	-		-		-		0.63	
Profit after Tax	(0.21)	-	(531.43)	-	235.96		926.82	
Surplus brought forward From Last Year	-		(0.21)		(531.64)		(295.68)	
Reserve Transferred to B/S	(0.33)		(531.63)		(295.68)		631.14	

COMPARISON OF PERFORMANCE AND ANALYSIS OF INCOME STATEMENT

For nine months period ended 31/12/05 compared to twelve months period ending 31/03/2005.

INCOME

Production of films: The current period saw a substantial increase in revenue from Production of films which stood at Rs.3103.55 Lakhs as compared to Rs.389.48 Lakhs in the previous period. The increase was mainly on account of the release of the Film 'Maine Pyar Kyon Kiya'. In the previous period we have not released any new film produced by us and only saw the spill over of revenue from films released in earlier periods.

Distribution of films: During the current period the revenues from Distribution of Films stood at Rs. 1502.37 Lakhs as compared to Rs.2601.50 Lakhs in the previous period. We had distributed a total of 10 films in the preceding 12 month period as against only 6 films in the current 9 month period. As mentioned earlier the main focus of our company is Production of films and allocation of resources for Distribution has reduced as a consequence.

The following films were distributed by our company during April 2004 to December 2005:

April 2004 to March 2005

Sr No	Name of the movie	Date of release
1	Main Hoon Na	30 April 2004
2	Garv	09 July 2004
3	Asaambhav	23 July 2004
4	Mujse Shaadi Karogi	30 July 2004
5	Fida	20 August 2004
6	Rakht	03 September 2004
7	Aitraaz	12 November 2004
8	Insaan	14 January 2005
9	Nigehbaan	25 February 2005
10	Tango Charlie	25 March 2005

April 2005 to December 2005

Sr No	Name of the movie	Date of release
1	Nazar	20 May 2005
2	Paheli	24 June 2005
3	Dus	08 July 2005
4	Apharan	02 December 2005
5	Mr Prime Minister	30 December 2005
6	Anjaane	30 December 2005

Sale of TV serials & pilot episodes: During the current period we have received Rs 65 Lakhs from sale of TV serials & pilot episodes. We have since discontinued the production of TV Serials and sold the entire inventory

during the current period on 'as is where is' basis. This transaction is one off and non-recurring in nature and hence cannot be compared with the earlier period.

Other Income: Other income during the current period comprises primarily of income from exhibition of films which is Rs.20.21 Lakhs and the discounts received from the suppliers. The income from exhibition of films in the previous period of Rs.0.19 Lakhs. The substantial growth in the revenue was achieved by entering into lease arrangements with 14 theaters during the current period as compared to 1 theater in the previous period. This income is not strictly comparable with the other income of the previous period which comprises of interest income earned on deposits placed with the banks.

EXPENSES

Cost of Production and Distribution of films: Our Company's accounting policy was to treat film production as inventory, upto year ended March 31, 2005. The excess of production cost over sales was carried forward to the next financial year as a part of inventory, pending sale of rights attached to the film.With effect from April 1, 2005, the company has changed its accounting policy to account film production and distribution costs as intangible assets under Fixed Assets and write off the same as under:

- If the film is released in the last three months of the financial year, the sale proceeds received, to the extent of production cost, is provided as depreciation and the balance production cost is depreciated in the succeeding year

- If the film is released three months prior to the end of the financial year, the entire production cost is provided as depreciation during the year

- If the film is not released within 12 months from the date of completion of production, the production cost is fully depreciated upon expiry of the said 12 months

Accordingly, 'Summary statement of Assets and Liabilities, as restated' has been restated for the years ended March 31, 2003, 2004 and 2005 to give effect to the change in accounting policy.

Under the changed accounting policy all film production and distribution costs which are identifiable with the production and distibutionof a film are treated as Capital WIP when the film is under production and subsequently treated as intangible assets under fixed assets once the production is complete.

The production cost typically cover fees to director, actors,technicians and other production support staff, sets, costumes, makeup, chereographer, music director,action director, writer, creative director,film raw stock, equipment hire charges, studio hire charges, dubbing, mixing, film processing and all other cost related to production activity.

The distribution cost typically cover the cost of acquiring the film, public relation and publicity, prints and other cost related to advertising and marketing of film.

The cost of production and distribution of films for the current period is Rs.572.44 Lakhs as against Rs.456.97 Lakhs in the previous period. This cost represents the unallocated costs which have not been capitalized and amortized as per the changed accounting policy for treatment of direct costs.

Director's remuneration: During the current period the remuneration paid to directors is Rs 14.55 Lakhs as compared to Rs 4.30 Lakhs in the previous year. The number of directors including executive directors in the current period has been increased to be in compliance with the corporate governance norms. Further there has been a hike in the remuneration paid to the directors to be in line with the trends prevailing in the industry.

Administration & other expenses: During the period our company has incurred Rs 75.30 Lakhs towards administration and other expenses as compared to Rs 48.07 Lakhs in the previous year, which is a reflection of the increase in operations and general increase in costs.

Employee cost: During the current period our company incurred Rs 13.00 Lakhs as employee cost as compared to Rs 7.52 Lakhs in the previous year. The increase in operations meant a need to increase the employee strength. This increase in employee cost is a reflection of the same.

Depreciation: With effect from April 1, 2005, the company has changed its accounting policy to account film production and distribution costs as intangible assets under Fixed Assets and write off the same as already explained under cost of Production and Distribution of films.
The depreciation during the period amounted to Rs 2580.60 Lakhs as compared to Rs 2099.77 Lakhs in the previous period. This represents the amortization of the production and distribution costs as mentioned in the new accounting policy.

Finance cost: During the period our company has incurred Rs 21.80 Lakhs as financial charges as compared to Rs 8.01 in the previous year owing to additional credit facilities being availed by us from Banks / Financial Institutions to finance our operations and for acquisition of assets.

Prior period adjustment: During the period a sum of Rs 6.48 Lakhs was debited to profit and loss account by way of prior period expenses as compared to nil in the previous year and same is due to adoption of accounting policy of writing off preliminary expenses over a period of five years as against writing off preoperative and preliminary expenses over a period of five years.

Profit After Tax: Profit after tax increased from Rs.235.96 Lakhs in FY2004-2005 to Rs.926.82 Lakhs for the period ended 31/12/2005 mainly on account of release of Maine Payar kyon Kiya.

For year ended 31/03/05 compared to year ended 31/03/2004

INCOME

Sale of films: Our Company generated Rs 389.48 Lakhs as revenue from films as compared to Rs 838.11 Lakhs in the previous year. There was a fall of 115.19% revenue generated from films as no new film was released by us during this period. The revenue of Rs 389.40 Lakhs represents the realization made by us in the current period on films released by us in the previous period. Films typically generate maximum revenue in the initial weeks of release and thereafter collections start declining. The two films produced by our company namely Funtoosh and Agnipankh were released during the fag end of the period ending March 2004. As such the revenue generated from these films during the year represents subsequent week's realization.

Distribution of films: During the current year we strategically diversified into film distribution and distributed the following 10 films during the period as against nil in the previous period. We generated Rs.2601.50 Lakhs during the current year from distribution of films.

Films Distributed between April 2004 to March 2005

Sr No	Name of the movie	Date of release
1	Main Hoon Na	30 April 2004
2	Garv	09 July 2004
3	Asaambhav	23 July 2004
4	Mujse Shaadi Karogi	30 July 2004
5	Fida	20 August 2004
6	Rakht	03 September 2004
7	Aitraaz	12 November 2004
8	Insaan	14 January 2005
9	Nigehbaan	25 February 2005
10	Tango Charlie	25 March 2005

TV Serial Production: During the current period our company had discontinued the production and sale of TV Serials and hence we did not register any income against this head as against an income of Rs.941.25 Lakhs in the previous period.

Exhibition of films:

Other income: It represents primarily income from exhibition of films and bank interest earned on fixed deposits placed with bank. In the last quarter of the current financial year our company ventured into exhibition of films and had taken one theatre on lease basis generating revenue of Rs 0.19 Lakhs only. No such activity was carried out by the company in the previous year. In the current period, we had earned an income of Rs 8.21 Lakhs as compared to Rs 2.78 Lakhs in the previous period on account of bank interest earned on fixed deposits placed with bank. During the current period we generated cash flows from the distribution of films which was from time to time deployed in bank fixed deposits which generated interest income.

EXPENSES

Cost of production and distribution of films: The cost of production and distribution for the current period amounted to Rs 456.97 Lakhs as compared to Rs 948.90 Lakhs during the previous period. We did not produce and release any films during the current period and most of the expenditure could be attributed to distribution of films. Hence the reduction in the expenditure in the current period as compared to that of the previous period. We distributed 10 films during the current period as compared to nil in the previous period (as we did not distribute any film under other prodcution. Secondly, the change in the method of accounting as already discussed has resulted in the cost of production and distribution of films being capitalized as an intangible asset and being amortized as per the method discussed herein earlier.

Director's remuneration: During the current period the Directors remuneration stood at Rs.4.30 Lakhs as compared to Rs.4.20 Lakhs for the previous period. There has been no substantial increase in the remuneration paid to the directors.

Administration & other expenses: Our Company incurred Rs 48.07 Lakhs as administration and other expenses in the current period as compared to Rs 12.70 Lakhs in the previous period. This is on account of the marked increase in the level of operation and the diversification into distribution of films. The rise under this head is mainly on account of fees paid to professionals for availing consultancy services to help increase and consolidate the distribution network in the Mumbai territory.

Employee cost: Employee cost increased in the current period from Rs.0.48 Lakhs in the previous period to Rs.7.52 Lakhs in the current period. The manpower strength of the company had gone up commensurate with its operations.

Depreciation: As mentioned herein earlier we have changed the accounting policy as regards cost of production and distribution of films whereby we are capitalizing the cost of production and distribution of films and amortizing the same. With this change in policy the financial results for all the previous years have been restated. Accordingly, the depreciation charged during the current period is Rs.2099.77 Lakhs as against Rs.1640.58 Lakhs for the pervious period.

Finance charges: Finance Charges amounted to Rs. 8.01 Lakhs as compared to Rs. 2.47 Lakhs. The increase was mainly due to increase in the banking facilities being availed by our company – both working capital and term loans were availed to support operations and procure fixed assets.

For year ended 31.03.2004 compared with the year ended 31.03.2003

INCOME

Sale of films: Our Company has booked revenue of Rs 838.11 Lakhs as compared to previous year Rs nil. The current period was the first year since we commenced operations. During this period we produced and released two films namely Funtoosh and Agnipankh. These films were produced in-house by the company.

TV Serial Production: During the current period we produced a few TV serials which were sold for Rs.941.25 Lakhs., as against nil in the previous year.

Other income: It represents bank interest earned on fixed deposits placed with bank. In current period other income amounted to Rs 2.78 Lakhs as compared to Rs 0.04 Lakhs in the previous period. The additional cash

flow out of the revenue generated from production of films and TV Serials was placed as fixed deposits fetching interest income.

EXPENSES

Cost of production and distribution: The cost of production and distribution of films amounted to Rs 948.90 Lakhs in the current period as compared to Rs nil in the previous period. Production cost to the extent of the revenue is written off pending realization of various rights attached to the films and pending full commercial and international exploitation of films produced as per the change in accounting policy as explained herein earlier.

Administration & other expense: Our company incurred an expense Rs 12.70 Lakhs in the current period as compared to Rs nil in the previous period. During the current period we had undertaken production of TV Serials and two films and the expenses under this head relates to day to day administration and other expenses incurred to carry on these productions.

Directors remuneration: During the current period the Directors remuneration amounted to Rs 4.20 Lakhs as compared to Rs nil in the previous period. The current period being first year of the operations of our Company, we evolved and formalized a remuneration structure for our employees including our directors.

Employee cost: We incurred a cost of Rs 0.33 Lakhs as employee cost in the current period as compared to Rs nil in the previous period. We had begun to employ personnel during the current period to support operations.

Depreciation: We booked depreciation of Rs.1640.58 Lakhs during the current period which reflects the amortization of production costs giving effect to the change in accounting policy relating to capitalizing production costs and amortization of the same as discussed herein earlier. The depreciation for the earlier period was Rs.0.37 Lakhs as there was no production or distribution activity undertaken during this period.

Finance charges: We incurred Rs 2.47 Lakhs towards finance charges in the current period as compared to Rs nil in the previous period. During the current period we had availed of finance facilities to fund the purchase of vehicles for which finance charges were paid.

For year ended 31.03.2003 compared with the year ended 31.03.2002

The year ended 31.03.2003 was the first full year of the company.

Other income: The interest income received on fixed deposit placed with banks fetched an interest of Rs 0.04 Lakhs compared to Rs nil in the previous year.

Depreciation: We booked depreciation of Rs 0.37 Lakhs compared to Rs nil in the previous year as company had purchased fixed assets.

Unusual or infrequent events or transactions

Except as stated above or in the 'Auditors Report' and 'Details of Material Development after the date of last Balance Sheet dated December 31, 2005' on page no 68 and page no 100 respectively. There are no unusual or infrequent transactions that have significantly affected the business of our company.

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

Entertainment Tax is levied by State Governments on theatre and hence they are not uniform all over the country. The high tax levy discourages viewership growth and therefore effects the growth of our Company. Secondly FDI in all film related activities such as film financing, production distribution, exhibition, marketing, etc is permitted up to 100% for all companies under the automatic route.

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

The selling of the film generally depends on the ongoing trend in viewership and hence the commercial viability of the film is likely to get affected by the public image and liking of the lead starcast of the film. Any unanticipated event which may create a dent or disliking as a public figure of any lead starcast at the time of release could adversely affect the film.

Future changes in relationship between costs and revenues Other than as described

In film production, the cost of production varies from project to project depending up its star cast. Major head of cost is the fees paid to star cast. Any increase in the cost attributable to hiring of the star cast is likely to have an impact on the cost of the Company thereby affecting its revenue.

Increases in net sales or revenue and Introduction of new products or services or increased sales prices

The revenue generated in our business is dependant on the movies produced and/or distributed by us. The revenue will increase or decrease depending on the commercial success of movies produced and/or distributed by us during the year.

Status of any publicly announced New Products or Business Segment

The company generally advertises publicly about the films that are generally under production and /or distribution as a pre release medium to create awareness of the forthcoming release.

Seasonality of Business

The business of our company is seasonal and revenues are higher during the April-June and October- December quarters. Any substantial decrease in our revenues in these quarters can have a material adverse impact on our financial performance. Our revenues increase in the third quarter of our financial year (October-December quarter) due to the occurrence of festivals like Durga Puja, Diwali, Christmas, etc, as well as during the summer vacation season (April-June quarter), in which film industry itself reports higher revenues. As a result of this, the quarter to quarter comparison of results may not be meaningful indicator of our future performance.

Dependence on a single or few suppliers or customers

The business of our company which is mainly generated from production and/or distribution of films and hence the revenue earned depends on the success of the film which in turn depends on the bankability of the star cast in the film.

Competitive conditions

The industry is getting more competitive with the increase in number of organized players as well there are more number of production houses coming up and one of the major reasons for that is no entry barriers.

But our company has taken an early stand in achieving an organized tag behind us which is gives us a better edge and there has been continuous effort from our company on improving our competitive position in the industry.

Significant Developments after Dec. 31, 2005 that may affect the future results of operations

No circumstances have arisen since the date of last financial statement until the date of filing of this draft Red Herring Prospectus with SEBI, which materially and adversely affect or is likely to affect the operations or profitability of our Company, or value of its assets, or its ability to pay its liability within next twelve months. and there is no subsequent development after the date of the Auditor's Report, which will have a material impact on the reserves, profits, earnings per share and book value of the Equity Shares of our Company. Except as given below:

1. The company has entered into an agreement with K Sera Sera Production Limited for Joint Production of 10 Films on January 18, 2006.
2. The Company's Films viz. Golmaal -Fun Unlimited , Bhagambhag, jointly produced with K Sera Sera Productions Limited are under advanced stage of production

SECTION VI

LEGAL AND OTHER INFORMATION

Except as described below, there are no outstanding litigations, suits or criminal or civil prosecutions or tax liabilities against the Company, its directors, Promoters or companies promoted by its promoters that would have a material impact on the business of the Company and there are no defaults, non payment or statutory dues, institutional/bank dues and dues payable to holders of debentures, bonds and fixed deposits and arrears of preference shares that would have a material adverse effect on the business other than unclaimed liabilities by the Company or its directors, its Promoters or companies promoted by its promoters. Further, the directors, promoters or companies promoted by the promoters have not been declared as willful defaulter by Reserve Bank of India, and also have not been debarred from dealing in securities and/or accessing the capital markets by SEBI and no disciplinary action has been taken against them by SEBI or any stock exchanges.

I. OUTSTANDING LITIGATIONS INVOLVING OUR COMPANY

A. FILED AGAINST COMPANY

There are no criminal, securities, statutory, civil or other litigations filed by the Company.

B. FILED BY OUR COMPANY

There are no criminal, securities, statutory, civil or other litigations filed against the Company.

II. OUTSTANDING LITIGATION INVOLVING DIRECTORS AND PROMOTERS

A. By and Against our Directors and our Promoters.

There are no criminal, securities, statutory, civil or other litigations filed by or against the Directors and Promoters of the Company.

III. OUTSTANDING LITIGATION INVOLVING OUR GROUP COMPANY/ FIRM

There are no criminal, securities, statutory, civil or other litigations filed by or against our Group Company or firm.

IV. NOTICES AGAINST THE COMPANY

The Company has also not received any notice from any person, authority or court in relation to any criminal, securities, statutory, civil or other matter.

V. NOTICES AGAINST DIRECTORS AND PROMOTERS.

A notice u/s 156 of Income Tax Act 1961 has been received by Mr.Dhilin Mehta for A.Y. 2003-2004 for Rs. 31.80 Lakhs vide notice dated 23/03/2006. Apeal has been filed against the same on April 20, 2006.

VI. AMOUNTS OWNED TO SMALL SCALE UNDERTAKINGS

The Company does not in debted to pay any amount to any Small Scale Undertakings.

VII. There is no contingent Liability against the Company as on December 31, 2005.

GOVERNMENT APPROVALS

The Company does not require any letter of intent or industrial license from the GoI for carrying out its current operations. or those proposed in this draft Red Herring Prospectus. The Company also does not require any permission or approval from the GoI and various GoI agencies for proceeding with the proposed capital expenditure from the proceeds of the Issue except those mentioned in this draft Red Herring Prospectus. The Company does not require any further approval from any GoI authority or RBI to undertake the proposed activities save and except those consents and approvals, which it may require to take in the normal course of business from time to time.

The Company has received all the necessary consents, licenses, permissions and approvals from the GoI and various GoI agencies / private certification bodies required for our present business and no further approvals are required for carrying on the present as well as our proposed business except as mentioned herein. It must, however, be distinctly understood that in granting the above consents/ licenses/ permissions/ approvals, the GoI does not take any responsibility for our financial soundness or for the correctness of any of the statements or any commitments made or opinions expressed.

Consents and Approvals

1. Certificate of Incorporation dated October 23, 2001and Certificate of Change in name to Shree Ashtavinayak Cine Vision Limited dated June 25, 2004 issued by ROC Mumbai.
2. Letter of Intent dated August 6, 2004 from the Government of Maharashtra, Office of the Jt. Director of Industries (MMR) in relation to the IT Service Unit of the Company at its registered office. The IT Service Unit has been issued for the following items:

    - Multi Media Development Unit (Including Animation and special effects, Video and photo digitization.
    - Back Office operations relating to computerized data.

    The Letter of Intent is valid for a period of three years from the date of issue i.e. shall expire on August 5, 2007.

3. Licence issued by the Brihanmumbai Mahanagar Palika (BMC), K West Ward, under the Shops & Establishment Act, 1948 bearing Registration No. KW-II/012262 dated September 5, 2005 for its office premises
4. Certificate of Importer-Exporter Code (IEC) dated July 14, 2003. The IEC Number of the Company is 0303022434.

5. Registration under the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975 vide certificate number PT/R/1/1/33/13281 dated October 7, 2002 issued by Sales tax officer and Enrollment vide certificate no.1/1/33/18/1961 dated October 7, 2002 Issued by professional Tax officer, Mumbai.

6. The Permanent Account Number (PAN) of the Company is AAGCS2622B.

7. Service tax Registration No. ST/MUM/ DivIV/GTA/1085/REG 2006 and No. ST/MUM/ DivIV/AA/1197/REG 2006 issued on March 16, 2006 for Goods Trasport Agency and Advertising respectively from Superintendent Service Tax Division IV Mumbai.

8. TDS Account No. MUMS44552E

Approval Applied For:

Registration Applied for	Authority	Date on which application Made
Registration under Trade Mark Act	The registraro f Trademarks	October 3, 2005

In case we are required to obtain any further Licences/ permissions/ approvals, we shall accordingly apply for the same.

MATERIAL DEVELOPMENTS

Significant development since the last audited balance sheet as on December 31, 2005 till the date of draft Red Herring Prospectus.

No circumstances have arisen since the date of last financial statement until the date of filing of this draft Red Herring Prospectus with SEBI, which materially and adversely affect or is likely to affect the operations or profitability of our Company, or value of its assets, or its ability to pay its liability within next twelve months. and there is no subsequent development after the date of the Auditor's Report, which will have a material impact on the reserves, profits, earnings per share and book value of the Equity Shares of our Company. Except as given below:

1. The company has entered into an agreement with K Sera Sera Production Limited for Joint Production of 10 Films on January 18, 2006. (Details on page no 49 of Draft Red Herring Prospectus.)
2. The Company's Films viz. Golmaal -Fun Unlimited , Bhagambhag, jointly produced with K Sera Sera Productions Limited are under advanced stage of production.

SECTION VII - OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Present Issue
The Issue of Equity Shares by our Company has been authorised by the resolution of the Board of Directors passed at their meeting held on Feburary 9, 2006**,** subject to the approval of shareholders through a special resolution to be passed pursuant to Section 81(1A) of the Companies Act, 1956. The shareholders approved the fresh issue at the Extra-Ordinary general meeting of our company held on Feburary 11, 2006.

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

Neither our company nor our Directors, our Promoters, Promoter Group Companies or relatives of Promoters have been detained as willful defaulters by RBI/ government authorities and there are no proceedings relating to violations of securities laws pending against them and there are no violations of securities laws committed by them in the past except as disclosed in the "Risk Factors" appearing on page no. i of this Draft Red Herring Prospectus.

ELIGIBILITY FOR THE ISSUE
Our company is eligible for the Issue as per Clause 2.2.2 of the SEBI Guidelines as explained under:

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

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

OR

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

AND

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

OR

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

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

Our Company is an unlisted company that does not comply with the conditions specified in Clause 2.2.1 of the SEBI Guidelines and is therefore required to meet both the conditions set forth in Clause 2.2.2(a) and clause 2.2.2(b) of the SEBI Guidelines, as specified above.
Our Company will comply with Clause 2.2.2(a)(i) of the SEBI Guidelines and at least 50% of the Net Issue shall be allotted to QIB's and in the event our company fails to do so, the full subscription monies shall be refunded to the Bidders ***and our company will also comply with Clause 2.2.2(b)(i) of the SEBI Guidelines wherein the post-issue face value capital of our company shall be Rs. [*] lakhs, which is more than the minimum requirement of Rs. 1000 lakhs (Rs. 10 crores).***.

Further, our company will comply with Clause 11.3.5(i) and (b) of the SEBI Guidelines, and at least 15% and 35% of the Net Issue shall be available to Non-Institutional Bidders and Retail Individual Bidders, respectively.
Our company will also comply with Clause 2.2.2(b) (i) of the SEBI Guidelines and the post –Issue face value capital shall be Rs.1000 Lakhs.

Hence, our company is eligible for the Issue under Clause 2.2.2 of SEBI Guidelines.

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines , our Company undertakes that the number of allottees in the Issue shall be at least 1,000, otherwise, the entire application money shall be refunded forthwith. In case of delay, if any, in refund, our company shall pay interest on the application money at the rate of 15% per annum for the period of delay. Further if at least 50% of the Net Issue cannot be allotted to QIBs, then the entire application money shall be refunded forthwith. In case of delay, if any, in refund, our company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

SEBI 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 TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THIS 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, ALLIANZ SECURITIES 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 INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER M/S ALLIANZ SECURITIES LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED April 29, 2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

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

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

(3) WE CONFIRM THAT:

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

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

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

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

E. WE HAVE SATISFIED OURSELVES ABOUT THE WORTH OF UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.

(4) WE CERTIFY THAT A WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS A PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING OF THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF THE LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

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

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

DISCLAIMER FROM THE ISSUER AND THE BOOK RUNNING LEAD MANAGER

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

The Book Running Lead Managers accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the Book Running Lead Managers and our Company dated April 18, 2006 and the underwriting agreement to be entered into between the underwriter and us.

All information shall be made available by us, the Book Running Lead Managers to the public and investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever including road show presentations, research or sales reports or at bidding centres or elsewhere.

Neither our Company nor BRLM or Syndicate Members shall be liable to the Bidders for any failure in downloading the bids due to faults in any software/ hardware system or otherwise.

CAUTION

Investors that bid in this Issue will be required to confirm and will be deemed to have represented to the Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approval to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approval to acquire Equity Shares. Our company and the Underwriters and their respective directors, officers, agents, affiliates and

representatives accept no responsibity or liability for advising any investor on whether such investor is eligible to equire Equity Shares.

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, Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian Financial Institutions, Commercial Banks, Regional Rural Banks, Co-operative Banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860,as amended fro time to time, or any other Trust law and who are authorized under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to NRIs on non-repatriable basis and FIIs registered with SEBI. This Draft Red Herring Prospectus does not, however, constitute an Issue to sell or an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an issue or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes into is required to inform himself about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been filed with SEBI for observations and SEBI has given its observations and the final Red Herring Prospectus has been filed with ROC as per the provisions of the Act. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the 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 have not been and will not be registered under the US Securities Act ("the Securities Act")or any state securities laws in the United States and may not be issued 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 issued and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those issues and sales occur.

DISCLAIMER CLAUSE OF BOMBAY STOCK EXCHANGE LIMITED (BSE, the Designated Stock Exchange)
[*]

DISCLAIMER CLAUSE OF THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE)
[*]

FILING OF PROSPECTUS WITH THE BOARD AND ROC
A copy of this Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Ground Floor, Mittal Court, "A" Wing, Nariman Point, Mumbai - 400021.

A copy of Draft Red Herring Prospectus, along with the documents to be filed under Section 60B of the Companies Act, 1956 will be delivered to the RoC, Maharashtra situated at 100, Everest, Marine Lines, Mumbai-400002. A copy of the Prospectus, required to be filed under section 60 of the Companies Act, 1956 would be delivered for registration to the Registrar of Companies, Maharashtra, 100,Everest, Marine Lines, Mumbai-400002

IMPERSONATION
As a matter abundant caution, attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, 1956 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."

LISTING

The initial listing applications have been made to Bombay Stock Exchange Ltd. (BSE) and The National Stock Exchange of India Limited (NSE) for permission to list the Equity Shares and for an official quotation of the Equity Shares of our company. Bombay Stock Exchange Ltd. will be the Designated Stock Exchange.

In case the permission for listing of the Equity Shares and for official quotation of the Equity Shares is not granted by any of the above mentioned Stock Exchanges, our company shall forthwith repay, without interest, all monies received from the applicants in pursuance of this Draft Red Herring Prospectus and if such money is not repaid within eight days after the day from which our Company becomes liable to repay it from the date of refusal or within 70 days from the Bib/Issue closing date whichever is earlie,, then our company and every director of our company who is an officer in default shall, on and from the expiry of 8 days, be jointly and severally liable to repay the money with interest prescribed under Section 73 of the Companies Act 1956.

Our company with the assistance of the Book Running Lead Manager shall ensure that all steps for the completion of necessary requirements for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven days of finalization and adoption of the Basis of Allotment for the Issue.

CONSENTS
Consents in writing of: (a) our Directors, the Company Secretary, Compliance Officer, the Auditors, Bankers to our company, Bankers to the Issue; and (b) Book Running Lead Managers to the Issue and syndicate members, Registrars to the Issue and Legal advisors to the Issue and the underwriters, to act in their respective capacities, have been obtained and shall be filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, Maharashtra, Mumbai as required under Sections 60 of the Companies Act, 1956 and such consents have not been withdrawn up to the time of delivery of a copy of this Red Herring Prospectus, for registration with the Registrar of Companies, Maharashtra, Mumbai.

M/s Khimji Kunverji & Company, the Statutory Auditors, have also given their consent to the inclusion of their report as appearing hereinafter in the form and context in which it appears in this Draft Red Herring Prospectus and also tax benefits accruing to our company and to the members of our company in the form and context in which it appears in this Draft Red Herring Prospectus and such consent and report have not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus for registration with the Registrar of Companies, Maharashtra at Mumbai.

EXPERT OPINION
No opinion of any expert has been obtained by our company.

ISSUE RELATED EXPENSES

The expenses for this Issue includes issue management fees, selling commission, distribution expenses, legal fees, fees to advisors, stationery costs, advertising expenses and listing fees payable to the Stock Exchanges, among others. The total expenses for this Issue are estimated as under at approximately Rs. [•] Lakhs, details of which are as under:

(Rs. In Lakhs)

Activity	% OF TOTAL ISSUE SIZE
Issue Management	[*]
Registrars fees	[*]
Printing & Distribution of Issue Stationery	[*]
Advertising and Marketing expenses	[*]
Brokerage and Selling commission	[*]
Other expenses	[*]
Total	[*]

Fees Payable to the Book Running Lead Manager, Brokerage and Selling Commission
The total fees payable to the Book Running Lead Manager including brokerage and selling commission for the Issue will be as per the Memorandum of Understanding executed between our company and the Book Running Lead Manager dated April 18, 2006, copy of which is available for inspection at the Registered Office of our company.

Fees Payable to the Registrar
The total fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding executed between our company and the Registrar dated Feburary 13, 2006 copy of which is available for inspection at the Registered Office of our company.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund order(s) or allotment advice by registered post or speed post or under certificate of posting.

Previous Public and Rights Issues
Our company has not made any public or rights issue since its inception.

Previous Issues of Shares otherwise than for Cash
The has not issued shares for consideration other than for Cash except issue of bonus shares as stated in section titled "Capital Structure" on page 10.

Commission and Brokerage paid on previous Issues
Since this is an initial Public Issue of the Equity Shares, no sum has been paid/ is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of the Coampny since its incorporation.

Companies under the same Management
Our Company does not have any other company under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956 which has made any capital issue during the last three years.

PROMISE VIS-A-VIS PERFORMANCE

(A) LAST THREE ISSUES MADE BY Issuer Company
Our company has not made any issue of equity shares to the public prior to the present Public Issue.

(B) LAST ISSUE OF THE LISTED VENTURES OF PROMOTER GROUP
There is no Listed venture of the Promoter Group.

Outstanding Debentures, Bonds, Redeemable Preference Shares or other Instruments
Our company, since its incorporation has not issued any Redeemable Preference shares and debentures, bonds or other instruments.

Stock Market Data for our Equity Shares
This being the Intial Public Issue of our company, no Stock Market Data is available.

Mechanism for Redressal of Investor Grievances
The Memorandum of Understanding between the Registrar to the Issue and our company, will provide for retention of records with the registrar to the Issue for a period of atleast one year from the last date of dispatch of letters of allotment, demat credit, refund orders to enable the investors to approach the registrar to the Issue for the redressal of their grievances.
All grievances relating to the Issue may be addressed to the registrar to the Issue, giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, depository participant number and beneficiary account number, and the bank branch or bidding center where the application was submitted.

Disposal of Investor Grievances
Our Company estimate that the average time required by us or the Registrar to the Issue for the redressal of the routine investor grievances should be fifteen 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.

Our Company has appointed Ms Archana Andhare as Compliance Officer and he may be contacted in case of any pre issue/post issue related problems. The Compliance Officer can be contacted at the following address:

Ms. Archana Andhare
A-204/205, VIP Plaza, 2nd floor,
Block B, Plot no. 7 Veera Industrial Estate,
Off. Andheri Malad Link Road,
Andheri (W),
Mumbai-400053
Tel No: +91 22 67029630
Fax No: +91 22 67029634

CHANGES IN AUDITORS
Our company has made changes in the Auditors of our company during the last three years. The auditors of our company are appointed in accordance with the provision of the Companies Act and their remuneration and rights are regulated by section 224 to 233 of the Companies Act.

The change in Auditors since incorporation as given below:

Name of Auditors	Date of Appointment	Date of Resignation
Shyam C. Agrawal & Co.	Since Incorporation	02-04-2004
Dokania S. Kumar & Co.	02-04-2004	11-02-2006
Khimji Kunverji & Co.	11-02-2006	---

Capitalization of Reserves or Profits (during the last five years)
Our Company has not capitalized our profits or reserves at any time except as stated in the Section titled “Capital Structure” on page no. 10 of this Draft Red Herring Prospectus.

Revaluation of Assets (during the last five years)
Our company has not revalued its assets during the last five years.

TERMS OF THE ISSUE

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

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles of Association and shall rank pari passu in all respects with the existing Equity Shares of our company including rights in respect of dividend. The allottees will be entitled to dividend or any other corporate benefits, if any, declared by our company after the date of allotment/allocation.See the section titled "Main Provisions of the Articles of Association of our company" beginning on page 135 of this Draft Red Herring Prospectus.

Mode of payment of Dividend

Payment of dividend by our Company, if recommended by our Board and declared at our general meeting, would be in any of the modes specified or permitted by the Act from time to time.

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10/- each are being issued in terms of this Draft Red Herring Prospectus at a price of Rs. [*] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI Guidelines

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

Rights of the Equity Shareholder

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

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

For a detailed description of the main provisions of our Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, refer to the section on "Main Provisions of Articles of Association of our company" on page 135 of this Draft Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares of our company shall be allotted only in dematerialized form. As per existing SEBI Guidelines, the trading of our Equity Shares shall only be in dematerialized form.

Since trading of our Equity Shares is compulsorily in dematerialized mode, the tradable lot is one Equity Share. Allotment through this Issue will be done only in electronic form in multiples of 1 Equity Shares subject to a minimum Allotment of [*] Equity Shares.

Nomination facility to the Investor

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

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

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

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

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

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the net Issue to the public, including devolvement on underwriters, if any, within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount (i.e., 60 days from the Bid/ Issue Closing Date), our Company shall pay interest prescribed under Section 73 of the Companies Act.

Jurisdiction

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

Subscription by Non-Residents, NRI, FIIS

There is no reservation for any Non-Residents, NRIs, FIIs, foreign venture capital investors registerd with SEBI and multilateral and bilateral development financial institutions and such Non-Residents, NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions will be treated on same basis with the other categories for the purpose of allocation.

As per RBI regulations, OCBs cannot participate in the Issue. Equity Shares acquired by NRIs can only be sold to Indian Residents and other NRIs.

Withdrawal of the Issue

Our company, in consultation with the BRLM, reserves the right not to proceed with the Issue at anytime including after the Bid Closing Date, without assigning any reason thereof.

Arrangements for Disposal of Odd Lots

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

Restriction on Transfer of Shares and Alteration of Capital Structure

The restriction if any, on the transfer of our Equity Shares are contained in the section titled "Main Provisions of the Articles of Association of our Company beginning at Page 135 of this Draft Red Herring Prospectus.

ISSUE STRUCTURE

Public Issue of 33,00,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. [●] per Equity Share aggregating to Rs. [●]. The Issue would constitute 32.90% of the fully diluted post issue paid up Equity Share Capital of our company.

	QIBs	**Non-Institutional Bidders**	**Retail individual Bidders**
Number of Equity Shares*	Minimum of 16,50,000 Equity Shares must be allotted to QIB	At least 4,95,000 Equity Shares shall be available for allocation.	At least 11,55,000 Equity Shares shall be available for allocation.
Percentage of Issue Size Available for allocation	At least 50% of the Net Issue (of which 5% shall be available for allocation for Mutual Funds)*. 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, if any, in the Mutual Fund reservation will be available to QIBs.	At least 15% of Net Issue to Public or Net Issue to Public less allocation to QIB Bidders and Retails Individual Bidders	Atleast of 35% of Net Issue to Public or Net Issue to Public less allocation to QIB Bidders and Non-Institutional Bidders
Basis of Allocation if respective category is oversubscribed	Proportionate as follows: a. Equity Shares constituting 5% of the QIB portion shall be allocated on a proportionate basis to Mutual Funds in the Mutual Funds Portion: b. The balance Equity Shares of the QIB portion shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid#	Such number of Equity Shares in multiples of [*] so that the Bid Amount exceeds Rs. 1, 00,000 and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares in multiples of [*] so that the Bid Amount exceeds Rs. 1,00,000 and in multiples of [●] Equity Shares thereafter	[●] Equity shares and in multiples of [●] Equity Share thereafter
Maximum Bid	Such number of Equity Shares not exceeding the Net Issue to the Public, subject to applicable limits.	Such number of Equity Shares not exceeding the Net Issue to Public, subject to applicable limits.	Such number of Equity Shares whereby the Bid amount does not exceeds Rs. 1,00,000
Mode of Allotment	Compulsorily in dematerialized mode	Compulsorily in dematerialized mode	Compulsorily in dematerialized mode
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Bidding Lot	[*] Equity Shares	[*] Equity Shares	[*] Equity Shares
Who can apply***	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, foreign institutional investors registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital	Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, NRIs, scientific institutions, societies and trusts.	Individuals (including NRIs and HUFs) applying for Equity Shares such that the Bid amount does not exceed Rs. 100,000 in value.

	investors registered with SEBI and State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2500 lakhs (subject to applicable laws) and pension funds with minimum corpus of Rs. 2500 lakhs in accordance with applicable laws.		
Terms of Payment	Margin Money applicable to QIB Bidders shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Money applicable to Non institutional Bidders shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Money applicable to Retail Individual Bidders shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.
Margin Amount	10% of the bid amount	100% of the Bid amount on Bidding	100% of the Bid amount on Bidding

* Subject to valid Bids being received at or above the Issue Price.

Under-subscription, if any, in any category except in the QIB category would be met with spill-over from other categories at our sole discretion, in consultation with the BRLMs. If a minimum allotment of 50% of the Issue is not made to the QIBs, the entire subscription monies shall be refunded.

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

ISSUE PROCEDURE

Book Building Procedure

This Issue is being made through the 100% Book Building Process where in minimum 50% of the Net Issue to Public shall be allocated on a proportionate basis to Qualified Institutional Buyers including upto 5 % of the QIB Portion shall be available for compulsory allocation to mutual funds only and the remainder of the Qualified Institutional Buyers portion shall be available for allocation on a proportionate basis to all Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above the Issue price. In the event minimum 50% of the Net Issue to public is not allocated to QIBs as above, the full subscription money shall be refunded to the bidders Further, not less than 15% of the Net Issue to Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate members. Our Company in consultation with the BRLMs, reserve the right to reject any Bid procured from QIBs, by any or all members of the Syndicate, for reasons to be recorded in writing provided that such rejection shall be made at the time of receipt of the Bid and the reasons thereof shall be disclosed to the Bidders. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company has a right to reject the Bids only on technical grounds.

Investors should note that allotment of Equity Shares to all successful Bidders would only be in dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Draft Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorized us to make the necessary changes in this Draft Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by 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**
Indian Public or NRIs applying on a non-repatriation basis	White
NRIs or FIIs or Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue

Who Can Bid?

- Indian nationals resident in India who are majors, or in the name of their minor children as natural/legal guardians, in single or joint names (not more than three);
- HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in Equity shares;

- Indian Mutual Funds registered with SEBI;
- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI Guidelines and Regulations, as applicable);
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital investors registered with SEBI;
- State Industrial Development Corporations;
- Insurance companies registered with the Insurance Regulatory and Development Authority;
- Provident funds with minimum corpus of Rs. 2500 lakhs and who are authorized under their constitution to invest in Equity Shares;
- Pension funds with minimum corpus of Rs. 2500 lakhs and who are authorized under their constitution to invest in Equity Shares;
- Multilateral and bilateral development financial institutions;
- Trusts/Societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/Societies and who are authorized under their constitution to hold and invest in equity shares;
- NRIs on a repatriation basis or a non- repatriation basis subject to applicable local laws;
- FIIs registered with SEBI; and
- Scientific and/or industrial research organizations authorized under their constitution to invest in equity shares

Note:

The BRLMs and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation if any.

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.

As per existing regulations, OCBs cannot Bid in this Issue.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:
No mutual fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any Company's paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of our post-Issue paid-up capital (i.e., 10% of 1,00,31,000 Equity Shares). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. As of now, aggregate FII holding in our Company cannot exceed 24% of the total issued capital of our company.

As per the current regulations, the following restrictions are applicable for investments by SEBI registered VCFs and FVCIs:

The SEBI (Venture Capital) Regulations, 1996, and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the investment by any individual VCF or FVCI registered with SEBI should not exceed 33.33%.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigation and ensure that the number of Equity Shares bid for don't exceed the applicable limit under laws or regulation, and our Company and the BRLMs shall on no grounds what so ever be liable for or responsible for any breach of applicable regulations by any investors or category of investors.

Bids by Eligible NRIs

NRI Bidders to comply with the following:

1. Individual NRI Bidders can obtain the Bid cum Application Forms from our Registered Office, members of the Syndicate or the Registrar to the Issue.

2. NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for resident Indians (White in color). All instruments accompanying bids shall be payable in Mumbai only.

Bids by non-residents including NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI and multilateral and bilateral development financial institutions on a repatriation basis.

Bids and Revision of Bids must be made:

- On the prescribed Bid cum Application Form or Revision Form, as applicable (blue in colour) and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single name or joint names (not more than three)
- NRIs for a Bid Amount of up to Rs. 1,00,000 would be considered under the Retail Bidders portion for the purposes of allocation and Bids for a Bid amount of more than Rs. 1,00,000 would be considered under the Non-Institutional Bidders portion for the purposes of allocation; by FIIs for a minimum of such number of Equity Shares and in multiples of [•] thereafter that the Bid Amount exceeds Rs. 1,00,000; for further details see "Maximum and Minimum Bid Size" at page no. 115 of **th**is Draft Red Herring Prospectus.
- In the names of individuals, or in the names of FIIs or Foreign Venture Capital Funds registered with SEBI and multilateral and bilateral but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
- Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be despatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. Our company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for 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.

Maximum and Minimum Bid size

For Retail Bidders: The Bid must be for minimum [*] number of Equity Shares and in multiples of [*] Equity Shares thereafter subject to maximum bid amount of 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. In case the Bid Amount is over Rs. 1,00,000 due to revision or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allotment under the Non-Institutional Bidders category. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

For Others Bidders (Non-Institutional Bidders and QIBs): The Bid must be for a minimum of such number of Equity Shares in multiples of [*] such that the Bid Amount payable by the Bidder exceeds Rs. 1,00,000 and in multiples of [*] Equity Shares thereafter. A Bid cannot be submitted for more than the net issue to the public. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI DIP guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 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 Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

Information for the Bidders

a) Our company will file this Draft Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/Issue Opening Date.

b) The members of the Syndicate will circulate copies of this Draft Red Herring Prospectus along with the Bid-cum-Application Form to their potential investors.

c) Any investor (who is eligible to invest in the Equity Shares) who would like to obtain a copy of this Draft Red Herring Prospectus and/or the Bid-cum- Application Form can obtain the same from the registered office of our company or from a member of the Syndicate.

d) Eligible Investors who are interested in subscribing for our Company's Equity Shares should approach any of the BRLMs or Syndicate Members or their authorized agent(s) to register their Bid.

e) The Bids should be compulsorily submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of a member of the Syndicate. The Bid-cum-Application Forms, which do not bear the stamp of a member of the Syndicate, will be rejected.

METHOD AND PROCESS OF BIDDING

1. Our Company, with the BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and the Price Band at the time of filing the Red Herring Prospectus with RoC and publish the same in two national newspapers (one each in English and Hindi) and a regional newspaper (Marathi). This advertisement, subject to the provisions of Section 66 of the Companies Act and shall be in the format prescribed in Schedule XX-A of SEBI DIP Guidelines, as amended.

2. The members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.

3. Investors who are interested in subscribing for our Equity Shares should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid.

4. The Bidding Period shall be a minimum of 3 (three) working days and shall not exceed 7 (seven) working days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be published in two national newspapers (one each in English and Hindi) and one regional newspaper (Marathi) and the Bidding Period may be extended, if required, by an additional 3 (three) working days, subject to the total Bidding Period not exceeding ten working days.

5. During the Bidding Period, the Bidders may approach the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.

6. 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 entitled "Bids at Different Price Levels" on page no. 117 of this Draft Red Herring Prospectus) within the Price Band and specify the demand (i.e., the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will

be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid amount, will become automatically invalid.

7. The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation/allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph "Build up of the Book and Revision of Bids" on page no. 120 of this Draft Red Herring Prospectus.

8. The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum application Form.

9. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment and Payment into the Escrow Account" on page no. 118 of the Draft Red Herring Prospectus.

Bids at Different Price Levels

1. The Price Band has been fixed at Rs. [*] to Rs. [*] per Equity Share of Rs. 10 each, Rs [*] being the lower end of the Price Band and Rs. [*] being the higher end of the Price Band. The Bidders can bid at any price within the Price Band, in multiples of [•].

2. Our Company, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three working days, subject to the total Bidding Period not exceeding ten working days. The higher end on the Price Band should not be more than 20% of the lower end of the Price-band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the Floor Price disclosed in this Red Herring Prospectus.

3. In case of revision in the Price Band and the Bid/ Issue Period will be extended for 3 (three) additional working days after revision of Price Band subject to maximum of 10 working days. Any revision in the Price Band and the revised Bidding /Issue Period, if applicable, will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi), and one regional newspaper (Marathi) and also indicating the change on the relevant websites of the BRLMs, Company and the terminals of the members of the Syndicate and the Bidding Period shall be extended for a further period of 3(three) working days, subject to the total Bidding Period not exceeding 10 working days.

4. Our Company, in consultation with the BRLMs, can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation to, the Bidders.

5. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 1,00,000 may bid at "Cut-off" price. However, bidding at "Cut-off" price is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected.**

6. Retail Individual Bidders who bid at the Cut-off price agree that they shall purchase the Equity Shares at issue price as finally determined, which will be a price within the Price Band. Retail Individual Bidders bidding at Cut-off price shall deposit the Bid Amount based on the Cap of the Price Band in the Escrow Account. In the event the Bid Amount is higher than the allocation amount payable by the Retail Individual Bidders (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), who bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account.

7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at Cut-off price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 1,00,000 for the Retails Individual Bidders, if the bidder wants to continue to bid at Cut-off Price), with the member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs.1,00,000, the Bid will be considered for allocation under the Non-Institutional category in terms of this Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downward for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidders shall be deemed to have approved such revised Bid at Cut-off Price.

8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off price could either revise their Bid or the excess amount paid at the time of bidding would be refunded form the Escrow Account.

9. In the event of any revision in the Price Band, whether upwards or downwards, the Minimum Application value shall be within the range of Rs. 5,000 to Rs. 7,000. Our Company in consultation with the BRLM shall accordingly stipulate the minimum application size (in terms of number of shares) falling within the aforesaid range.

Application in the Issue

Equity Shares being issued through this Draft Red Herring Prospectus can be applied for in the dematerialized form only.

Escrow Mechanism

1. Our Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for the Issue. The Escrow Collection Banks will act in terms of this Draft Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account and the Refund Account as per the terms of the Escrow Agreement and this Draft Red Herring Prospectus.

2. The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and has been established between our Company, the BRLMs, the Syndicate Members, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collection from the Bidders

Terms of Payment and Payment into the Escrow Collection Account

Each Bidder shall pay the applicable margin amount, with the submission of the Bid-cum-Application Form draw a cheque, demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph "Payment Instructions" on page 125 of this Draft Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid-cum-Application Forms accompanied by cash shall not be accepted. The maximum bid price has to be paid at the time of submission of the Bid-cum-Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account, lying credited with Escrow Collection Banks shall be held in the Refund Account for the benefit of the Bidders who are entitled to refunds. No later than 15 days

from the Bid / Issue Closing Date, the Escrow Collection Bank(s) shall refund all amount payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation to the Bidders.

Each category of Bidders i.e. QIBs, Non Institutional Bidders, Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid-cum-Application Form. The Margin Money payable by each category of Bidders is mentioned under the heading "Issue Structure" on page 111 of this Draft Red Herring Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid cum Application Form.

QIB bidders will be required to deposit a margin of 10% at the time of submitting their bids. After the Issue Closing Date / Bid Closing Date, the level of subscription in all categories shall be determined. Based on the level of subscription, additional margin money, if any, shall be called from QIBs.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had applied for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid Closing Date/Issue Closing Date, failing which our company shall pay interest @15% per annum for any delay beyond the periods mentioned above.

Electronic Registration of Bids

(a) The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity to each city where a Stock Exchange is located in India and the Bids are accepted.

(b) NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on an regular basis. On the Bid Closing Date, the Syndicate Member shall upload the Bids till such time as may be permitted by the Stock Exchanges.

(c) The aggregate demand and price for bids registered on the electronic facilities of NSE and BSE will be uploaded on regular interval in accordance with SEBI guidelines and market practices, consolidated and displayed on-line at all the bidding centers. A graphical representation of consolidated demand and price would be made available at the bidding centers during the bidding period.

(d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
- **Name of the investor (Investors should ensure that the name given in the bid cum application form is exactly the same as the number in which the Depository Account is held. In case the Bid cum Application Form is submitted in Joint names, investors should ensure that the Depository account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.)**
- **Investor Category –Individual, Corporate, NRI, FII, or Mutual Fund, etc.**
- **Numbers of Equity Shares bid for.**
- **Bid Price.**
- **Bid-cum-Application Form number.**
- **Whether payment is made upon submission of Bid-cum-Application Form.**
- **Margin Amount and**
- **Depository Participant Identification No. and Client Identification No. of the Demat Account of the Bidder.**

(e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the members of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.

(f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(g) In case of QIB bidder, member of the Syndicate also have the right to accept the bid or reject it. However such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of non-institutional bidders and retails individual bidders who bid, bids would not be rejected except on the technical grounds listed on page 127 of this Draft Red Herring Prospectus.

(h) It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our company or BRLMs, are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.

(i) It is also to be distinctly understood that the approval given by BSE and/or NSE should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

Build Up of the Book and Revision of Bids

(a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.

(b) The book gets build up at various price levels. This information will be available with the BRLMs on a regular basis.

(c) 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.

(d) Revisions can be made in both the desired numbers of Equity Shares and the bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.

(e) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Draft Red Herring Prospectus. In case of QIBs, 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.

(f) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she has placed the original Bid.

(g) Bidders are advised to retain copies of the blank Revision Forms and the revised Bid must be made only in such Revision Form or copies thereof.

(h) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**

(i) In case of discrepancy of data between BSE or NSE and members of the Syndicate, the decision of the BRLMs based on the physical records of Bid cum Application Forms, shall be final and binding to all concerned.

Price Discovery and Allocation

(a) After the Bid/Issue Closing Date, the BRLMs shall analyze the demand generated at various price levels and discuss pricing strategy with our company.

(b) Our Company, in consultation with the BRLMs shall finalise the "Issue Price", the number of Equity Shares to be allotted in each category to Bidders.

(c) The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 15% and not less than 35% of the Net Issue to the Public respectively and the allocation to QIBs for minimum of 50% of the Net Issue to Public would be proportionate basis in the manner specified in the SEBI guidelines and this Draft Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

(d) Under-subscription, if any, in any category except in the QIB category would be met with spill-over from other categories at our sole discretion, in consultation with the BRLMs. If a minimum allotment of 50% of the Net Issue is not made to the QIBs, the entire subscription monies shall be refunded.

(e) Allocation to NRIs, FIIs, foreign venture capital funds registered with SEBI applying on repatriation basis will be subject to applicable laws.

(f) The BRLMs, in consultation with our Company shall notify the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.

(g) Our Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before allotment without assigning reasons whatsoever.

(h) QIB bidders shall not be allowed to withdraw their bid after the Bid / Issue Closing Date.

Signing of Underwriting Agreement and ROC Filing

(a) Our company, the BRLMs, and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.

(b) After signing the Underwriting Agreement, our company will update and file the updated Draft Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

(c) Our Company will file a copy of the Prospectus with the RoC, Maharashtra located at 100 Everset Building, Marine Drive, Mumbai, Maharashtra.

Announcement of Pre-Issue Advertisement

Subject to section 66 of the Companies Act, our Company shall after receiving final observation, if any, on this Draft Red Herring Prospectus with SEBI, publish an advertisement, in the form prescribed by the SEBI DIP guidelines in an English national daily with wide circulation, and a regional newspaper.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by our Company after the filing of the Prospectus with the RoC. This advertisement in addition to the information that has to be set out in the statutory advertisement shall indicate the Issue Price. Any material updates between the date of the Draft Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note

1) Upon approval of the basis of allocation by the Designated Stock Exchange, the BRLMs or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail Individual and Non-Institutional Bidders. However, Bidders should note that our Company shall ensure that the date of allocation of the Equity Shares to all Bidders, in all categories, shall be done on the same date.
2) The BRLMs or members of the Syndicate would despatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The despatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of bidding shall pay in full the Allocation Amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
3) Bidders who have been allocated Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account. The despatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the allotment to such Bidder.

Designated Date and Allotment of Equity Shares

1. Our Company will ensure that the allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, we would allot the Equity Shares to the allottees. Our Company would ensure the credit to the successful Bidders depository account. Allotment of the Equity Shares to the allottees shall be completed within two working days of the date of finalization of the basis 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.
2. **In accordance with the SEBI DIP Guidelines, Equity Shares will be issued and allotment shall be made only in the dematerialised form to the allottees.** Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

General Instructions

Do's:

a. Check if you are eligible to apply;
b. Read all the instructions carefully and complete the resident Bid-cum-Application Form (white in colour) or Non-Resident Bid-cum-Application Form (blue in colour)
c. Ensure that the details about Depository Participant and Beneficiary Account are correct, as Allotment of Equity Shares will be in the dematerialized form only.
d. Ensure that the Bids are submitted at the Bidding Centers only on forms bearing stamp of the Syndicate Member;
e. Investors must ensure that the name given in the Bid cum Application form is exactly the same as the name in which the Depository account is held. In case the Bid cum Application Form is submitted in Joint names, it should be ensured that the Depository account is also held in the same Joint names and are in the same sequence in which they appear in the Bid cum Application Form.

f. Ensure that you have been given a TRS for all your Bid options;
g. Submit Revised Bids to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS;
h. Ensure that the Bid is within the Price Band.
i. Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000 or more and attach a copy of the PAN Card and also submit a photocopy of the PAN card(s) or a communication from the Income Tax authority indicating allotment of PAN along with the application for the purpose of verification of the number, with the Bid cum Application Form. In case you do not have a PAN, ensure that you provide a declaration in Form 60 or 61 as the case may be together with the permissible documents as address proof
j. Ensure that demographic details (as defined herin below) are updated true and correct in all respects.

Don'ts:

a. Do not Bid if you are prohibited from doing so under the law of your local jurisdiction;
b. Do not Bid for lower than minimum Bid size;
c. Do not Bid or revise the Bid to less than the lower end of the Price Band or higher than the higher end of the Price Band;
d. Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
e. Do not pay Bid amount in cash;
f. Do not Bid at cut off price (for QIB Bidders, Non-Institutional Bidders);
g. Do not bid where bid amount exceeds Rs. 1,00,000 (for Retail Individual Bidders)
h. Do not fill up the Bid cum Application Form for an amount that exceeds the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable laws / regulations.
i. Do not send Bid cum Application Form by post; instead submit the same to a member of the Syndicate only.
j. Do not submit bid accompanying with Stock Invest.
k. Do not provide your GIR number instead of your PAN as bid is liable to be rejected on those ground.

Instructions for completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and/or revision Forms from the members of Syndicate

Bids and Revisions of Bids

Bids and revisions of Bids must be:

(a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for Resident Indians, blue colour for NRI or FII or foreign venture capital fund registered with SEBI applying on repatriation basis.)

(b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.

(c) The Bids from the Retail Individual Bidders must be for a minimum of [•] Equity Shares and in multiples of [•] thereafter subject to a maximum bid amount of Rs. 1,00,000.

(d) For non institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares 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 Issue to Public. Bidders are advised to ensure that a single bid form them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws or regulations.

(e) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

(f) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

BIDDER'S BANK DETAILS

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details. These bank account details would be printed on the refund order, if any, to be sent to Bidders or used for sending the refunds through direct credit or ECS. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs nor the Bank shall have any responsibility and undertake any liability for the same.

Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN THE DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT'S IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participation-Identification number and Beneficiary Account Number provided by them in the Bid cum Application form, the Registrar to the Issue will obtain from the Depository demographic details of the bidders such as address, bank account details for details for printing on refund orders and occupation (herein reffered to as 'Demographic Details'). Hence the Bidders should carefully fill in the Depository Account detail in the Bid cum Application form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of Bank particulars on the refund order and the Demographic Details given by Bidders in the Bid-cum-Application Form would not be used for any purposes by the Registrar.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic details as available on its records.

Refund Orders/ Allocation Advice/ CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidders in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither our Comapny nor the Escrow Collection Bank nor the BRLM's shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered Societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum & Article of Association and/or Bye Laws must be lodged along with the Bid cum Application Form. Failing this, our company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason therefor.

In case of Bids made by insurance companies registered with Insurance Regulatory and Development Authority, a certified copy of the certificate of registration issued by Insurance Regulatory and Development Authority must be submitted with the Bid-cum-Application Form. Failing this, our company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason therefor.

In case of Bids made by provident fund with the minimum corpus of Rs. 2500 lakhs and pension fund with the minimum corpus of Rs. 2500 lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

In case of Bids made by Mutual Fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions as our company/BRLM may deem fit.

Payment Instructions

Our company shall open an Escrow Account with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form. The BRLM and Syndicate Member(s) shall also open Escrow Accounts of the Syndicate with one or more of the Escrow Collection Banks for the collection of the margin amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account to the Issue

1. The Bidders for whom the applicable Margin Amount is equal to 100% shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account of our company and submit the same to the member of the Syndicate.

2. *In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account of our company within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.*

3. The payment instruments for payment into the Escrow Account of our company should be drawn in favour of:

   (a) In case of resident Bidders: **"Escrow Account – Ashtavinayak Public Issue"**

(b) In case of Non Resident Bidders: **"Escrow Account – Ashtavinayak Public Issue - NR"**

4. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) Account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.

5. In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.

6. Where a Bidder has been allocated a lesser number of Equity Shares than what the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Account of our company.

7. The monies deposited in the Escrow Account of our company will be held for the benefit of the Bidders till the Designated Date.

8. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of our company as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.

9. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

10. Payments should be made by cheque, or demand drafts 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 center where the Bid cum Application Form is submitted. Outstation cheque/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/ Money Orders/ Postal Orders will not be accepted.

Payment by Stockinvest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-2004 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.

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 submitting the Bid-cum-Application Form. The Members of the Syndicate may at their discretion waive the requirement of payment at the time of submission of the Bid cum Application Form and Revision Form.

No separate receipts shall be issued for the money payable on submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the Members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be dispatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Our Company reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number (PAN)

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of an Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the Bid-cum-Application Form.** Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61, as the case may be.**

Our Right to Reject Bids

In case of QIBs, our Company and the BRLMs reserve the right to reject any Bid at the time of submission of Bid provided that the reasons for rejection are provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:

1. Amount paid doesn't tally with the amount payable for the highest value of Equity Shares bid for;
2. In case of Partnership firms, the shares may be registered in the name of individual partners and no firm as such shall be entitled to apply.
3. Age of First Bidder not given;
4. Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;

5. PAN photocopy/ PAN Communication/ Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given if Bid is for Rs. 50,000 or more;
6. Bids for lower number of Equity Shares than specified for that category of investors;
7. Bids at a price less than the lower end of the Price Band;
8. Bids at a price more than the higher end of the Price Band;
9. Bids at cut-off price by Non-Institutional and QIB Bidders;
10. Bids for number of Equity Shares, which are not in multiples of [•];
11. Category of Bidder not ticked;
12. Multiple bids as defined in this Draft Herring Prospectus;
13. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
14. Bids accompanied by Stock invest/money order/ postal order/ cash;
15. Bids not duly signed by the sole/joint Bidders;
16. Bid-cum-Application Form does not have the stamp of the Syndicate Member;
17. Bid-cum-Application Form does not have Bidder's depository account details;
18. Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and this Draft Red Herring Prospectus and as per the instructions in this Draft Red Herring Prospectus and the Bid-cum-Application Form; or
19. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations see the details regarding the same at [•] of this Draft 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's identity;
21. Bids by OCBs;
22. Bids by US persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the Securities Act.
23. Bids by NRIs not disclosing their residential status.
24. If GIR number is mentioned instead of PAN number.

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a de-materialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among our company, the Depositories and the Registrar,

1. An Agreement dated [•] among NSDL, our company and [•].
2. An Agreement dated [•] among CDSL, our company and [•]

All Bidders can seek allotment only in Dematerialized mode. Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.

2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.

3. Equity Shares allotted to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

4. Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the as they appear in the depository account of the Bidder(s).

5. Non Transferable allotment advise or refund orders will be directly sent to the Bidders by the registrar to this Issue.

6. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.

7. The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.

8. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. All the stock exchanges where Equity Shares are proposed to be listed are connected to NSDL and CDSL.

9. *The trading of Equity Shares of our company would only be in dematerialized form 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 form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

PRE-ISSUE AND POST ISSUE RELATED PROBLEMS

Our Company have appointed Ms. Archana Andhare, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

Ms. Archana Andhare
A-204/205, VIP Plaza, 2nd floor,
Block B, Plot No./7 Veera Industrial Estate,
Off. Andheri Malad Link Road,
Andheri (W),
Mumbai-400053
Tel No: +91 22 67029630
Fax No: +91 22 67029634
E-mail: info@ashtavinayakindia.com

DISPOSAL OF APPLICATIONS AND APPLICATIONS MONEY
Our Company shall ensure despatch of allotment advice, refund orders (except for Bidders who receive refunds through Electronic Transfer of Fund) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within 2 (two) working days of date of finalisation of allotment of Equity Shares.

In case of applicants who receive refund through ECS, direct credit or RTGS, the refund instruction will be given to the clearing system within 15 days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/ Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund

Our Company shall despatch refund orders, as per the procedure mentioned under section "Dispatch of Refund Orders" on page 132 of this Draft Red Herring Prospectus, at the sole or First Bidder's sole risk.

Our Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are proposed to be listed are taken within 7 (seven) working days of finalization of the basis of allotment. In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI DIP Guidelines, our Company further undertakes that:
- allotment shall be made only in dematerialized form within 15 (fifteen) days of the Bid/Issue Closing Date;

- dispatch refund orders within 15 (fifteen) days of the Bid/Issue Closing Date would be ensured; and
- our Company shall pay interest at 15% (fifteen) per annum (for any delay beyond the 15 (fifteen)-day time period as mentioned above), if allotment is not made and refund orders are not dispatched and/or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the Stock Exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI DIP Guidelines.
- Refunds will be made by cheques, pay orders or demand drafts drawn on the banks appointed by us, as an Escrow Collection Banks and payable at par at places where Bids are received except for Bidders who have opted to receive refunds through ECS facility. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Basis of Allocation

1. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the successful Retail individual Bidders will be made at the Issue Price.

- The Net Issue size less allocation to Non-Institutional Bidders and QIBs shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.

- If the aggregate demand in this category is less than or equal to [•] Equity Shares at or above the Issue Price, full allocation shall be made to the Retail Individual Bidders to the extent of their demand.

- If the aggregate demand in this category is greater than [•] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [•] Equity Shares or in multiples of [•] Equity Share. For the method of proportionate basis of allocation, refer below.

2. 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 allocation to all successful Non-Institutional Bidders will be made at the Issue Price.

- The Issue size less allocation to QIBs and Retail Portion shall be available for allocation to Non- Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.

- If the aggregate demand in this category is less than or equal to [•] Equity Shares at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.

- In case the aggregate demand in this category is greater than [•] Equity Shares at or above the Issue Price; allocation shall be made on a proportionate basis up to a minimum of [•] Equity Shares or in multiples of one Equity Share. For the method of proportionate basis of allotment refer below.

3. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIBs 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 the price that is equal to or greater than the Issue price

- The allotment shall be undertaken in the following manner –

a) In the first instance, allocation to mutual funds for upto 5% of the QIB portion shall be determined as follows-

i) In the event that bids from mutual funds exceeds 5% of the QIB portion, allocation to mutual funds shall be done on a proportionate basis upto 5% of the QIB portion.

ii) In the event that the aggregate demand from mutual funds is less than 5% of QIB portion, then all mutual funds shall get full allotment to the extent of valid bids received above the Issue price.

iii) Equity Shares remaining unsubscribed, if any, not allocated to mutual funds shall be available to all QIB Bidders as set out in as (b) below;

b) In the second instance, allocation to all QIBs shall be determined as follows –

(i) The number of Equity Shares available for this category shall be the QIB portion, allocation to mutual funds as calculated in (a) above.

(ii) The subscription level for this category shall be determined based on the overall subscription in the QIB portion less allocation only to mutual funds as calculated in (a) above.

(iii) Based on the above, the level of subscription shall be determined and proportionate allocation to all QIBs including mutual funds in this category shall be made.

Under-subscription, if any, in any category except in the QIB category would be met with spill-over from other categories at our sole discretion, in consultation with the BRLMs. If a minimum allotment of 50% of the Net Issue is not made to the QIBs, the entire subscription monies shall be refunded

Method of Proportionate Basis of Allocation

In the event of the Issue being over-subscribed, the basis of allocation shall be finalized by our company in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrars to the Issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner. Allotment to the Bidders shall be as per the basis of allocation as set out in this Draft Red Herring Prospectus under "Issue Structure" on page no. 111

Bidders will be categorized according to the number of Equity Shares applied for by them.

(a) Bidders will be categorized according to the number of Equity Shares applied for.

(b) The total number of Equity Shares to be allotted to each category, as a whole shall be arrived at on a proportionate basis, being the total number of Equity Shares applied for in that portion (number of Bidders in the portion multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

(c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, being the total number of Equity Shares applied for by each Bidder in that portion multiplied by the inverse of the over-subscription 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 would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.

(e) In all Bids where the proportionate allotment is less than [•] Equity Shares per Bidder, the allotment shall be made as follows:

- Each successful Bidder shall be Allotted a minimum of [•] Equity Shares;
- The successful Bidders out of the total Bidders for a portion shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above; and

(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 portion, where the Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that portion. The balance Equity Shares, if any, remaining after such adjustment will be added to the portion comprising Bidders applying for minimum number of Equity Shares.

Letters of Allotment or Refund Orders

Our Company shall ensure dispatch of allotment advice, refund orders and give credit to the beneficiary account with depository participants within 2 working days of finalisation of the basis of allotment of Equity Shares.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within 7 working days of the finalization of the basis of allotment.
In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI guidelines, Our Company undertakes that:

- . Allotment shall be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Despatch of refund orders or refund instructions to the clearing system shall be done within 15 days from the Bid/Issue Closing Date; and
- Our 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, refund orders not not b dispatched to the applicants and/or Demat credit are not made to investors within 14 day time prescribed above as per the guidelines issued by the Governmant of India, Ministry of Finance or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner appearing under para “Dispatch of Refund Orders” on page no. 132 within 15 days from the date of Bid / Issue Closing Date.

Our company will provide adequate funds for making refunds to unsuccessful applicants as per the mode disclosed under “Dispatch of Refund Order” appearing on page no. 132 to the Registrars to the Issue.

DISPATCH OF REFUND ORDERS

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 fifteen centers - Ahmedabad, Bangalore, Bhubneshwar, Kolkatta, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvanthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR Code as appearing on a cheques leaf from the Depositories. The payment of refunds is mandatory through this mode for applicants having a bank account at any of the above-mentioned fifteen centers, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS.

2. Direct Credit – Applicants having bank accounts with the Refund Bankers, in this case being [*], shall be eligible to receive funds through direct credit. Charges, if any, levied by the Refund Bankers for the same would be borne by our Company.

3. RTGS – Applicants having a bank account at any of the above-mentioned fifteen centers and whose refund amount exceeds Rs. Ten Lakhs, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Bid-cum-Application form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the refund banks for the same would be borne by our Company. Charges, if any, levied by the applicants bank receiving the credit would be borne by the applicant.

4. For all other applicants, including those who have not updated their bank particulars with the MICR Code, the refund orders will be dispatched under certificate of posting for value upto Rs. 1,500/- and through speed post / registered post for refund orders of Rs. 1,500/- and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where bids are

received. Banks charges, if any, for cashing such cheques, pay orders or Demand Drafts at other centers will be payable by the bidder.

Bid/Issue Programme

Bidding Period/Issue Period

BID/ISSUE OPEN ON: [•]

BID/ISSUE CLOSE ON: [•]

Bids and any revision in Bids shall be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) or uploaded till such time as may be permitted by the BSE and NSE on the Bid/Issue Closing Date.
In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of Price Band. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the BSE and NSE, by issuing a press release, and also by indicating the change on the web site of the BRLMs and at the terminals of the Syndicate.

UNDERTAKING BY OUR COMPANY

Our Company undertakes as follows:

(a) that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
(b) 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;
(c) that the funds required for despatch of refunds to unsuccessful applicants as per the mode disclosed shall be made available to the Registrar to the Issue by us;
(d) that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of Issue, giving details of the bank where refunds shall be credited alongwith the amount and expected date of electronic credit of refund;
(e) that the refund orders or allotment advice to the Eligible NRIs or FIIs shall be dispatched within specified time; and
(f) that no further Issue of Equity Shares shall be made until the Equity Shares Issued through this Draft Red Herring Prospectus are listed or until the Bid Money's are refunded on account of non-listing, under-subscription etc.

UTILISATION OF ISSUE PROCEEDS

Our Board of Directors certify that:

(a) All monies received out of the Issue shall be credited / transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
(b) Details of all monies utilised out of the Issue referred above will be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilised;
(c) Details of all unutilised monies out of the Issue, if any, will be disclosed under the appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested.

Our Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the GoI and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy of the Government of India, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. As per current foreign investment policies applicable to our business, foreign investment is allowed up to 100% under the automatic route.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or the requirements of the Investment Company Act.

Accordingly, the Equity Shares are only being offered and sold (i) in the United States to entities that are both "qualified institutional buyers", as defined in Rule 144A of the Securities Act and "qualified purchasers" as defined under the Investment Company Act and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

As per the current regulations, OCBs cannot participate in this Issue.

The above information is given for the benefit of the Bidders. Our Company, the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

SECTION IX: MAIN PROVISIONS OF ARTICLES OF ASSOCIATIONOF THE COMPANY

1. *MAIN PROVISIONS OF ARTICLES OF ASSOCIATION*

Capitalised terms used in this section have the meaning given to such terms in the Articles of the Company.

Pursuant to Schedule II of the Companies Act, 1956 and the SEBI (DIP) Guidelines, the main provisions of the Articles of Association of the Company relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of equity shares and or their consolidation/splitting are detailed below.

Regulations contained in Table 'A' of Schedule I of the Companies Act, 1956, shall apply to this Company in so far only as they are not inconsistent with any of the provisions contained in these Regulations and also those for which no provision has been made in these presents. The Articles of the Company are subject to the provisions of the Companies Act, 1956.

CAPITAL AND INCREASE AND REDUCTION OF CAPITAL AMOUNT OF CAPITAL

Article 3 provides as follows:
The Authorized Share Capital of the Company is Rs.11,00,00,000/- (Rupees Eleven Crores only) divided into 1,10,00,000 (One Crore Ten Lakhs) Equity Shares of Rs.10/- (Rs. Ten only) each.

INCREASE IN CAPITAL

Article 4 provides as follows:
The Company in General meeting may, from time to time, by an ordinary Resolution increase the capital by the creation of new shares, the increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the Directors shall determine and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company in conformity with section 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of section 97 of the Act.

REDUCTION OF CAPITAL

Article 8 provides as follows:
The company may (subject to the provisions of sections 78, 80, and 100 to 105 inclusive of the Act) from time to time by Special Resolution reduce its share capital and any Capital Redemption Reserve Account or Premium Account in any manner for the time being authorized by law, and in particular capital may be paid-off on footing that it may be call upon again or otherwise. This Article is not derogated from any power the Company would have, if it were omitted.

BUY- BACK OF SHARES

Article 8A provides as follows:
Company Power to purchase its own shares
"Subject to the provisions of sections 77A, 77AA and 77B of the Act, the Company may purchase its own shares or other specified securities referred to as buy-back out if it's free reserves or the securities premium account or the proceeds of any shares or other specified securities. No buy-back of any kind of shares or other specified securities will be made out of the proceeds of an earlier issue of the same kind of shares or same kind or other specified securities."

SUB-DIVISION, CONSOLIDATION, AND CANCELLATION OF SHARES

Article 9 provides as follows:
Subject to the provisions of section 94 of the Act, the Company in general meeting may, from time to time, consolidate all or any of its shares capital into shares of larger amount than its existing shares or sub-divide its shares, or any of them into shares of smaller amount than is fixed by the memorandum and the resolution whereby any share is sub-divided, may determine that, as between the holders of the shares resulting from such sub-division one or more of such shares shall have some preference or special advantages as regards dividend, capital or otherwise over or as compared with the others or other. Subject to as aforesaid the Company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

LIEN ON SHARES

COMPANY'S LIEN ON SHARES/DEBENTURES

Article 38 provides as follows:
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.

AS TO ENFORCING LIEN BY SALE

Article 39 provides as follows:
For the purpose of enforcing such lien the Board may sell the shares subject thereto in such manner as they shall think fit, and so for that purpose may cause to be issued a duplicate in respect of such shares and may authorize one of their member to execute a transfer thereof on behalf on and in the name of such member. No sale shall be made unless a sum in respect of which the lien exist is presently payable nor until notice in writing of the intention to sell shall have been served on such member and his representative and default shall have been made by him or them in payment, fulfillment or discharge of such debts, liabilities or engagements for fifteen days after such notice.

APPLICATION OF PROCEEDS OF SALE

Article 40 provides as follows:
The net proceeds of any such sale shall be received by the Company and applied in or towards payments of such parts of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a line for sums not presently payable as exists upon the shares before the sale) be paid to the amount in respect of which the lien exists.

FORFEITURE OF SHARES

Article 41 provides as follows:
If any member fails to pay any calls or installment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may at any time thereafter, during such time as the call or installment remains unpaid give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non- payment.

FORM OF NOTICE

Article 42 provides as follows:

The notice shall name a day (not less than fourteen days from the date of the notice) and a place or places on and at which such call or installment and such interest thereon at such rate as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state that, in the event of the non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or installment is payable will be forfeited.

PARTIAL PAYMENT NOT TO PRECLUDE FORFEITURE

Article 43 provides as follows:
Neither a judgment in favour of the Company for call or other moneys due in respect of any shares nor any past payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any member to the Company in respect of its shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of any such money, shall preclude the Company from proceeding to enforce a forfeiture of such shares as hereinafter provided.

IN DEFAULT OF PAYMENT SHARE TO BE FORFEITED

Article 44 provides as follows:
If the requirement of any such notice as aforesaid shall not be complied with every or any shares in respect of which such notice has been given, may at any time thereafter before payment of all calls or installments, interest and expenses due in respect thereof be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited shares and not actually paid before the forfeiture.

NOTICE FOR FORFEITURE TO A MEMBER

Article 45 provides as follows:
When any share shall have been so forfeited notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such or to make any such entry as aforesaid.

FORFEITED SHARES TO BE THE PROPERTY OF THE COMPANY AND MAY BE SOLD, ETC.

Article 46 provides as follows:
Any share so forfeited shall be deemed to be property of the Company and may be sold, re- allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and such manner as the Board shall think fit.

LIABILITY ON FORFEITURE

Article 47 provides as follows:
Any members whose share has been forfeited shall cease to be a member in respect of the share, but shall notwithstanding such forfeiture, remain liable to pay, and shall forthwith pay to the Company all calls, or installments, interest and expenses, owing upon or in respect of such share, at the time of the forfeiture, together with interest thereon, from the time or forfeiture until payment, at such rate as the Board may determine and the Board may enforce payment thereof or any part thereof, without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so.

EFFECT OF FORFEITURE

Article 48 provides as follows:
The forfeiture of a share shall involve extinction, at the time of the forfeiture, of all interest in and all demands against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights by these Articles are expressly saved.

EVIDENCE OF FORFEITURE

Article 49 provides as follows:

A duly verified declaration in writing that the declarant is a Director or Secretary of the Company, or an officer duly authorized by the Board in this behalf and that certain share in the Company have been duly forfeited in accordance with these Articles on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.

VALIDITY OF SALE

Article 50 provides as follows:
Upon any sale after forfeiture, or for enforcing a lien in purported exercise of the power hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the share sold, and cause the purchaser's 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 has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale be in damages only and against the Company exclusively.

CANCELLATION OF SHARE CERTIFICATE IN RESPECT OF FORFEITED SHARES

Article 51 provides as follows:
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 relative shares shall (unless the same shall on demand by the company have been previously surrendered to it by the defaulting member) stand cancel and become null and void and of no effect and the directors shall be entitled to issue a duplicate certificate in respect of the said shares to the person or the persons entitled thereto.

POWER TO ANNUL FORFEITURE

Article 52 provides as follows:
The Board may at any time before any shares forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it think fit.

TRANSMISSION OF SHARES

DEATH OF ONE OR MORE JOINT-HOLDERS OF SHARES

Article 60 provides as follows:
In case of the death of any one or more of the persons named in the Register of Member as the joint-holders of any share, the survivor or survivors shall be the only person recognized 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 a deceased joint-holder from any liability of shares held by him jointly with any other person.

TITLE OF SHARES OF DECEASED MEMBER

Article 61 provides as follows:
The executors or administrators or holders of a Succession Certificate or the legal representatives of a deceased member (not being one or two or more joint-holders) shall be the only persons recognized by the Company as having any title to the shares registered in the name of such member and the Company shall not be bound to recognize such executors or administrators or holders of a Succession Certificate or the legal representatives unless they have first obtained Probate or Letters of Administration or Succession Certificate, as the case may be, from a duly constituted Court in the Union of India, provided that in any case where the Board in its absolute discretion, thinks fit, it may dispense with production of Probate or Letter of Administration or Succession Certificate upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and under Articles 65, 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.

REGISTRATION OF PERSONS ENTITLED TO SHARES OTHERWISE THAN BY TRANSFER

Article 63 provides as follows:

Subject to the provisions of the Act and Articles 58 and 59 any person becoming entitled to share in consequence of the death, lunacy, bankruptcy or insolvency of any member, or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the shares or elect to have some persons nominated by him and approved by the Board registered as such holder; provided nevertheless, that if that person shall elect to have his nominee registered he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provision herein contained, and until he does so, he shall not be freed from any liability in respect of the shares.

PERSON ENTITLED MAY RECEIVE DIVIDEND WITHOUT BEING REGISTERED AS MEMBER

Article 64 provides as follows:
A person entitled to a share by transmission shall, subject to the right of the Directors, to retain such dividends of money as hereinafter provided, be entitled to receive any and may give discharge for any dividends or other moneys payable in respect of share.

RIGHTS OF MEMBERS REGARDING VOTING

MEMBERS IN ARREARS NOT TO VOTE

Article 72 provides as follows:
No member shall be entitled to vote either personally or by proxy at any General Meeting or meeting of class of shareholders either upon a show of hands or upon a poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the company has, and has not exercised, any right of lien.

NUMBER OF VOTES WHICH MEMBER ENTITLED

Article 73 provides as follows:
Subject to the provision of these Articles and without prejudice to any special privileges, or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the company, every member, not disqualified by the last proceeding article shall be entitled to be present, and to speak and vote at such meeting , and on a show of hands every member present in person or by proxy provided, however, that if any preference share holder be present at any meeting of the Company, save as provided in clause (b) of section (2) of section 87, he shall have a right to vote only on resolution placed before the meeting which directly effect the right attached to his preference shares.

Article 74 provides as follows:
On a poll taken at a meeting of the Company, a member entitled to more than one vote, or his proxy or other person entitled to vote for him , as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

VOTES OF JOINT-MEMBERS

Article 75 provides as follows:
If there be joint registered holders of any shares, any one of such person may vote at any meeting or may appoint another person (whether a member or not) as his proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the meeting, and if more than one of the said persons so present whose name stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at meeting. Several executors or administrators of a deceased member in whose name shares stands shall be for the purpose of these Articles deemed joint holders thereof;

VOTING IN PERSON OR BY PROXY

Article 76 provides as follows:
Subject to the provisions of these Articles votes may be given either personally or by proxy, body corporate being a member may vote either by a proxy or by a representative duly authorized in accordance with section 187 of the Act and such representative shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual member.

TIME FOR OBJECTIONS OF VOTE

Article 77 provides as follows:
No objection shall be made to the validity of any vote, except at any meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

CHAIRMAN OF THE MEETING TO BE THE JUDGE OF VALIDITY OF ANY VOTE

Article 78 provides as follows:
The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

DIVIDENDS

DIVISIONS OF PROFITS

Article 119 provides as follows:
The profits of the Company, subject to any special rights relating thereto created or authorized to be created by these Articles and subject to the provisions of these Articles shall be divisible among the members in proportion to the amount of capital paid or credited paid-up on the shares held by them respectively.

THE COMPANY IN GENERAL MEETING MAY DECLARE A DIVIDEND

Article 120 provides as follows:
The Company in General Meeting may declare dividend to be paid to members according to their respective rights, but no dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend.

DIVIDENDS ONLY TO BE PAID OUT OF PROFITS

Article 121 provides as follows:
No dividend shall be declared or paid otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of section 205 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both, provided that:

(a) If the Company has not provided for depreciation for any previous financial year or years it shall, before declaring or paying a dividend for any financial year provide for such depreciation out of the profits of the financial year or out of the profits of any other previous financial year or years;

(b) If the Company has incurred any loss in any previous financial year or years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section 205 of the Act or against both.

INTERIM DIVIDEND

Article 122 provides as follows:
The Board may, from time to time, pay to the members such interim dividend as in their judgment the position of the Company justifies.

CAPITAL PAID-UP IN ADVANCE AT INTEREST NOT TO EARN DIVIDEND

Article 123 provides as follows:
Where Capital is paid-up in advance of calls, such capital may carry interest but shall not in respect thereof confer a right to dividend or participation of profits.

DIVIDENDS IN PROPORTION TO AMOUNT PAID-UP

Article 124 provides as follows:
All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividends is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such shares shall rank at par for dividends.

TRANSFER OF SHARES MUST BE REGISTERED

Article 125 provides as follows:
A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

DIVIDENDS HOW REMITTED

Article 126 provides as follows:
Unless otherwise directed any dividend may be paid by cheques or warrant or by a pay slip or receipt having the force of a cheque or warrant sent through the post to the registered address of the member or person entitled or in case of joint-holders to that one of them first named in the register in respect of the joint-holdings. Every such cheque or warrant or pay slip or receipt lost in transmission, or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any pay slip or receipt or the fraudulent recovery of the dividend by any other means.

INTEREST ON UNPAID DIVIDEND

Article 127 provides as follows:
Subject to the provisions of section 205 to 208 of the Act, no unpaid dividend shall bear interest as against the Company.

UNPAID OR UNCLAIMED DIVIDEND

Article 128 provides as follows:
Dividend unclaimed and unpaid will be dealt with in accordance with the provisions of sections 205A and 205B or other provisions, if any, of the Act as may be applicable from time to time."

DIVIDEND AND CALL TOGETHER

Article 129 provides as follows:
Any General Meeting declaring a dividend may on the recommendation of the Directors make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend may, if so arranged between the Company and the member, be set off against the calls.

CAPITALISATION

Article 130 provides as follows:

(a) The Company in General Meeting may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the reserve fund, or any capital redemption reserve accounts, or in the hands of the Company and available for dividend (or representing premium received on the issue of shares and standing to the credit of the share premium account) be capitalized and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportion on the footing that they become entitled thereto as capital and that all or any part of such capitalized fund be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued shares of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum provided that a share premium account and a capital redemption reserve account may, for the purpose of this Article, only be applied in the paying of any unused shares to be issued to the members of a Company as fully paid bonus shares.

(b) A General Meeting may resolve that any surplus money arising from the realization of any capital assets of the Company or any investment representing the same or any other undistributed profits of the Company not subject to charge for income-tax be distributed among the members on the footing that they receive the same as capital.

(c) For the purpose of giving effect to any resolution under the preceding paragraphs of this Articles the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates.

VARIATION OF RIGHTS OF SHAREHOLDERS

Article 10 provides as follows:
If at any time share capital, by reason of the issue of Preference Share or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 106 and 107 of the Act and whether or not the Company is being wound-up be varied, modified, commuted, affected or abrogated with the consent in writing of the holders of three-forths of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. This Article shall not derogate from any power which the Company would have if these Articles were omitted. The provisions of these Articles relating to general meeting shall, mutatis mutandis, apply to every such separate meeting but so that if at any adjourned meeting of such holders a quorum as defined above is not present, those persons who are present shall be the quorum.

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SECTION X - MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company) which are or may be deemed material have been entered or to be entered into by the Company. These contracts, copies of which have been attached to the copy of the Draft Red Herring Prospectus, have been delivered to the Registrar of Companies, Maharashtra, for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of the Company situated at A-204/205, VIP Plaza, 2nd floor, Plot No.7, Block-B, Veera Industrial Estate, Off Andheri Link Road, Andheri (W), Mumbai 400053, from 10.00 a.m. to 4.00 p.m. on any working day from the date of the Draft Red Herring Prospectus until the date of Bid/ Issue Closing date.

MATERIAL CONTRACTS

1. Memorandum of Understanding, dated April 18, 2006 signed between our Company and Allianz Securities Limited, the Book Running Lead Managers to the Issue.
2. Memorandum of Understanding, dated February 13, 2006_signed between the Company and Intime Spectrum Registry Limited, the Registrar to the Issue.
3. Copy of the Tri-partite Agreement dated [●] between NSDL, the Company and Registrar to the Issue.
4. Copy of the Tri-partite Agreement dated [●] between CDSL, the Company and Registrar to the Issue.
5. Escrow Agreement dated [*] among our Company, the BRLM, Escrow Collection Banks and Registrars to the Issue.
6. Syndicate Agreement dated [*] among our Company, the BRLM and the Syndicate Members.
7. Underwriting Agreement dated [*] among our Company, the BRLM and Syndicate Members.

Documents for Inspection

1. Memorandum and Articles of Association of Shree Ashtavinayak Cine Vision Ltd., as amended from time to time.
2. Certificate of Incorporation of Shree Ashtavinayak Cine Vision Ltd. Dated 23 October 2001.
3. Fresh Certificate of incorporation consequent to change of name from "Shree Ashtavinayak Cine Vision Private Limited" to Shree Ashtavinayak Cine Vision Limited" dated June 25, 2004.
4. Copy of special resolution passed at EGM dated 11 February 2006 u/s 81 (1A) authorizing the Issue of Equity Shares.
5. Copies of letters to BSE & NSE regarding In-principle approval for Listing.
6. Copies of In-principle approvals from BSE & NSE dated [●] and dated [●] respectively.
7. Copy of Agreement dated January 18, 2006 with K Sera Sera.
8. Copies of Auditors Reports issued by Statutory Auditors of the Company, M/S Khimji Kunverji & Co., Chartered Accountants, regarding reinstated financial of the company for last five financial years dated March 20, 2006.
9. Copy of Tax Benefits Certificate issued by Statutory Auditors of the Company M/s. Khimji kunverji and Co. Chartered Accountants, dated March 20, 2006.
10. Certificate from Statutory Auditors dated April 27, 2006 regarding the deployment of funds in relation to the Fresh Issue.
11. Copy of letter dated April 29, 2006 from Rajani Associates, Legal Advisors for the vetting and approval of the Draft Red Herring Prospectus.
12. Appraisal Report of BOB Capital Markets Ltd., Mumbai dated April 4, 2006.
13. Consent letters from Promoters, Directors, Book Running Lead Managers to the Issue, Bankers to the Issue, Bankers to the Company, Auditors, Legal Advisors to the Issue, Registrar to the Issue, Company Secretary & Compliance Officer to act in their respective capacities and for inclusion of their names in the Red Herring Prospectus.
14. Copies of Annual Reports of the Company for the last 4 accounting period i.e. FY 2002, FY 2003, FY 2004, FY 2005 and for period of nine months ended on 31 December 2005.
15. Copies of Annual Reports of the Group Companies viz. Dahlia Traders Pvt Ltd for the last 3 accounting periods i.e. FY 2003, FY 2004, and FY 2005.
16. Due Diligence Certificate dated April 29, 2006 issued by Book Running Lead Managers to the Issue, Allianz Securities Limited.
17. A copy of the SEBI Final observation letter no. [●] dated [●], 2005 received from SEBI, Mumbai in respect of the Public Issue of Shree Ashtavinayak Cine Vision Limited.

SECTION XI - DECLARATION

All the 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, the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and fair.

SIGNED BY ALL THE DIRECTORS OF SHREE ASHTAVINAYAK CINE VISION LIMITED

Mr. Dhilin H. Mehta
Chairman cum Managing Director

Mr. Harshad K. Mehta
Jt. Managing Director

Mr. Rupen N. Amlani
Director

Mr. Hiren J. Gandhi
Director

Mr. Dhaval V. Jatania
Director

Mr. Pravin S. Jani
Director

Mr. Chandrakant K.Sachde
Director

Mr. Ashok V. Ladhani
Director

Mr. Nishant A. Mahidhar
Director

Mr. Hetal N. Thakore
Director

Mr.Subhash P. Rathod
Director

Mr. Devendra Gandhi
Finance Manager

Date: April 29, 2006
Place: Mumbai