DRAFT RED HERRING PROSPECTUS
Dated: 29th September 2005
Please read Section 60B of the Companies Act, 1956
The Draft Red Herring Prospectus will be updated and become Final Prospectus upon ROC filing
100% Book Building Issue

K SERA SERA PRODUCTIONS LIMITED

(Originally incorporated as 'Garnet Paper Mills Limited' on 6th September 1995 with Registrar of Companies, Mumbai under the Companies Act, 1956, subsequently name was changed to 'K Sera Sera Productions Limited' on 23rd October 2002)

Registered Office: Versova Shree Darshan Co-operative Housing Society Limited, Ground Floor, Plot No.15, R.D.P – 2, Sardar Vallabhbhai Patel Nagar, Near Versova Telephone Exchange, Andheri (West), Mumbai – 400 053.
Tel No: +91 22 5696 3035**; Fax No**: +91 22 5696 3037;
Website: www.kserasera.com; **Email:** publicissue@kserasera.com **Contact Person:** Ms. Amruta Paranjape, Company Secretary

Public Issue of 5,000,000 Equity Shares of face value Rs. 10/- each issued at a price of Rs. [●]/- per share for cash, at a premium aggregating Rs. [●] million (hereafter referred to as 'the Issue") comprising reservation of 250,000 Equity Shares for employees on a competitive basis; Net Issue to Public of 4,750,000 Equity Shares. The 'Net Issue to Public' would constitute 24.34% of the fully diluted post-issue paid-up equity capital of K Sera Sera Productions Limited.

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

In case of revision in the Price Band, the Bidding Period shall be extended for three additional working days, subject to the Bidding 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 Bombay Stock Exchange Limited(BSE) where the Equity Shares of our Company are proposed to be listed and to The National Stock Exchange (NSE), whose online IPO System will be available only for bidding, by issuing a press release and also by indicating the change on the websites of the Book Running Lead Managers and the terminals of the Syndicate.

The Issue is being made through 100% Book Building Process wherein up to 50% of the Net Issue to Public shall be allocated to Qualified Institutional Bidders on a proportionate basis (including reservation of 5% for Mutual Funds), not less than 15% of the Net Issue to Public would be allocated to Non-Institutional Bidders and not less than 35% of the Net Issue to Public would be allocated to Retail Individual Investors on a proportionate basis, subject to valid bids being received from them at or above the Issue Price.

GENERAL RISK

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision investors must rely on their own examination of the Issuer and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does the SEBI guarantee the accuracy or adequacy of this document. Specific attention of the investors is invited to the statement of Risk Factors beginning on Page No. [●] of this Draft Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

K Sera Sera Productions Limited, having made all reasonable enquiries accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to K Sera Sera Productions Limited 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 respects 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 document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

BOOK BUILDING LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
UTI Securities Limited 1st Floor, Dheeraj Arma, Anant Kanekar Marg Station Road, Bandra (East), Mumbai – 400 051. Tel: 91-22- 5551 5801-815 Fax: 91-22- 5502 3194 Website: www.utisel.com Email: kserasera@utisel.com Contact Person: Mr. V.S.Narayanan	**Bigshare Services Private Limited** E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai – 400 072. Tel: 91-22-2847 0652/ 0653 Fax: 91-22-2847 5207 Website: www.bigshareonline.com Email: bigshare@bom7.vsnl.net.in Contact Person: Mr. N V K Mohan

ISSUE PROGRAMME

BID/ISSUE OPENS ON : [●] 2005	BID/ISSUE CLOSES ON : [●] 2005

LISTING

The existing Equity Shares of the Company are listed on Bombay Stock Exchange Limited (BSE). The Equity Shares through this Issue are proposed to be listed on Bombay Stock Exchange Limited (BSE) (also the Designated Stock Exchange). The in-principle approval has been received from BSE for listings of the Equity Shares vide their letter dated [●].

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DEFINITIONS AND ABBREVIATIONS

DEFINITION:

Term	Description
"K Sera Sera" or "KSS" or "Issuer" or "our Company" or "the Company" or "us" or "we" or "our"	K Sera Sera Productions Limited, a Public Limited Company incorporated under the Companies Act, 1956

CONVENTIONAL/GENERAL TERMS	
Act	The Companies Act, 1956
Board/ Board of Directors	The Directors of the Company, unless the context otherwise requires
Equity Shares	The Equity Shares of face value of Rs. 10/- each of the Company
Indian GAAP	Generally accepted accounting principles in India
I.T. Act	The Income Tax Act, 1961, as amended from time to time, except as stated otherwise.
Memorandum/ Memorandum of Association	The Memorandum of Association of K Sera Sera Productions Limited
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time.
SEBI Guidelines	SEBI (Disclosures and Investor Protection) Guidelines, 2000 issued by the SEBI on January 27th, 2000, as amended, including instructions and clarifications issued by SEBI from time to time.
Takeover Regulations	SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997

ISSUE RELATED TERMS	
Bid	An Indication to make an offer made during the Bidding Period by a prospective investor to subscribe to the Equity Shares of our Company at a price within the Price Band, including all modifications and revisions thereto.
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 & Regional national newspaper (where the Registered Office of K Sera Sera Productions Limited is situated).
Bid Opening Date/ Issue Opening Date	The date on which the Members of the Syndicate shall start accepting bids for the Issue, which shall be the date notified in a widely circulated English national newspaper, Hindi national newspaper & Regional national newspaper (where the Registered Office of the K Sera Sera Productions Limited is situated) with wide circulation.
Bid Price/ Bid Amount	The amount equal to the highest value of optional Bids indicated in the Bid-cum-Application form and payable by the bidder on submission of the Bid in the Issue
Bid-cum-Application Form	The Form in terms of which the Bidder shall make an offer to subscribe the Equity Shares of the company and which shall be considered as the application for allotment of Equity Shares 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 dates, when the prospective Bidder can submit his Bids
Book Building Process	Book Building Route as provided under Chapter XI of the SEBI Guidelines, in terms of which this Issue is made
Book Running Lead Managers/ BRLMs	Book Running Lead Managers to the Issue, in this case UTI Securities Limited and Enam Financial Consultants Private Limited
CAN/ Confirmation of Allocation Note	Confirmation of Allocation Note i.e. the note or advice or intimation of allocation of equity shares, sent to successful bidders, who have been allocated shares through the Book Building Process
Cap Price	The higher end of the Price Band, above which the Issue Price shall not be finalized and above which no bids shall be accepted
Cut-off Price	The Issue Price finalised by the Company in consultation with the BRLMs.

Depositories Act	Depositories Act, 1996 as amended from time to time
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulation, 1996 as amended from time to time
Depository Participant	A Depository Participant as defined under the Depositories Act
Designated Date	The date on which the funds shall be transferred from Escrow Account of the Company to the Public Issue Account after the prospectus is filed with RoC, following which the Board of Directors shall allot shares to successful bidders.
Designated Stock Exchange	Bombay Stock Exchange Limited
Draft Red Herring Prospectus	Means this Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, 1956, which does not have to complete particulars on the price at which the Equity Shares are offered and number of Equity Shares offered through this Issue. it carries the same obligations as are applicable in case of a prospectus and will be filed with the RoC at least three days before the opening if this Issue. It will become a prospectus after filing with the RoC, after the pricing and allocation.
Employee Reservation Portion	The portion of this issue being a maximum of 250,000 equity shares available for allocation to the permanent employees of K Sera Sera Productions Limited
Equity Shares	Equity Shares of the Company of face value Rs.10/- each unless otherwise specified in the context thereof.
Escrow Account	Account opened with Escrow Collecting Banks and in whose favour the Bidder will Issue cheques or drafts in respect of the Bid amount while submitting the Bid.
Escrow Agreement	Agreement entered into amongst, the Company, the Registrar, the Escrow Collecting Bank and the BRLMs and Syndicate Members for collection of Bid amounts and refund of the amount collected by the Bidders.
Escrow Collecting Bank	The banks which are clearing members and registered with SEBI as Bankers to the Issue at which the Escrow Account for the Issue 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 price will not be finalized and below which Bids shall not be accepted
Issue Price	The final price at which Equity Shares of the Company will be allocated/ transferred in terms of the Draft Red Herring Prospectus, as determined by the Company in consultation with the BRLMs on the Pricing Date
Issue/Fresh Issue	The fresh Issue of 5,000,000 Equity Shares of Rs. 10/- each fully paid up at the Issue Price determined by the Company in terms of this Draft Red Herring Prospectus.
Margin Amount	The amount paid by the Bidder at the time of submission of the Bids, being 10% of the Bid amount
Mutual Funds	Mutual Fund means a Mutual Fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.
Non-Institutional Bidders	All those Bidders who are not Retail Individual Bidders and Qualified Institutional Buyers
Non-Institutional Portion	The portion of the Issue being not less than 15% of the Net Issue to public i.e. 712,500 Equity Shares of Rs.10/- each available for allocation to Non-Institutional Bidder(s)
Non-Residents	All Bidders who are not NRIs or FIIs and are not persons resident in India
Net Issue to Public/ Net Offer to Public	Issue of 4,750,000 Equity Shares of Rs. 10/- each fully paid up at the Issue Price determined by the Company in terms of this Draft Red Herring Prospectus.
NRI / Non-Resident Indian	Non-Resident Indian, a person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under the FEMA (Transfer of Offer of security by a person resident outside India) Regulations, 2000
NSDL	National Securities Depository Limited
Pay-in-date	Bid Closing Date or the last date specified in the CAN sent to Bidders receiving allocation, who have paid less than 100% at the time of bidding.
Pay-in-period	This term means: (i) With respect to Bidders whose payment has not been waived by the Syndicate and are therefore required to pay the maximum Bid Amount into the Escrow Account, the period commencing on the Bid/ Issue Opening Date and extending until the Bid/

	Issue Closing Date, and (ii) With respect to Bidders whose payment has been initially waived by the Syndicate and are therefore not required to pay the Bid Amount into the Escrow Account on or prior to the Bid/ Issue Closing Date, the period commencing on the Bid/Issue Opening Date and extending until the Pay-in Date.
Permanent Employees	Permanent Employees of K Sera Sera Productions Limited as on 1(one) day prior to Bid /Issue Opening Date
Price Band	Being the Price Band of a minimum price (Floor Price) of Rs.[•] and the maximum price (Cap Price) of Rs.[•] and includes revisions thereof
Promoters	Mantra Trading Company Private Limited, Vajra Trading Company Private Limited, Mr. Ashok Pamani , Mrs. Kamini Pamani, Mr. Ramesh Pamani & Mr. Parag Sanghavi
Promoter Companies	Mantra Trading Company Private Limited and Vajra Trading Company Private Limited
Prospectus	The Prospectus, filed with the RoC, Mumbai containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the number of Equity Shares offered through this Issue and certain other information.
Public Issue Account	Account opened with the Banker(s) to this Issue to receive monies from the Escrow Account for this Issue on the Designated Date,
Qualified Institutional Buyers/ QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs, scheduled Commercial Banks, Mutual Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions, Venture Capital Funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI and State Industrial Development Corporations Insurance Companies registered with the Insurance Regulatory and Development Authority, Provident Funds with minimum corpus of Rs.250 Million, Pension Funds with minimum corpus of Rs.250 Million
QIB Portion	The portion of the Net Offer to the Public up to 50% of the Net Offer to public i.e up to 2,375,000 Equity Shares of the Company available for allocation to QIB's (including 5% reservation available for allocation to Mutual Funds i.e. 118,750 shares)
Registrar / Registrar to the Issue	Registrar to the Issue, in this case being Bigshare Services Private Limited having its registered office as indicated on the cover page of this Draft Red Herring Prospectus
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who Bid for Equity Shares for an amount not more than Rs.100,000/-, in any of the bidding options in the Offer.
Retail Portion	The portion of the Issue being not less than 35% of the Net Issue to the Public i.e. 1,662,500 Equity Shares of Rs. 10/- each available for allocation to Retail Individual Bidder(s)
Revision Form	The Form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of the Bid-cum-Application Forms or any previous Revision Form(s)
Shareholders Agreement	Agreement between Mantra Trading Company Private Limited, Vajra Trading Company Private Limited, Mr. Ashok Pamani and Mr. Parag Sanghavi dated 19th August 2004
Specified Investor	Investors as may be specified by SEBI in the notification published in the Official Gazette pursuant to sub-regulation (1) to Regulation 6 of the Securities and Exchange Board of India (Central Database of Market Participants) Regulations, 2003
Stock Exchange	Bombay Stock Exchange Limited
Syndicate	The BRLMs and Syndicate Members
Syndicate Member/ Members of the Syndicate	Intermediaries registered with SEBI and eligible to act as Underwriters. Syndicate Members are appointed by the BRLMs. In this case, _____ and _____ are the Syndicate Members.
TRS or Transaction Registration Slip	The slip or document issued by the members of the Syndicate to the Bidders as proof of registration of the bid
Underwriters	BRLMs and Syndicate Members who have underwritten this Issue.
Underwriting Agreement	The Agreement between the Underwriters and the Company entered into in respect of the public Issue of Equity Shares proposed to be made under the Prospectus after finalization of Issue Price

COMPANY / INDUSTRY TERMS	
Articles	The Articles of Association of K Sera Sera Productions Limited
Ashley Kay	Ashley Kay Inc., NJ
Ashrick	Ashrick Enterprises Inc., USA
Average	When the movie is able to recover costs inclusive of marketing, publicity and print costs.
BETA	It is a storage device used for storing audio-visual contents.
Central Province/ C. P. Area	Central Province comprising Nagpur, Vardha, Amravati, Akola, Jabalpur, Katni, Bhilai, Durg and Raipur.
Circuit	The area for which a distributor buys the distribution rights for a Movie for a period as stipulated in the agreement between a producer and a distributor.
Commission Earner	A Movie becomes a commission earner when it covers its cost of production (including of marketing, publicity and print cost) plus 25% more. Twenty-five percent is the industry norm for calculating the distributor's expenses for releasing a Movie.
Content	Content is the matter that is exhibited for the patrons to view
CEO	Chief Executive Officer
COO	Chief Operating Officer
Delhi & UP Area	Entire State of Delhi & Uttar Pradesh
Enam	Enam Financial Consultants Private Limited
FICCI PwC Report	FICCI Pwc Report – the Indian Entertainment Industry, An Unfolding Opportunity, March 2005
Financial Year / Fiscal Year	The 12 months ended March 31, of a particular year unless otherwise specified
Flop Movie	When a movie is not even able to re- cover its investment by the distributor and the producer.
Generation Marketing	Generation Marketing Group Inc., NJ
Hit Movie	A movie is a hit when it earns more than double its investment by the distributor and the producer. A movie which is classified as an overflow can also be termed as a Hit.
Auditors	RSM & Co., Chartered Accountants.
KKK	KKK Investments (Pvt.) Limited., Mauritius
KSS Inc.	K Sera Sera Productions Inc., USA
Mantra/MTC	Mantra Trading Company Private Limited
Meher Plastics	Meher Plastics Private Limited
Mumbai Area	Part of Maharashtra State: Districts of Greater Mumbai, Thane, Raigad, Sindhudurga, Ratnagiri, Pune, Nasik, Satara, Ahmadnagar, Kolhapur, Entire State of Gujarat, Part of Karnataka State District: Districts of Belgaum, Bijapur, Charwad, North Kanara, Union Territory of Daman & Diu, Entire State of Goa
Nizam's Area	(a) Parts of Andhra Pradesh: Districts of Adilabad, Karimnagar, Khammam, Hyderabad, Medak, Mahbubnagar, Nalgonda, Nizamabad, Warangal. (b) Parts of Political Karnataka State (State of Mysore) : Districts of Bidar, Gulbarga & Raichur (c) Parts of Political Maharashtra: Districts of Aurangabad, Beed, Nanded, Osmanabad, Parbhani & Latur
Overflow	When a film crosses the commission mark, the revenues thereafter are to be shared between the producer and the distributor. The producer gets a share in the 'overflow' business in a pre-agreed ratio. Such sharing makes the film an overflow film. Whenever there is an overflow it can be treated as a hit movie.
Prime Time/ Slot	With 24 hour programming, the prime time is 8.00 pm – 11.30 pm
Project	The proposed project of the Company for: (a) Acquisition of Office Premises- Premises, Interior and set-up (b) Funding distribution activities (c) Funding movie production (d) Issue Expenses (e) General Corporate Purpose
Prints	The physical celluloid tape which contains the movie for exposure at the theatre
Registered Office of the Company	Versova Shree Darshan Co-operative Housing Society Limited, Ground Floor, Plot No.15, R.D.P – 2, Sardar Vallabhbhai Patel Nagar, Near Versova Telephone Exchange, Andheri (West), Mumbai – 400 053

RoC	Registrar of Companies, Maharashtra, Mumbai.
Sahara	Sahara India Mass Communication Limited
Sahara Agreement	Tripartite agreement entered into between Sahara India Mass Communication Limited, Varma Corporation Limited and K Sera Sera Productions Limited for the joint production of ten movies.
Semi-Hit	A Movie which recovers the distributor's and producer's investment in it, is termed a semi-hit. A movie which is a commission earner can also be termed as a Semi-Hit.
SGA	SGA Investments LLC, USA
Style America	Style America Inc., CA
Style Asia	Style Asia Inc., USA
Super-Hit	If the returns on a Movie are more than double the investment, it is termed a super-hit.
TRP	Television Rating Points, which are widely used to measure the reach and audience of television programmes. TRP ratings are generated by agencies like ORG-MARG and AC NIELSENIMRB using internationally accepted techniques like Intam, TAM etc. for of audience measurement.
Twenty Twenty	Twenty Twenty Television Company Limited, 100% Subsidiary of K Sera Sera Productions Limited
VCL	Varma Corporation Limited
Vajra/VTC	Vajra Trading Company Private Limited
Zee	Zee Telefilms Limited

ABBREVIATIONS	
A. Y./ AY	Assessment Year
AGM	Annual General Meeting of the Company
AS	Accounting Standard as issued by the Institute of Chartered Accountants of India
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CP	Clapstem Productions Private Limited
DCA	Department of Company Affairs
DP	Depository Participant
EGM	Extraordinary General Meeting of the Company
ENAM	Enam Financial Consultants Private Limited
EPS	Earnings Per Share
EU	European Union
FCNR Account	Foreign Currency Non-Resident Account
FDI	Foreign Direct Investment
FI	Financial Institution
FICCI	Federation of Indian Chambers of Commerce and Industry
FIPB	Foreign Investment Promotion Board
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the rules and regulations framed there under.
FIIs	Foreign Institutional Investors (as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000) registered with SEBI under other applicable laws in India.
GOI	Government of India
HUF	Hindu Undivided Family
IDBI	Industrial Development Bank of India
IPO	Initial Public Offer
IPR	Intellectual Property Right
ISO	International Standards Organisation
MoU	Memorandum of Understanding
NAV	Net Asset Value
NPBDIT	Net Profit before Depreciation, Interest and Tax
NSDL	National Securities Depository Limited
P/E	Price Earning Ratio
PAN	Permanent Account Number

PAT	Profit After Tax
PBDIT	Profit Before Depreciation, Interest and Tax
PBIT	Profit Before Interest and Tax
PBT	Profit Before Tax
PwC	PricewaterhouseCoopers Private Limited, India
RBI	Reserve Bank of India
RGV/ KSS Distributors	Ram Gopal Varma/ K Sera Sera Distributors
RONW	Return on Net Worth
SEBI	Securities Exchange Board of India
SET	Sony Entertainment Television (India) Pvt. Limited.
TDS	Tax Deduction at Source
TPD	Tonnes Per Day
TNW	Total Net Worth
TV	Television
USA	United States of America
UTISEL	UTI Securities Limited
VCF	Venture Capital Fund

FORWARD-LOOKING STATEMENTS AND MARKET DATA

In this Draft Red Herring Prospectus, the terms "we", "us", "our Company", "the Company" or "K Sera Sera" or "KSS" unless the context otherwise implies, refers to K Sera Sera Productions Limited.

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

All forward looking statements are subject to risks, uncertainties and assumptions about us, that could cause actual results to differ materially from those contemplated by the relevant forward looking statements.

Important factors that could affect our results to differ materially from our expectations includes but not limited to:

- General economic and business conditions in India
- Our ability to successfully implement our growth and expansion strategy,
- Our ability to respond to technological changes
- Changes in laws and regulations relating to the industry in which we operate
- Changes in political and social conditions in India
- The loss of our key employees and staff
- Our ability to successfully launch our movies
- Any adverse outcome in the legal proceedings in which our Company is involved
- Increasing competition in and the conditions of the movie and television industry

For further discussion of factors that could cause our actual results to differ, refer to the section entitled "Risk Factors" beginning on page [●] 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 we, our Directors, the BRLMs, nor any of their affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date thereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, we and the BRLM(s) 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.

Market data used throughout this Draft Red Herring Prospectus was obtained from internal Company reports, data and industry publications. Industry publication data generally state that the information contained in those publications has been obtained from sources believed to be reliable, but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Although, we believe market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports and data, while believed by us to be reliable, have not been verified by any independent source.

RISK FACTORS

RISKS ENVISAGED BY MANAGEMENT & MANAGEMENT PROPOSALS (MP) THEREOF

Investment in Equity Shares involves a high degree of risk. You should carefully consider all of the information contained in this Draft Red Herring Prospectus including the risks described below, before you make an investment decision. Risks have been quantified, wherever possible. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline and you may lose all or part of your investment.

Unless specified or qualified in the relevant risk factors, we are not in a position to quantify the financial or other implications of any risks mentioned herein under:

A. INTERNAL TO THE COMPANY

1. There are certain litigations against our Director Dr. M K Sinha:

BSEL Information Systems Limited, Hardware Division ("BSEL") has filed 10 different criminal complaints in the Court of Judicial Magistrate First Class, Vashi , at Central Business District (CBD) Navi Mumbai (the "Court") against Microcity (India) Limited & others ("Microcity") including Dr. Mithilesh Kumar Sinha, in the capacity of a Director. As per the complaint filed, Microcity have purchased 40 numbers of MS OFFICE STD.2000 CUP for Rs.402,629.20 ("said amount') from BSEL . Microcity failed and neglected to pay the said amount. Cheques issued by Microcity for the payment got dishonoured when the same was presented to BSEL's bankers. Microcity ignored the legal notice sent on June 17th, 2002. Since the payment was not made by Microcity in spite of legal notices being sent, BSEL filed complaints against it under section 138 of Negotiable Instruments Act. Dr. Mithilesh Kumar Sinha who was also made party to the complaints submitted in his reply that he did not commit any offence under Section 138 of the Negotiable Instruments Act as BSEL failed to fasten any liability on him as required under section 141 of the Negotiable Instruments Act. Since Dr. Mithilesh Kumar Sinha resigned on February 26th, 2001 much before the offence was committed, he has made an application to the Court for discharge from the above mentioned cases.

2. One of our Director's name appeared on the website of Credit Information and Bureau of India (CIBIL) for RBI default, details are as under:

Sr. No.	Name of Director	Suit filed by	Suit filed against	Comments
1.	Dr. M.K. Sinha	State Bank of India	Gilt Pack Limited	Gilt Pack Limited has certified that a suit was filed in the debt recovery tribunal on 13th october 2001. Dr. M.K.Sinha resigned as Director of Gilt Pack Limited in 23rd June 2001
		State Bank of India	Prag Bosimi Synthetics Limited	Prag Bosimi Synthetics Limited has confirmed that the suit (2378 of 1998) against it stands withdrawn

3. People Interactive India Pvt. Ltd. (known as "MAUJ") has filed a civil suit in the Bombay High Court being Suit No.1797 of 2005 against Varma Corporation Limited, K. Sera Sera Productions Limited, Super Cassette Industries Limited and Virtual Marketing Pvt. Ltd. (known as `Hungama Mobile Indiafm.com').

The Suit is filed for a declaration that MAUJ is the sole and exclusive holder of Telecom rights of film 'Sarkar', 'My Wife's Murder', 'Darna Zaroori Hai', and 'James'. In this suit, MAUJ took out a Notice of Motion (Interim Application) being Notice of Motion No.1917 of 2005. The Bombay High Court ordered an interim injunction restraining Super Cassette Industries Limited and Virtual Marketing Pvt. Ltd. from claiming, accepting, using, enjoying the Telecom Rings in respect of the films 'Sarkar', 'My Wife's Murder', 'Darna Jaroori Hai', and

'James' by its order of 12th July 2005. In the said order the court also ordered an injunction wherein Varma Corporation Limited, K. Sera Sera Productions Limited, Super Cassette Industries Limited and Virtual Marketing Pvt. Ltd. were restrained from marketing the said Telecom rights to the public either directly or indirectly.

Against the aforesaid Interim Order, Super Cassette Industries Ltd. preferred an appeal in the Bombay High Court which was dismissed on 14th September, 2005. As such, the injunction as stated hereinabove is in force and operation.

4. **A show cause notice was received by Garnet Paper Mills Limited from SEBI on 6th August 2002 & 12th August 2002 for the contravention of Regulation 6 (2) and (4) of Takeover Regulations for the year 1997 and Regulation 8 (2) & 8 (3) of Takeover Regulations for the years 1998,1999,2000,2001 & 2002 . Our Company availed of The Regularisation Scheme, 2002 and made all the necessary disclosures for the year 1997, 1998, 1999, 2000, 2001 and 2002 on 10th December 2002 and paid a penalty of Rs. 140,000/-for such non compliance**.

For further details regarding Risk Factor No. 1, 2, 3 & 4 please refer to the 'Outstanding Litigations' on page no [●] of this Draft Red Herring Prospectus,

5. **Our Company, under erstwhile management, then known as, Garnet Paper Mills Limited did not pay listing fees to BSE for the year 2001-02 as there were no operations in the Company. BSE suspended trading of its Equity Shares with effect from 7th January 2002. Garnet Paper Mills paid the re-instatement fees on 14th May 2002 subsequent to which the suspension was revoked by BSE on w.e.f 25th June 2002**

6. **Restrictive covenants and financial implications under MoUs:**

I. MoU with Mr. Ram Gopal Varma of Varma Corporation limited ("VCL") for production of movies.

Our Company entered into a Memorandum of Understanding (the "MoU") with Mr. Ram Gopal Varma of VCL on 3rd February 2003 and its addendum dated 23rd May 2005 to co-produce and / or jointly produce movies or other cinematographic offerings and/or other business arrangements in the entertainment sphere as may be mutually identified by separate agreements. Accordingly our Company enters into separate agreements for each different movie/ other projects. As per the termination clauses of the said MoU, VCL has the option to terminate the agreement without a notice period and if so, we may lose the entire money spent on the particular film or there may be time and cost over run in completing the particular project.

II. MoU dated 31st December 2003 with Sahara India Mass Communication Limited for production of movies.

(a) Our Company and Varma Corporation Limited (VCL) have jointly entered into a MoU with Sahara on 31st December 2003 for production of 10 movies under the banner of Sahara. As per this MoU, our Company and VCL cannot jointly produce or direct any other movie during the said period of 30 months i.e. till 29th June 2006 or until completion of the ten Movies whichever is earlier. However, KSS can independently produce movies outside the scope of this MoU. So far, six movies namely "Ab Tak Chappan", "Vaastu Shastra", "Naach", "Gayab", "My Wife's Murder" and "James" have been produced under the Sahara Banner. Our Company and VCL are required to release and assign the rights of further four movies in favor of Sahara**.**. In case the remaining four movies are not completed within the above stipulated time, we will suffer financial losses @ Rs.500,000/- per month per movie till the aforesaid movies are completed. The MoU provides that Mr. Ram Gopal Varma must direct or produce the 10 movies. This however does not restrict our association with other movie directors or producers for production of movies outside the scope of this MoU.

(b) Under this arrangement our Company would receive a lump sum amount of Rs.26.71 Million from Sahara per movie being produced under 'Sahara' banner for worldwide satellite rights. As per the MoU, the worldwide copy rights and other intellectual property rights in respect of the said movies shall be assigned to Sahara after the initial commercial exploitation. Loss, if any, out of the commercial exploitation of the movie is to be borne equally by KSS and VCL.

(c) Amount outstanding of Sahara as on 31.03.05 was Rs. 58.38 million

7. TRP Ratings affects the time slot as well as the extension of the television serial produced by us.

The television channels initially allot time slot for a given number of episodes for any serial. If the serial does not have the desired TRP rating, it may affect the extension of the contract with the channel for further episodes. This may adversely impact our revenue generation from television telecast and also will affect our future relationship with the channels.

8. We do not own any hardware or equipment required for movie or television content production

Our Company, at present does not own any equipment or hardware except for one editing machine. We obtain necessary equipments and hardwares required for movie and television content production on hire basis, which is the general industry practice. Ample & easy availability of the same ensures the smooth functioning of our operations without any delay. This also ensures that we procure the latest technology as when required for making of movies or television serials.

9. Our Promoter Company Mantra Trading Company Private Limited ("Mantra") & Vajra Trading Company Private Limited ("Vajra") and our Group Company 'Generation Marketing' have made losses.

Mantra was incorporated in December 1991 to engage in the business of manufacture of injection moulded plastic articles for industrial use. Vajra was incorporated in August 1989 for carrying on the business of manufacture of plastic and moulded articles. Mantra did not have any commercial operations in the year 2002-03, 2003-04 and 2004-05.Vajra did not have any commercial operations in the year 2002-03 and 2003-04.The losses made by these companies during the financial year ended 31st March 2005 were:

Name of Company	Loss during the year 2004-05 (Rs. in million)
Mantra Trading Company Private Limited	9.32
Vajra Trading Company Private Limited	4.23

Name of Company	Loss during year ended 31-12-04 (Rs. in million)	Accumulated losses as on 31-12-04 (Rs. in million)
Generation Marketing Group Inc.	0.08	0.21

10. The objects of the issue for which funds are being raised have not been appraised by any bank or financial institution.

All the figures under the "Objects of the Issue" on page no. [•] of this Draft Red Herring Prospectus are based on our own estimates which is based on the current business plan, which may undergo changes based on market and industry conditions and opportunities. The Project is subject to various variables such as possible cost overrun, delays in implementation, this may include rescheduling -terminating projects currently underway/planned and reallocation of the funds raised amongst alternate revenue streams at the sole and absolute discretion of the management.

11. We are largely dependant on our movie releases for our major part of our income. The trading price of our equity shares may be affected by variations in our result of operation which are mainly dependant on the movies released in a particular quarter and its box office success.

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 movies released during a financial year. In compliance with the listing agreement, we need to publish the quarterly results in news papers. 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 quarter to quarter. Hence there could be a vide fluctuation in our quarterly results and the same could affect the trading price of equity shares.

12. **There is a fall in profit and we have reported negative cash flows during the year ended 31st March 2005.**

The Restated Profit after tax reduced by 36.09% during the year ended 31st March 2005. We also reported negative cash flows from operating activities Rs.95.89 million in the year ended 31st March 2004 and Rs.51.59 million during the year ended 31st March 2005.

13. **The success of our business depends on our directors, scriptwriters, artists and technicians and their loss could adversely affect our business.**

Movie Production and its success largely depends upon creativity and individual skills, which are not readily replaceable. The entire success of the Movie depends upon the creativity of a few people like the directors, scriptwriter, actors etc. Since we are new in the industry our association with Mr. Ram Gopal Varma is paramount for the success of our movies.

14. **One of our shareholders Sahara India Mass Communication Limited has certain rights under the Memorandum of Understanding. Their interests may conflict with your interests as a shareholder.**

One of our shareholders, Sahara India Mass Communication Limited owns 500,000 equity shares of the Company which is around 3.44% of our issued Equity Shares. Our Articles of Association confer certain rights on Sahara including representation on our board. Memorandum of Understanding with Sahara provides that it shall be entitled to nominate one non-executive director who shall not be liable to retire by rotation.

15. **We are relatively new in distribution of movies.**

We have distributed our movies at a national level in the past through a network of distributors including our partnership firms; PVR Factory Distribution Network and RGV/KSS Distributors. We have distributed some of our movies in Delhi, UP and the Bombay territory through these firms. For other territories we enter into distribution agreements with other distributors. We propose to distribute movies outside our banner through this network. We have obtained distribution rights of movies outside our banner like 'Tango Charlie", 'Nazar' , 'Jo Bole So Nihaal', 'Kaal' ,'D', 'Dus', 'Mangal Pandey-The Rising', 'No Entry' for some of these territories. We have also set up our distribution office at Bhusawal to facilitate distribution in the territory of central province.

16. **We do not own Registered Office of our Company**

We do not own our Registered Office. We share the Registered Office with Varma Corporation Limited who has leased the premises from Moreshwar Trading Company Private Limited. We are using the facility as per the terms of MOU dated 23.07.03 entered with Varma Corporation Limited. As per the terms of this MOU we are using the premise free of cost. We propose to have our own premises and for our subsidiary Twenty Twenty Television Company Limited out of the proceeds of this Issue. We are in the process of identifying the premises and have not entered into a definite agreement for acquisition of premises office.

17. **Our Company, under its erstwhile management, then known as, Garnet Paper Mills Limited failed to implement the project for which it had made a public issue in 1996.**

Garnet Paper Mills Limited made its maiden issue in September 1996 of 6,600,000 Equity Shares of Rs.10/- each at par, Rs.2.50 being payable at application and Rs.7.50 payable at allotment, aggregating to Rs.66 million.

The purpose of the Issue was to set up an integrated paper plant for the manufacture of 30TPD paper duplex board through hi-tech former method. Of the total cost of Rs.109.45 million, Rs.66 million was to be financed through the public Issue. 8,756,700 Equity Shares (including Promoter's contribution) were allotted in this Issue. However, due to non-receipt of the balance allotment money the project was shelved. No projections were made in the offer document.

18. **We propose to use part of the proceeds of the issue for producing and distributing movies. Our Company has not made any other alternate arrangements to generate funds, a delayed/unsuccessful Public Issue will adversely impact our movie production and distribution business.**

19. The commercial success of a film affects the revenue generated from movie distribution.

Revenue from distribution business depends upon the box-office performance of a movie. If the movie does not fare well at the box office it would directly reduce our distribution profits.

20. Qualification in the audit report

Qualifications in Audit Report during the last five years were as under:

1. **Financial year ended March 31, 2001**: **MAOCARO** - As per the information and explanation given to us, during the year under audit, the Company did not have an internal audit system but had an efficient system for accounting and internal controls.

2. **Financial year ended March 31, 2002: MAOCARO** - As per the information and explanation given to us, during the year under audit, the Company did not have an internal audit system but had an efficient system for accounting and internal controls.

3. **Financial year ended March 31, 2003: MAOCARO** - The Company has no internal audit system as such in relation to the size of the Company and the nature of its business, but its control procedure ensure reasonable internal checking of its financial and other records.

   In respect of Company's service activities, as explained to us, the nature of service activities does not involve the consumption of direct material of store. The Company does not have reasonable system of allocating man hours utilized to the relative jobs commensurate with the size and nature of business of the Company.

4. **Financial year ended March 31, 2004: CARO** - The Company has no internal audit system commensurate with the size and nature of its business, but its control procedure ensure reasonable internal checking of its financial and other records.

5. **Financial year ended March 31, 2005**:

   - No provisions have been considered necessary by the management in respect of advance of Rs.10.88 million, which appear to be doubtful of recovery.

   - Recoverability of carrying value of motion picture rights of Rs.44.36 million reflected as intangible assets in the account are as based on management's estimates of future realizations/ cash flows from these rights which have been relied upon by the auditors. Had this been considered, the profit for the year would have been Rs.21.20 million (as against the reported figure of Rs.32.07 million) and Reserves and Surplus would have been Rs.232.41 million (as against the reported figure of Rs.243.28 million) and loans and advances would have been Rs.85.56 million (as against the reported figure of Rs.96.44 million)

   - **CARO:** In our opinion, and according to the information and explanations given to us, the Company needs to further strengthen its internal control procedures so as to be commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.

   - The Company has an internal audit system. However, in our opinion, the coverage and the scope of the same needs to be further strengthened so as to be commensurate with the size of the Company and nature of its business.

   - During the year the Company has sold motion picture rights of a movie to a party for a lump sum consideration of Rs. 65 million. Under a pre-existing agreement with another party, the Company is obliged to sell the satellite rights of the said movie for Rs. 26.71 million. Hence the sale to the extent of satellite rights included therein is subject to approval and consent from the said party. The Company is confident of obtaining the approval and has hence considered the full sale proceeds as revenue.

- According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investors education and protection fund, employees' state insurance, income-tax, sales tax, service tax, wealth tax, custom duty, excise duty, cess and any other statutory dues as applicable were outstanding, as at March 31, 2005 for a period of more than six months from the date they became payable except for the following:

Rs. in million

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Due date	Date of payment
Income-tax Act, 1961	Income tax	8.98 [representing advance tax installment]	April 1, 2004 to September 15, 2004	June 15, 2004 and September 15, 2004	Unpaid
Income-tax Act, 1961	Withholding tax	2.35	April 1, 2004 to August 31, 2004	7th of the next month	Unpaid

Note: The amount towards TDS has been paid.

21. Major part of the our income during the year ended on 31st March 2005 was contributed by few customers

(Rs. in million)

Sales	2002-03	2003-04	2004-05
Income from Top Customers	5.87	56.71	85.00
% to Total Income	100.00%	23.32%	22.65%
Income from Top Five Customers	5.87	126.08	259.81
% to Total Income	100.00%	51.85%	69.26%

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

23. Our Company has given Loans and Advances amounting to Rs. 4.84 million to its wholly owned subsidiary and to its Associates, as on 31.03.05

24. Our Company has applied for the following government approvals:

Registration Applied for	Authority	Date on which application made
Registration under Trade Marks Act	The Registrar of Trademarks	15th September 2005

B. EXTERNAL AND BEYOND THE CONTROL OF THE COMPANY

1. Piracy and home viewing are one of the gravest issues the Indian film industry has to deal with. As per the Film Federation of India, in the year 2003, due to unlawful copying and distribution, Indian film industry lost around Rs.350 million in revenue *(Source: FICCI Report: The Indian Entertainment Industry: Emerging Trends and Opportunities March'04).* Copyright Laws are not very stringent in India due to which Company like ours have to suffer huge losses. Further, our Company relies on Intellectual Property Rights (Rights of our movies), which may not be adequately protected under the current laws. Misappropriation of our Intellectual Property Rights could harm our competitive position.

2. Any slowdown in the Indian economy combined with the high entertainment tax rates in India could adversely affect the amount spent by people on leisure activities. Consequently this would adversely affect our financial performance.

3. Although the entertainment industry has evolved as a full-fledged economic sector attracting foreign direct investment and contributing significantly to the state's economy in terms of employment and revenue generation, the industry still lacks organized & institutional financing.

4. The Indian entertainment industry is prone to unforeseen shifts in the tastes and preferences of the audiences. Approximately around 600-700 movies are produced annually. However, very few movies are able to generate enough profits. As per Film Federation of India estimates, out of 246 Hindi releases during the year 2003, only 22 movies were hits.The losses are very high in this Industry as compared to other industries as high costs are involved in film production. There is no assurance of success of movies in this industry. *(Source: FICCI Report: The Indian Entertainment Industry: Emerging Trends and Opportunities March'04)*

5. Presently there are no regulations applicable to the Indian entertainment industry; however any change in regulatory environment can significantly impact our business.

6. Our Company faces competition from currently established companies as well as the future entrants into the industry due to lack of any entry barriers.

7. Natural disasters, terrorist attacks and other acts of violence can adversely affect our business operations. The industry in general has inherent operational risks, which may not be adequately covered by insurance.

8. The Valuation in the media/entertainment industry is presently high and may not be sustained in future and may also not be reflective of future valuation for the Industry.

9. The price of our Equity Shares may be highly volatile.
   The price of our Equity Shares on the Indian Stock Exchanges may fluctuate after this Issue as a result of several factors including:
   - Volatility in Indian and global securities market;
   - Our results of operations and performance;
   - Performance of our competitors and perception in the Indian market about investment in the entertainment sector;
   - Adverse media reports, if any, on the Company or the Indian Entertainment industry;
   - Changes in the estimates of our performance or recommendations by financial analysts;
   - Significant development in India's economic liberalization and de-regulation policies; and
   - Significant development in India's fiscal and environment regulations.

   There can also be no assurance that the price at which our Equity Shares are initially traded will correspond to the prices at which our Equity Shares will trade in the market subsequent to this issue.

10. The Issue price of our Equity Shares may not be indicative of the market price of our Equity Shares after the Issue.

    The Issue Price of our Equity Shares will be determined by the Book Building Process. This price will be based on numerous factors (discussed in the section "Basis of Issue Price" on page [•] of this Draft Red Herring Prospectus) and may not be indicative of the market price of our Equity Shares after the Issue.

    The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to resell your Equity Shares at or above the Issue Price. Among the factors that could affect our share price are:

    - Quarterly variations in the rate of growth of our financial indicators, such as earnings per share, net income and revenues;
    - Changes in revenue or earnings estimates or publication of research reports by analysts;
    - Speculation in the press or investment community;
    - General market conditions; and
    - Domestic and international economic, legal and regulatory factors unrelated to our performance.

Notes to Risk Factors:

1. Size of the Present Issue - Public Issue of 5,000,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. [•]/- per share aggregating Rs. [•] million.

2. The average cost of acquisition of Equity Shares of the Promoters is depicted below:

Promoter	Average cost of per share (Rs.)
Mantra Trading Company Private Limited	1.32
Vajra Trading Company Private Limited	3.14
Mr. Ashok Pamani	42.05
Mrs. Kamini Pamani	39.36
Mr. Ramesh Pamani	55.00
Mr. Parag M Sanghavi	38.08

3. Pre-issue Net worth of the Company as on 31st March 2005 is Rs.377.37 millions (excluding Preference share application money)

4. Book value per share of the Company as on 31st March 2005 is Rs.26.00.

5. Investors are advised to refer to the paragraph on "Basis for Issue Price" on page no. [•] before making an investment in this Issue.

6. In the event of the Issue being oversubscribed, the allocation shall be on a proportionate basis to QIBs, Retail Individual Bidders and Non-Institutional Bidders (Refer to the paragraph entitled “Basis of Allotment” on page no [•] of this Draft Red Herring Prospectus).

7. Investors may contact the Book Running Lead Manager or the Compliance Officer for any complaint/ clarification/ information pertaining to the Issue, who will be obliged to attend to the same.

8. Details on Related party transactions for the year ended 31st March 2005:

Rs. in million

Nature of transaction	Entities where control exists	Associate companies	Key management personnel	TOTAL
Sale of distribution rights	-	72.66	-	72.66
	(-)	(-)	(-)	(-)
Remuneration		-	1.59	1.59
		(-)	(1.20)	(1.20)
Lease rent received	0.01	-	-	0.01
	(-)	(-)	(-)	(-)
Loans/Advances granted	4.48	0.36	-	4.84
	(-)	(0.38)	(-)	(0.38)
Equity/capital contribution	0.50	0.22	-	0.72
	(-)	(0.69)	(-)	(0.69)
Balance outstanding as on March 31				
-- Credit balances		2.00	-	2.00
		(2.00)	(-)	(2.00)
-- Debit balances		5.21	-	5.21
		(0.38)	(-)	(0.38)

Note: Previous year figures are given in bracket

9. All information shall be made available by the Book Running Lead Managers and our Company to the Public or Investors at large and no selective or additional information would be available for a section of the Investors in any manner whatsoever.

10. The Company has not issued any Bonus Shares;

11. Details on Loans & Advances are given on page [•] of this Draft Red Herring Prospectus.

12. There are no Contingent Liabilities as on 31st March 2005.

13. The object clause was altered vide special resolution passed in the EGM held on 12th October 2002, to carry in the present business of motion pictures, still pictures, T.V serials, music albums, audio, digital product etc. which *inter alia* includes production, re-production, editing, dubbing, distributing, recording etc. consequently name of our Company was changed to 'K Sera Sera Productions Limited' on 23rd October 2002.

SUMMARY

You should read the following summary together with the risk factors and the more detailed information about the Company and financial data included elsewhere in this Draft Red Herring Prospectus.

Unless otherwise indicated, all financial and statistical data relating to the industry in the following discussion is derived from internal Company reports & data, industry publication and estimates. This data has been reclassified in certain respects for purposes of presentation. For more information, see "Forward Looking Statements and Market Data" in this Draft Red Herring Prospectus.

Summary of Industry and Business of the Issuer Company

Indian Media and Entertainment Industry

Indian media and entertainment industry is on the threshold of digital revolution. movie, media, television - their creation, management, distribution all are being profoundly affected by the developments. The Indian movie industry is growing over the last few decades and there has been tremendous spurt in the movie and movie software in India. Indian Movie festivals hosted abroad like the First Indian Movie Festival in Los Angeles received a tremendous positive response, which is an indicative factor of the increasing interest of the international community in Indian Movie Industry. As per the *FICCI PwC Report on The Indian Entertainment Industry: An Unfolding Opportunity – March 2005*, The Indian Entertainment Industry is one of the fastest growing sectors of the Indian economy riding on the economic growth and rising income levels that India has been experiencing in the past few years. The Entertainment Industry is expected to grow faster than GDP growth and consequently more spend is expected on leisure and entertainment.

The Indian Entertainment Industry stands at over Rs. 20,000 crores (USD 4.5 billion) today. Overall, it is expected to grow in high double digits at 18% per annum compounded annually over the next five years, to reach over Rs 45, 000 crores (USD 10 billion) by 2009. The largest contributor to this growth will be the television segment followed closely by the film segment *(Source: FICCI PwC Report on The Indian Entertainment Industry: An Unfolding Opportunity – March 2005).*

Disclaimer with respect to 'FICCI PwC-The Indian Entertainment Industry: An Unfolding Opportunity– March 2005' used as source in this section and elsewhere of this Draft Red Herring Prospectus:

"This Report has been prepared on the basis of information obtained from key Industry players, trade associations, government agencies, trade publications and various industry sources specifically mentioned in the report. While due care has been taken to ensure the accuracy of the information contained in the Report, no warranty, express or implied, is being made, or will be made, by FICCI or PricewaterhouseCoopers Pvt. Ltd., India (PwC) as regards the accuracy and adequacy of the information contained in the report. No responsibility is being accepted, or will be accepted by, FICCI or PwC, for any consequences, including loss of profits, that may arise as a result of errors or omissions in this Report. This Report is only intended to be a general guide and professional advice should be sought before taking any action on any matter".

Our Company

Our company was incorporated under the Companies Act, 1956 on 6th September, 1995 as "Garnet Paper Mills Limited" for carrying out the business of manufacturing paper, duplex board and other related paper products. Garnet Paper Mills obtained Certificate of Commencement of business from RoC, Mumbai on 14th September 1995.

Garnet Paper Mills made its first public issue in September 1996 for setting up of an integrated paper plant for manufacture of 30TPD Paper Duplex Board. However, Garnet Paper Mills had to shelve the project as they did not receive the entire allotment money in the public issue.

Our Promoter Companies i.e Mantra Trading Company Private Limited (formerly known as 'Monalisa Mouldings Private Limited') and Vajra Trading Company Private Limited (formerly known as 'Azam Plastics Private Limited') acquired 2,257,850 shares by way of an agreement dated 5th June 2002 from the promoters of Garnet Paper Mills Limited. Subsequently our Promoter Companies made an open offer on 10th June 2002 pursuant to the takeover regulations to acquire shares from the public.

The Object Clause was altered vide Special Resolution dated 12th October 2002, to carry on the business of entertainment through motion pictures, still pictures, television serials, advertisement films, music albums and other allied entertainment products and a new Certificate of alteration of Object Clause was obtained from ROC vide Certificate dated 22nd October 2002. A new Certificate of Incorporation consequent to change of name to 'K Sera Sera Productions Limited' was obtained on 23rd October 2002.

Pursuant to the approval of shareholders of the Company through a postal ballot, the Promoter Companies signed an agreement dated 19th August 2004 to share management control with the Directors of the Company; Mr. Ashok Pamani, Mr. Ramesh Pamani and Mr.Parag Sanghavi.

Now the promoters of our Company are Mantra Trading Company Private Limited, Vajra Trading Company Private Limited, Mr. Ashok Pamani, Mrs. Kamini Pamani, Mr. Ramesh Pamani and Mr. Parag Sanghavi.

We started film production in the year 2003-04 by successfully bringing together Ram Gopal Varma [of M/s Varma Corporation Limited], one of India's most creative directors, with our company in a joint venture and produced three successful films [Darna Mana Hai, Ek Hasina Thi and Ab Tak Chappan] in our first year of operations.

We produced a star-studded mega show exclusively for SET in the first year of our operations (ie.2002-03). Our first movie "Darna Mana Hai" was released during the year 2003-04. Two more movies "Ek Hasina Thi" and "Ab Tak Chappan"were released during this year.

We entered into a MoU on 31st December 2003 with Sahara India Mass Communication Limited and Varma Corporation Limited (Sahara Agreement) to collectively produce ten Hindi movies under the "Sahara" banner. The first movie produced under this banner was "Ab Tak Chappan". During the financial year 2004-05 we produced three movies "Gayab", "Vaastu Shastra" & "Naach".

Three movies "Sarkar", "My wife's murder" and "James" were released during the current year, of which "My wife's murder" and "James" were under the Sahara Banner. Movies currently in the pre-production stage are "Ek", "Barsaat", "Nimmi" and an untitled movie with Varma Corporation Limited.

We ventured into television content production during the year 2003-04 and produced television serials "Kuch Love Kuch Masti and "Aao Bahan Chugli Karen' for Sahara Television channel. Our new serial 'Kasshish' was aired on 18th June 2005 on Zee Television Channel.

Our subsidiary company "Twenty Twenty" was incorporated in October 2004 to concentrate on television content production.

Offering Details in brief:

Equity Shares offered: Fresh Issue by the Company	5,000,000 Equity Shares of face value of Rs.10/- each constituting 35.54% of the fully diluted Post Issue paid up Equity Capital
Reservation Portion: (a) Employees of K Sera Sera Productions Limited	250,000 Equity Shares of face value of Rs.10/- each
Net Issue to the Public	4,750,000 Equity Shares of face value of Rs.10/- each
Of the Net Issue to the Public	
(a) Qualified Institutional Buyers portion (QIBs)	2,375,000 Equity Shares of face value of Rs.10/- each constituting up to 50% of the Net Issue to the Public (Allocation on a proportionate basis)
▪ Reservation to Mutual Funds (5%)	118,750 Equity Shares of face value of Rs.10/- each (Allocation on a proportionate basis)
▪ Balance for all QIBs (including Mutual Funds)	2,256,250 Equity Shares of face value of Rs.10/- each (Allocation on a proportionate basis)
Note: In the event of inadequate response from the mutual funds, the shares will be made available to QIBs other than mutual funds	
(b) Non-Institutional Portion	712,500 Equity Shares of face value of Rs.10/- each constituting at least 15% of the Net Issue to the Public (Allocation on a proportionate basis)
(c) Retail Portion	1,662,500 Equity Shares of face value of Rs.10/- each constituting at least 35% of the Net Issue to the Public (Allocation on a proportionate basis)
Notes: Under-subscription, if any, in any of the three categories will be allowed to be met with spillover from the other categories, at the sole discretion of our Company and the BRLMs	
Equity Shares outstanding prior to the Issue	14,512,259 Equity Shares of face value of Rs.10/- each
Equity Shares outstanding after the Issue	19,512,259 Equity Shares of face value of Rs.10/- each
Use of Issue proceeds	Please see section titled “Objects of the Issue” on page [•] of this Draft Red Herring Prospectus for additional information.
Notes: Under-subscription, if any, in reservation for Mutual fund will be allowed to be met by the balance of QIBs	

Summary of Consolidated Financial Data

The following summary of consolidated financial data has been prepared in accordance with Indian GAAP, the Act and the SEBI Guidelines and restated as described in the Auditor's Report of **RSM & Co., Chartered Accountants** dated 20th September 2005 in the section entitled "Financial Information" on page no [•] of this Draft Red Herring Prospectus. You should read this financial data in conjunction with the Company's restated consolidated financial statements for each of Fiscal, 2001, 2002, 2003, 2004 and 2005, including the Notes thereto and the Reports thereon, which appears under the Paragraph on "Auditors Report" in this Draft Red Herring Prospectus, and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

The Financial Summary for the year ended 31st March 2005 includes the financial data of the subsidiary for the period 19th November 2004 to 31st March 2005.

Summary of Consolidated Profit and Loss Account, as restated

Rs. in million

Particulars	For the year ended				
	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005
Income from Operations	NIL	NIL	5.87	239.76	374.58
Other Income	NIL	NIL	0.12	3.40	0.55
Total Income	**NIL**	**NIL**	**6.00**	**243.16**	**375.13**
Movie production expenses	NIL	NIL	3.37	174.60	266.88
Other Expenditure	0.14	0.15	1.34	9.13	24.52
Total Expenditure	**0.14**	**0.15**	**4.72**	**183.73**	**291.40**
Adjustments#	**0.16**	**0.16**	**0.16**	**0.83**	**10.88**
Restated NPBDIT	**(0.30)**	**(0.31)**	**1.12**	**58.60**	**72.85**
Depreciation & Amortization (as restated)	NIL	NIL	*	0.23	28.88
Net Profit before Interest & Tax (as restated)	**(0.30)**	**(0.31)**	**1.12**	**58.37**	**43.97**
Interest & Financial charges	NIL	NIL	0.76	1.03	3.14
Net Profit before tax (as restated)	**(0.30)**	**(0.31)**	**0.36**	**57.34**	**40.83**
Current Tax	NIL	NIL	(0.04)	(6.30)	(19.05)
Deferred Tax	NIL	NIL	NIL	(15.62)	0.81
Net Profit After Tax (as restated)	**(0.30)**	**(0.31)**	**0.32**	**35.42**	**22.59**

Adjustment for Prior Period Items, Amortisation of Miscellaneous Expenditure and Impact of Auditor's Qualification.
* -Negligible

Summary of Consolidated Assets and Liabilities, as restated

Rs. in million

Particulars	As at				
	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005
A. Total Fixed Assets (including Capital WIP)	20.94	20.94	0.08	54.99	65.25
B. Investments	NIL	NIL	40.00	0.73	1.08
C. Total Current Assets, Loans & Advances	37.21	37.11	139.43	370.94	426.36
D. Total Liabilities & Provisions	0.15	0.20	52.83	65.03	76.92
E. Preference Share Capital/ Share Application	NIL	NIL	NIL	38.41	38.41
NET WORTH (A+B+C-D-E)	**58.00**	**57.85**	**126.68**	**323.22**	**377.36**

Particulars	As at				
	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005
REPRESENTED BY:					
F. Equity Share Capital	60.40	60.40	73.98	118.34	145.12
G. Equity Share Application	NIL	NIL	55.10	124.78	NIL
H. Reserves and Surplus	(1.59)	(1.90)	(1.91)	80.42	232.40
I. Miscellaneous Expenditure	0.81	0.65	0.49	0.32	0.16
NET WORTH (F+G+H-I)	**58.00**	**57.85**	**126.68**	**323.22**	**377.36**

Note: The Company was taken over by the present management in 2002-2003. Prior to October 2002, the operational and financial results pertain to erstwhile company Garnet Paper Mills Limited.

GENERAL INFORMATION

K SERA SERA PRODUCTIONS LIMITED

Registered Office: Versova Shree Darshan Co-operative Housing Society Limited, Ground Floor, Plot No.15, R.D.P – 2, Sardar Vallabhbhai Patel Nagar, Near Versova Telephone Exchange, Andheri (West), Mumbai – 400053.

Registration No: 11-92438

ROC: Registrar of Companies, Everest Building, 100, Marine Drive, Mumbai -400 002

Compliance Officer: Ms. Amruta Paranjape, Company Secretary

Our Board of Directors:

Name of Director	Designation
Mr. Ashok Pamani	Non-Executive Chairman
Mr. Parag M. Sanghavi	Managing Director
Mr. Ramesh Pamani	Non-Independent & Non-Executive Director
Mr. Raj Sital Das Motwani	Independent & Non-Executive Director
Mr. Ashok Gulabrai Gangwani	Non-Independent & Non-Executive Director
Mr. Vijay B. Chandra	Nominee Director (Sahara India Mass Communication Limited) - Non-Independent & Non-Executive Director
Dr. M K Sinha	Independent Director
Mr. Prakashkumar H Shah	Independent Director
Mr. A Parthasarthy Naidu	Independent Director

The brief profile of Chairman and Managing Director:

Mr. Ashok Pamani, Chairman
Mr. Ashok Pamani, aged 45 years, is a Masters in Business Administration from the Weatherhead School of Management, USA. He has over 20 years of experience in setting up and running companies in the business of import, marketing and distribution of general merchandise in USA, Canada and South America.

Mr. Parag M Sanghavi, Managing Director
Mr. Parag Madhu Sanghavi aged 33 years, was involved in the family business of financial advisory for almost 4 years. He is actively involved in the day-to-day management of the Company and looks after the marketing, distribution and other aspects of our business.

For the detailed profile of our board of directors please refer to the section “Our Management” on page no [●] of this Draft Red Herring Prospectus.

ISSUE MANAGEMENT TEAM

BOOK RUNNING LEAD MANAGERS TO THE ISSUE	
UTI Securities Limited **SEBI Regn. No. INM000007458** **MAPIN No.100000489** 1st Floor, Dheeraj Arma, Anant Kanekar Marg, Station Road, Bandra (East), Mumbai – 400 051. Tel: 91-22- 5551 5801-815 Fax: 91-22- 5502 3194 Website: www.utisel.com Email: kserasera@utisel.com Contact Person: Mr.V.S.Narayanan	**Enam Financial Consultants Private Limited** **SEBI Regn. No. INM000006856** **MAPIN No.100001040** 801/802, Dalamal Towers, Nariman Point, Mumbai – 400 021. Tel: 91-22-5638 1800 Fax: 91-22-2284 6824 Website: www.enam.com Email: kss.ipo@enam.com Contact Person: Ms. Namrata Shanbhogue
REGISTRAR TO THE ISSUE	**SYNDICATE MEMBER**
Bigshare Services Private Limited **SEBI Regn. No. INR000001385** **MAPIN No. UIN 100003467** E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai – 400 072. Tel: 91-22-2847 0652/ 0653 Fax: 91-22-2847 5207 Website: www.bigshareonline.com Email: bigshare@bom7.vsnl.net.in Contact Person: Mr. N V K Mohan	**To be appointed**
BANKERS TO THE COMPANY	**ESCROW COLLECTING BANKS AND BANKERS TO THE ISSUE**
Standard Chartered Bank 21-23, Samarth Vaibhav, Off. New Link Road, Lokhandwala, Mumbai – 400 053. Tel: 2630 5894/ 2632 7706/ 2632 7702 Fax: 2634 0093 Email: namita.bakshi@in.standardchartered.com **Kotak Mahindra Bank** Bakhtawar, 2nd Floor, 229, Nariman Point, Mumbai – 400 021. Tel: 91-22-5659 6022 Fax: 91-22-5635 7566 Email: ketan.pimputkar@kotak.com **Oriental Bank of Commerce** 66, Gurudarshan, Vallabh Nagar Society, N.S.Road No.1, JVPD Scheme, Mumbai – 400 056. Tel: 91-22- 2619 1488/ 2619 1489/ 5677 9611/ 5677 9612 Fax: 91-22-2619 1488/ 2619 1489 Email: vijaya.sreehari@obc.co.in **Canara Bank** Mittal Tower, 'C' Wing,	**To be appointed**

Nariman Point, Mumbai – 400 021. Tel: 91-22-2283 5110/ 5118/ 2204 2805 Fax: 91-22-2288 2492/ 2204 5876 Email: fcsmnp@canarabank.co.in **The Shamrao Vithal Co-operative Bank Limited** 7 Sardar Corner, J.P.Road, Opp. Sony Mony, Andheri (West), Mumbai – 400 058. Tel: 91-22-2677 0151/ 2677 2738 Fax: 91-22-2677 0847 Email: versova@svcbank.com **Punjab National Bank** BO SEEPZ, Andheri(East), Mumbai – 400 096 Tel: 91-22-2829 2559/ 1267 Fax: 91-22-2829 0942 Email: pnbseepz@mtnl.com **HDFC Bank Limited** The Amaltas Co-op Society Limited Juhu Versova Link Road, Andheri (West), Mumbai -40 0053 Tel: 91-22-2628 8165 Email: vkorgaon@hdfcbank.com	
LEGAL ADVISOR TO THE ISSUE	**COMPANY SECRETARY & COMPLIANCE OFFICER**
Crawford Bayley & Co. State Bank Building, 4th Floor, N.G.N Vaidya Marg, Fort, Mumbai – 400 023. Tel: 91-22-2266 3713 Fax: 91-22-2266 0355 Email: sanjay.asher@crawfordbayley.com	**Ms. Amruta Paranjape** Versova Shree Darshan CHSL, Ground Floor, Plot No.15, R.D.P – 2, Sardar Vallabhbhai Patel Nagar, Near Versova Telephone Exchange, Andheri (West), Mumbai – 400 053. Tel: 91-22-2631 7460/ 5696 3035- Ext.153 Fax: 91-22-5696 3037 Email: amruta@kserasera.com
AUDITORS OF THE COMPANY	
RSM & Co. Ambit RSM House, 449, Senapati Bapat Marg, Lower Parel, Mumbai- 400 013. Tel: 91-22-3982 1819 Fax: 91-22-3982 3020 E-mail: geninfo@rsmin.com	**--------**

The Investors are requested to contact the Compliance Officer in case of any pre-Issue/post-Issue related problems such as non-receipt of letter of allotment/share certificate/refund orders/demat credits not made etc.

Statement of Inter-se allocation of responsibilities:

The responsibilities and co-ordination for various activities in this Issue are as under

No.	Activity	Responsibility	Coordination
1.	Capital structuring with the relative components and formalities such as type of instruments, etc.	UTISEL	UTISEL
2.	Conducting a due diligence of the Company's operations / management / business plans / legal, etc. Drafting and designing the Draft Red Herring Prospectus/ Draft Red Herring Prospectus/ Prospectus. Ensuring compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI.	UTISEL	UTISEL
3.	Primary co-ordination with SEBI, RoC and Stock Exchanges up to bidding and coordinating interface with lawyers for agreements.	UTISEL	UTISEL
4.	Primary coordination of drafting/proofing of the design of the Draft Red Herring Prospectus, bid forms including memorandum containing salient features of the Prospectus with the printers. Primary coordination of the drafting and approving the statutory advertisement.	UTISEL	UTISEL
5.	Drafting and approving all publicity material other than statutory advertisement as mentioned in (4) above including corporate advertisement, brochure, etc.	UTISEL	UTISEL
6.	Appointing the Registrars, Appointing Bankers to the Issue, Appointing other intermediaries viz. printers and advertising agency	UTISEL, ENAM	UTISEL
7.	Marketing of the Issue, which will cover inter alia: • Formulating marketing strategies, preparation of publicity budget, • Finalizing media & public relations strategy, • Finalizing centers for holding conferences for press and brokers, etc., • Finalizing collection centers, • Following-up on distribution of publicity and Issue material • including form, prospectus and deciding on the quantum of the • Issue material, and • Preparing all roadshow presentations.	ENAM, UTISEL	ENAM
8.	Coordinating institutional investor meetings, coordinating pricing decisions and institutional allocation in consultation with the Company.	UTISEL, ENAM	ENAM
9.	Finalizing the Prospectus and RoC filing	UTISEL	UTISEL
10.	Co-ordinating post bidding activities including management of escrow accounts, coordinating Non-Institutional allocation, intimating allocation and despatch of refunds to Bidders, etc.	UTISEL	UTISEL
11.	The post-Issue activities for the Issue will involve essential follow up steps, which include finalizing the listing of instruments and dispatch of certificates and dematerialized delivery of shares with the various agencies connected with the work such as the Registrars to the Issue and Bankers to the Issue and the bank handling refund business The BRLM shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company	UTISEL	UTISEL

The selection of various agencies like the Bankers to the Issue, Escrow Collection Bank(s), Syndicate Members, brokers, advertising agencies etc. will be finalized by the Company in consultation with the BRLMs.

Even if many of these activities will be handled by other intermediaries, the designated BRLM(s)/Co-BRLM shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.

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

Credit Rating:
This being an Issue of Equity Shares, credit rating is not required.

Project Appraisal:
The Project has not been appraised; details of the project are as per the estimates made by the management.

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

1. Our Company, K Sera Sera Productions Limited
2. Book Running Lead Managers, in this case UTI Securities Limited and Enam Financial Consultants Private Limited
3. Syndicate Members, who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and are eligible to act as Underwriters. Syndicate Members will be appointed by the BRLMs

SEBI, through its guidelines has permitted an Issue of securities to the public through the 100% Book Building Process, wherein maximum 50% of the Issue shall be allocated on a proportionate basis to QIBs (including 5% for the Mutual Funds). Under-subscription, if any, in any in Mutual Fund categories, the shares may be made available to QIBs other than Mutual Funds. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and the not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders including HUFs whose maximum bid amount is not more than Rs.100,000/- , subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any of the categories, will be met with spill over from the other categories. Our Company will comply with these guidelines for this Issue. In this regard, our Company has appointed UTI Securities Limited and Enam Financial Consultans Private Limited as the Book Running Lead Managers to the Issue, to procure subscriptions to the Issue.

Bidders can bid at any price within the Price Band. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period.

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. Our Company, in consultation with the Book Running Lead Manager(s), will finalise the Issue Price at or below such cut off price. All bids at or above the Issue Price and cut-off bids will be valid bids and will be considered for allocation in the respective categories.

The process of Book Building, under SEBI guidelines, is relatively new and the investors are advised to make their own judgment about investment through this process prior to making a Bid in the Issue. Pursuant to recent amendments to the SEBI Guidelines, QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date. Please refer to 'Terms of the Issue" on Page No [●] of this Draft Red Herring Prospectus.

Steps to be taken by the Bidders for bidding -

1. Check whether he/ she is eligible for bidding, refer to "Who can Bid" on page no [•] of this Draft Red Herring Prospectus;
2. Bidder necessarily needs to have a DEMAT account;
3. 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 and
4. Ensure that the Bid cum Application Form is accompanied by the PAN or Form 60 or Form 61 as the case may be applicable together with necessary documents providing proof of address. See page no [●] of this Draft Red Herring Prospectus for details. **Bidders are specifically requested not to submit their GIR Number instead of the PAN Numbers as the bid is liable to be rejected.**

Underwriting:

After the determination of the Issue Price and prior to filing of the Prospectus with RoC, the Company will enter into an Underwriting Agreement with the underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM(s) shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations.

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

Name & Address of Underwriter	Indicated Number of Shares to be underwritten	Amount Underwritten (Rs. million)
UTI Securities Limited 1st Floor, Dheeraj Arma, Anant Kanekar Marg, Station Road, Bandra (East), Mumbai – 400 051.		
Enam Securities Private Limited 2nd Floor, Khatau Building, 44 Bank Street, Off. Shahid Bhagat Singh Road, Fort, Mumbai – 400 023.		

This portion has been intentionally left blank and will be filled in before filing the Final Prospectus with RoC.

The above underwriting agreement is dated [●]

In the opinion of our Board of Directors (based on a certificate given to it by the Underwriters) the resources of all the above mentioned underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act, 1992. All letters of underwriting mentioned above have been accepted by the Board of Directors of the Company at their meeting held on [●] and letters of acceptance have been issued by the Company to the Underwriters.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLMs and other Syndicate Members shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount. Allocation to QIBs is proportionate as per the terms of the Draft Red Herring Prospectus.

CAPITAL STRUCTURE

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

	No. of Shares	Nominal Value (Rs.)	Aggregate Value (Rs.)
A.	**AUTHORISED CAPITAL**		
	25,000,000 Equity Shares of Rs.10 /- each	250,000,000	250,000,000
	25,000,000 Preference Shares of Rs. 10/- each	250,000,000	250,000,000
B.	**ISSUED, SUBCRIBED AND PAID-UP CAPITAL**		
	14,512,259 Equity shares of Rs. 10/- each	145,122,590	337,299,521
	3,840,524 Preference Shares of Rs.10/- each	38,405,240	38,405,240
C.	**PRESENT ISSUE – PUBLIC ISSUE OF**		
	5,000,000 Equity Shares of Rs. 10/- each at a premium of Rs. [•]/- per share	50,000,000	[•]
D.	**OUT OF WHICH RESERVATION FOR PERMANENT EMPLOYEES**		[•]
	250,000 Equity Shares of Rs. 10/- each at a premium of Rs. [•]/- per share	2,500,000	
E.	**NET OFFER TO PUBLIC**		
	4,750,000 Equity Shares of Rs. 10/- each at a premium of Rs. [•]/- per share	47,500,000	[•]
F.	**PAID UP CAPITAL AFTER THE PRESENT ISSUE**		
	19,512,259 Equity shares of Rs. 10/- each	195,122,590	[•]
G.	**SHARE PREMIUM ACCOUNT**		
	Before the issue*		190,557,875
	After the issue		[•]

** As on 31st March 2005 as per audited accounts*

a) Fresh Issue of Equity shares has been authorized by a special resolution passed at the Annual General Meeting of our Company held on 7th July 2004.
b) Share Premium as on 31st March 2005 is after adjustment of preliminary expenditure.
c) The addition to Share Premium Account on account of the said issue and the balance in the Share Premium Account after the Issue can be determined only after the Issue Price is known after the Book Building Process.
d) Permanent Employees of our Company would be eligible to apply in this issue under reservation for employees under competitive basis. The unsubscribed portion, if any, out of the equity shares reserved for allotment to permanent employees will be added to the Net Offer to Public.

NOTES FORMING PART OF CAPITAL STRUCTURE:

A. **Details of Increase in Authorised Capital**

SNo.	Particulars of Increase	Equity Share Capital (Rs. in Millions)	Preference Share Capital (Rs. in Millions)	Total Authorised Capital (Rs. in Millions)	Date of Meeting	AGM / EGM
1.	Rs.10 Millions	10.00	NIL	10.00	06/09/95	Incorporation
2.	Rs.10 Millions to Rs.120 Millions	120.00	NIL	120.00	22/01/96	EGM
3.	Rs.120 Millions to Rs.150 Millions	150.00	NIL	150.00	23/06/03	EGM
4.	Rs.150 Millions to Rs.250 Millions	250.00	NIL	250.00	05/02/04	EGM
5	Rs.250 Millions to Rs.300 Millions	250.00	50.00	300.00	07/07/04	AGM
6	Rs.300 Millions to Rs.500 Millions	250.00	250.00	500.00	29/09/05	AGM

B. **Equity Share Capital History**

Date of allotment/ Fully paid-up	No. of equity shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Remarks	Cumulative number of Equity Shares	Cumulative Share Premium (Rs.)
06/09/95	700	10.00	10.00	Cash	Allotted to Promoters of Garnet Paper Mills Limited.	700	NIL
31/01/96	1,705,200	10.00	10.00	Cash	Allotted to Promoters of Garnet Paper Mills Limited.	1,705,900	NIL
05/10/96*	8,756,700	10.00	10.00	Cash	IPO by Garnet Paper Mills Limited	10,462,600	NIL
24/06/03	1,272,985	10.00	55.00	Cash	Preferential allotment to present Directors & NRIs	11,735,585	57,284,325
01/12/03	98,039	10.00	51.00	Cash	Preferential allotment to NRIs	11,833,624	61,303,924
07/04/04	2,324,614	10.00	55.25	Cash	Preferential allotment to Director, NRIs & Sahara India Mass Communication	14,158,238	166,492,708
20/07/04	354,021	10.00	82.55	Cash	Preferential allotment to NRIs	14,512,259	192,176,931

** These shares were fully paid-up on 31st July 2003.*

As on the date of filing of this Draft Red Herring Prospectus there are no calls in arrears.

Our Company has complied with the relevant provisions of preferential allotment including FEMA Regulations and these shares are listed on BSE.

RBI vide their letter dated 20th May 2005 have acknowledged filing of FC-GPR for the issue of 2,510,289 equity shares of Rs.10/- each and 3,840,524 preference shares of Rs.10/- each on repatriation basis vide Registration No. FC 04 BYG 0025.

Details of 2,510,289 equity shares is as under:

Date of Allotment	*Allotment to NRI on repatriation basis*	*Allotment to Residents*	*Total*
24/06/03	1,272,985	-	1,272,985
01/12/03	98,039	-	98,039
07/04/04	824,614	1,500,000	2,324,614
20/07/04	314,651	39,370	354,021
TOTAL	**2,510,289**	**4,049,659**	**6,559,948**

Total foreign holding as on 16.09.05 was 4,886,853 shares.

Preference share capital history:

Date of allotment/ Fully paid-up	No. of Preference Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Remarks	Cumulative number of Preference Shares	Cumulative Share Premium (Rs.)
29/10/04	3,840,524	10.00	10.00	Cash	Allotted to Mr. Ashok Pamani	3,840,524	NIL

C. **Shares issued for consideration other than cash**

Our Company has not issued any shares for consideration other than cash.

D. **Promoters' Contribution and lock-in Period in respect of Promoters whose name figures in this Draft Red Herring Prospectus as Promoters in the paragraph "Promoters and their background":**

The following shares shall be locked in as part of the promoter's contribution:

Sr. No.	Name of Promoter	Date of allotment/ Transfer	Consider-ation	No. of equity shares	Face Value (Rs.)	Issue/ Transfer Price (Rs.)	% of Post Issue Capital	Lock in Period *
1.	Mantra Trading Company Private Limited	26.10.2002	Cash	1,832,450	10	1.00	9.39	#
		07.11.2002	Cash	7,900	10	10.00	0.04	#
		08.11.2002	Cash	(10,000)	10	31.20	(0.05)	**
		09.11.2002	Cash	(10,000)	10	31.20	(0.05)	**
		12.11.2002	Cash	(7,500)	10	29.70	(0.04)	**
		16.11.2002	Cash	(2,000)	10	28.25	(0.01)	**
		20.11.2002	Cash	(50,000)	10	27.75	(0.26)	**
		30.11.2002	Cash	(10,600)	10	34.23	(0.05)	**
		10.12.2002	Cash	(10,000)	10	34.50	(0.05)	**
		11.12.2002	Cash	(27,500)	10	36.20	(0.14)	**
		13.12.2002	Cash	(10,000)	10	37.10	(0.05)	**
		16.12.2002	Cash	129,700	10	36.89	0.66	***
		17.12.2002	Cash	25,000	10	36.85	0.13	***
		17.12.2002	Cash	(5,000)	10	36.73	(0.03)	**
		18.12.2002	Cash	(20,000)	10	37.04	(0.10)	**

Sr. No.	Name of Promoter	Date of allotment/ Transfer	Consider-ation	No. of equity shares	Face Value (Rs.)	Issue/ Transfer Price (Rs.)	% of Post Issue Capital	Lock in Period *
		24.12.2002	Cash	25,000	10	39.14	0.13	***
		24.12.2002	Cash	(25,000)	10	38.15	(0.13)	**
		04.02.2005	Cash	(100,000)	10	100.00	(0.51)	**
		10.02.2005	Cash	(18,000)	10	106.00	(0.09)	**
		18.02.2005	Cash	118,000	10	101.55	0.60	***
		04.03.2005	Cash	(50,000)	10	96.00	(0.26)	**
		16.03.2005	Cash	50,000	10	96.00	0.26	***
		Sub-total		**1,832,450**			**9.39**	**Refer note**
2.	Vajra Trading Company Private Limited	26.10.2002	Cash	425,400	10	1.00	2.18	#
		09.11.2002	Cash	(15,200)	10	25.85	(0.08)	**
		12.11.2002	Cash	(7,500)	10	30.50	(0.04)	**
		13.11.2002	Cash	(30,000)	10	28.25	(0.15)	**
		14.11.2002	Cash	(25,000)	10	27.25	(0.13)	**
		15.11.2002	Cash	(15,000)	10	28.25	(0.08)	**
		30.11.2002	Cash	(12,500)	10	29.22	(0.06)	**
		02.12.2002	Cash	7,200	10	10.00	0.04	***
		10.12.2002	Cash	(10,000)	10	32.57	(0.05)	**
		11.12.2002	Cash	(27,500)	10	34.68	(0.14)	**
		13.11.2002	Cash	(10,000)	10	32.57	(0.05)	**
		16.12.2002	Cash	145,500	10	36.89	0.75	***
		17.12.2002	Cash	25,000	10	36.85	0.13	***
		17.12.2002	Cash	(5,000)	10	35.76	(0.03)	**
		18.12.2002	Cash	(20,000)	10	36.80	(0.10)	**
		23.12.2002	Cash	300	10	36.20	0.00	***
		24.12.2002	Cash	25,000	10	39.14	0.13	***
		24.12.2002	Cash	(25,000)	10	39.14	(0.13)	**
		Sub-total		**425,700**			**2.19**	**3 yrs**
3.	Ashok Pamani	11.10.2002	Cash	100,000	10	49.00	0.51	***
		11.10.2002	Cash	200,000	10	49.00	1.02	***
		07.11.2002	Cash	15,000	10	26.25	0.08	***
		12.11.2002	Cash	15,000	10	31.39	0.08	***
		13.11.2002	Cash	15,000	10	30.69	0.08	***
		18.11.2002	Cash	(1,700)	10	32.75	(0.01)	**
		18.11.2002	Cash	15,000	10	28.09	0.08	***
		20.11.2002	Cash	50,000	10	27.94	0.26	***
		02.12.2002	Cash	25,000	10	29.50	0.13	***
		03.12.2002	Cash	25,000	10	31.45	0.13	***
		09.12.2002	Cash	20,000	10	31.61	0.10	***
		10.12.2002	Cash	20,000	10	33.06	0.10	***
		03.03.2003	Cash	30,330	10	42.86	0.16	***
		04.03.2003	Cash	10,600	10	42.87	0.05	***
		05.03.2003	Cash	11,310	10	42.86	0.06	***

Sr. No.	Name of Promoter	Date of allotment/ Transfer	Consider-ation	No. of equity shares	Face Value (Rs.)	Issue/ Transfer Price (Rs.)	% of Post Issue Capital	Lock in Period *
		06.03.2003	Cash	4,200	10	43.18	0.02	***
		07.03.2003	Cash	1,470	10	43.41	0.01	***
		19.03.2003	Cash	5,000	10	43.71	0.03	***
		24.03.2003	Cash	30,000	10	44.06	0.15	***
		25.03.2003	Cash	22,600	10	43.49	0.12	***
		26.03.2003	Cash	10,000	10	43.16	0.05	***
		27.03.2003	Cash	5,490	10	42.83	0.03	***
		15.04.2003	Cash	2,000	10	49.24	0.01	***
		16.04.2003	Cash	5,000	10	49.24	0.03	***
		25.04.2003	Cash	10,000	10	54.07	0.05	***
		14.05.2003	Cash	1,450	10	53.03	0.01	***
		15.05.2003	Cash	(200)	10	53.58	(0.00)	**
		Sub-total		**647,550**			**3.32**	**3 yrs**
4.	Kamini Pamani	29.11.2002	Cash	200,000	10	40.00	1.02	***
		11.12.2002	Cash	25,000	10	34.67	0.13	***
		12.12.2002	Cash	25,000	10	36.30	0.13	***
		13.12.2002	Cash	10,000	10	36.62	0.05	***
		16.12.2002	Cash	10,000	10	37.25	0.05	***
		17.12.2002	Cash	10,000	10	37.21	0.05	***
		18.12.2002	Cash	10,000	10	37.06	0.05	***
		19.12.2002	Cash	10,000	10	37.21	0.05	***
		20.12.2002	Cash	10,000	10	37.69	0.05	***
		23.12.2002	Cash	10,000	10	38.44	0.05	***
		24.12.2002	Cash	12,000	10	38.89	0.06	***
		26.12.2002	Cash	12,000	10	39.78	0.06	***
		27.12.2002	Cash	12,000	10	39.50	0.06	***
		30.12.2002	Cash	12,000	10	39.78	0.06	***
		01.01.2003	Cash	5,000	10	40.13	0.03	***
		31.01.2003	Cash	300,000	10	40.00	1.54	***
		07.03.2003	Cash	600	10	43.72	0.00	***
		Sub-total		**673,600**			**3.45**	**3 yrs**
5.	Ramesh Pamani	24.06.2003	Cash	271,229	10	55.00	1.39	***
		Sub-total		**271,229**			**1.39**	**3 yrs**
6.	Parag Sanghavi	20.12.2002	Cash	500,000	10	38.25	2.56	***
		31.01.2003	Cash	(8,325)	10	46.42	(0.04)	**
		14.02.2003	Cash	(1,700)	10	46.49	(0.01)	**
		Sub-total		**489,975**			**2.51**	**3 yrs**
		GRAND TOTAL		**4,340,504**			**22.25**	

** The lock in period shall commence from the date of allotment of shares in the public issue and the last date of the lock-in shall be reckoned as three years from the date of allotment in the public issue.*

*** Market sell*

**** Market purchase*

 # Mantra & Vajra acquired 1,832,450 & 425,400 equity shares of Rs.10/- face value at Re.1/- per share respectively vide agreement dated 5/6/2002 entered into with the Kedias (promoters of 'Garnet Paper Mills Limited'). Mantra acquired 7,900 equity shares from public at face value of Rs.10/- per shares under the open offer made in June 2002 pursuant to the SEBI (Substantial Acquisition of shares and Takeover) Regulation 1997.

Break-up of Shares forming part of Promoter's Contribution and Lock-in*:

Name of Promoter	Number of shares	% of Post Issue Capital
Mantra Trading Company Private Limited	1,394,398	7.15
Vajra Trading Company Private Limited	425,700	2.18
Mr. Ashok Pamani	647,550	3.32
Mrs. Kamini Pamani	673,600	3.45
Mr. Ramesh Pamani	271,229	1.39
Mr. Parag Sanghavi	489,975	2.51
Sub total (A)	**3,902,452**	**20.00**
Mantra Trading Company Private Limited	438,052	2.25
Sub total (B)	**438,052**	**2.25**
Total (A + B)	**4,340,504**	**22.25**

** The lock in period shall commence from the date of allotment of shares in the public issue and the last date of the lock-in shall be reckoned as three years from the date of allotment in the public issue.*

E. The following shares of Directors are pledged as per the terms of loan agreement with Punjab National Bank:

Name of Director	Number of shares pledged
Mr. Ashok Pamani	307,500
Mr. Parag Sanghavi	482,500
Total	**790,000**

F. The equity shares held by persons other than promoters may be transferred to any other person holding shares prior to the issue, subject to continuation of lock-in with the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.

The equity shares to be held by the promoters under lock-in period shall not be sold/hypothecated/transferred during the lock-in period. However, the Equity Shares held by promoters, which are locked in, may be transferred to and among promoter/promoter group or to a new promoter or persons in control of our Company, subject to the continuation of lock-in with the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.

G. Our Company has not issued any Bonus Shares, since its inception.

H. Top ten equity shareholders as on the date of filing of the Red Herring Prospectus with the Registrar of Companies.

Sr. No.	Name of the Shareholders	No. of shares
1.	Mantra Trading Company Private Limited	1,832,450
2.	Kamini Pamani	673,600
3.	Ashok Pamani	647,550
4.	Sahara India Mass Communication Limited	500,000
5.	Virendra Kumar Khurana	497,400
6.	Parag Madhu Sanghavi	489,975
7.	Ashok Gangwani	488,229
8.	Bhagwandas Kanyalal Chandiramani	487,700

Sr. No.	Name of the Shareholders	No. of shares
9.	Sonata Investments Limited	487,000
10.	Vajra Trading Company Private Limited	425,700

To be updated on filing with ROC

Top ten preference share holders as on date of filing of the the Red Herring Prospectus with the Registrar of Companies:

Sr. No.	Name of the Shareholders	No. of shares
1.	Ashok Pamani	3,840,524

I. Top ten shareholders 10 days prior to the date of filing of the Red Herring Prospectus with the Registrar of Companies.

Sr. No.	Name of the Shareholders	No. of shares
1.	Mantra Trading Company Private Limited	1,832,450
2.	Kamini Pamani	673,600
3.	Ashok Pamani	647,550
4.	Sahara India Mass Communication Limited	5,00,000
5.	Virendra Kumar Khurana	497,400
6.	Parag Madhu Sanghavi	489,975
7.	Ashok Gangwani	488,229
8.	Bhagwandas Kanyalal Chandiramani	487,700
9.	Sonata Investments Limited	487,000
10.	Vajra Trading Company Private Limited	425,700

To be updated on filing with ROC

Top ten preference share holders 10 days prior to filing of the Red Herring Prospectus with the Registrar of Companies:

Sr. No.	Name of the Shareholders	No. of shares
1.	Ashok Pamani	3,840,524

J. Top ten shareholders two years prior to the date of filing of the Red Herring Prospectus with the Registrar of Companies.

Sr. No.	Name of the Shareholders	No. of shares
1.	Mantra Trading Company Private Limited	1,832,450
2.	Ashok Gangwani	865,393
3.	Kamini Pamani	673,600
4.	Ashok Pamani	647,550
5.	Sunil j Chatlani	499,000
6.	Virendra Khurana	497,400
7.	Kumar Hathiramani	495,000
8.	Nitesh Kapadia	493,200
9.	Parag Sanghavi	489,975
10.	Bhagwandas Kanayalal Chandiramani	487,700

K. The details of sale/ purchase/ financing of shares by Promoters/Directors of Promoter Companies:

The Promoter Group and the Directors of our Promoter Companies; Mantra Trading Company Private Limited and Vajra Trading Company Private Limited have not purchased or sold/financed any shares of our Company during the preceding 6 months

L. The Promoters' contribution has been brought-in in not less than the specified minimum lot of Rs. 25,000/- per application from each individual and Rs. 100,000/- from companies.

M. No shares have been issued or option granted under any scheme of Employee Stock Option or Employee Stock Purchase Scheme of our Company. Our Company proposes to keep a reservation for the permanent

employees of our Company. For details refer to "Offering Details in brief" on page no [•] of this Draft Red Herring Prospectus.

N. Our Company/Promoters/Director/BRLMs have not entered in to buyback/standby or similar arrangements for purchase of our equity shares from any person.

O. The pre-issue & post-issue shareholding pattern of K Sera Sera Productions Limited is as under:

Category	Pre-Issue		Present Issue	Post issue	
	No. of Shares	% holding		No. of Shares	% holding
Promoter & Promoter Group holding	4,340,504	29.91%	-	4,340,504	22.25
NRIs	2,537,958	17.48%	5,000,000	15,171,755	77.75
FIIs	756,516	5.21%			
Private Corporate Bodies and Trusts	3,065,762	21.13%			
Indian Public	3,356161	23.13%			
Clearing Member	455,358	3.14%			
Total	**14,512,259**	**100.00%**	**5,000,000**	**19,512,259**	**100.00%**

P. In case of over-subscription in all categories, up to 50% of the Net Issue to the public shall be allocated on a proportionate basis to QIBs (including reservation of 5% for Mutual Funds). Further not less than 15% of the Net Issue to the public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% the Net Issue to the public shall be available for allocation on a proportionate basis to Retail Individual Investors, subject to valid bids being received at or above the Issue Price. Under-subscription if any shall be met with spill over from any other category at our sole discretion in consultation with the BRLMs.

Q. In the event of inadequate response from the mutual funds, the shares may be made available to QIBs other than mutual funds

R. 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, subject to minimum allotment being equal to [•] Equity Shares, which is the minimum application size in this issue.

S. The Equity Shares offered through this public issue shall be made fully paid-up as the entire money of Rs. [•]/- per share (face value of Rs. 10/- + Premium of Rs. [•]/-) is being called on application.

T. The unsubscribed portion if any in the reserved category shall be added back to the Net Offer to Public.

U. Our Company has not revalued its assets since inception.

V. As on the date of filing of this Draft Red Herring Prospectus, there are no warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares.

W. A Bidder in the net public category cannot make a bid for more than the number of Equity Shares offered to the public through this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

X. We presently do not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of this 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 our Equity Shares) whether preferential or otherwise, or, if we go in for acquisitions or joint ventures, we may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.

Y. In case of reserved category, a single bidder in the reserved category cannot make application for a number of securities which exceeds the reservation. However the bidder can apply under 'the Net Offer to Public'.

Z. There would be no further issue of equity capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Prospectus with SEBI until the Equity Shares offered through this Prospectus have been listed.

AA. As on the date of filing of this Draft Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares.

BB. No payment, direct or indirect in the nature of discount, commission, allowance or otherwise shall be made either by the issuer Company or the promoters to the persons who receive firm allotments in the public issue.

CC. There shall be only one denomination of Equity Shares of our Company, unless otherwise permitted by law. Our Company shall comply with disclosures as may be specified by SEBI from time to time.

DD. We had 4,685 members as on 16th September 2005.

OBJECTS OF THE ISSUE

FUNDS REQUIREMENT

The issue is being made to raise funds for the following purposes:

1. To build up infrastructure facility for our existing operations
2. To fund our distribution division
3. To augment working capital resources for Movie production
4. To finance expenses of the issue
5. For general corporate purpose and
6. To list the equity shares offered through this issue on Bombay Stock Exchange Limited(the Designated Stock Exchange

The main objects clause of the Memorandum of Association of the Company enables the company to undertake the existing activities and the activities for which the funds are being raised through the present issue.

COST OF PROJECT AND MEANS OF FINANCE

The funds requirement and means of finance as estimated by our management are given below:

Particulars	Rs. in million
Cost of Project	
Acquisition of Office Premises – Premises, Interior and set up	45.00
Funding distribution activities	30.00
Funding movie production	250.00
Issue Expenses	[●]
General Corporate Purpose	[●]
TOTAL	**[●]**
Means of Finance	
Public Issue	[●]
TOTAL	**[●]**

[●] – The relevant figure will be updated on finalization of the Issue price.

The project cost has been estimated by the Company internally and has not been appraised by any external agency.

DETAIL BREAK UP OF PROJECT COST:

(A) Acquisition of Office Premises – Cost and Interior set-up

We, presently, do not own any office premises. The Company proposes to buy about 10,000 sq feet of commercial premises in the western suburbs of Mumbai. Presently, the Company is in the process of identifying the premises. We estimate the cost to be Rs.35 million @ Rs. 3500 per sq. ft.

Particulars	Rs. Million
Cost of Premises	35.00
Cost of Interiors	10.00
TOTAL COST	**45.00**

Cost of Premises

The utilisation of the proposed premises is as follows:

Reception area	200 sq ft
Accounts department	500 sq ft
Production and distribution department	2,000 sq ft
Director's chambers (3 Nos.)	500 sq ft
Board room	250 sq ft
Video room/ Preview Theatre	500 sq ft
Exec assts to directors	250 sq ft
Conference rooms (3 Nos.)	500 sq ft
Store room	1,500 sq ft
Archives	500 sq ft
Office area for subsidiary company	2,500 sq ft
Pantry	300 sq ft
Rest room for staff	300 sq ft
Support services	200 sq ft
Total Area proposed	**10,000 sq ft**

Cost of Interiors

We have obtained a quotation from 'Devils Tooth Design Studio Pvt. Limited', interior decorators, for the interior set-up at an estimate of Rs.10 million as under;

Sr. No.	Description	Approximate Cost (Rs. in million)
1	Cost for creative services and Interior Designing	1.00
2	Furniture , Fabrication and Carpentry	1.00
3	Flooring , POP Ceiling and Carpentry	2.50
4	Civil , Plumbing , Drainage and accessories	1.00
5	Electrical fixtures, panels and cabling	1.50
6	Wood, glass and mirrors, painting and polishing	2.00
7	Digital Printing and installation	1.00
	TOTAL	**10.00**

(B) Funding distribution growth:

Our Company has set up a division for distribution of Movies. This division will cater to Movies produced by our Company and also to Movies produced under other banners. We are presently doing distribution of movies outside our banner like 'Nazar', 'Kaal', 'Dus', 'Mangal Pandey- The Rising'.

The Distribution Network in India essentially comprises 14 territories. Our Company plans to concentrate on 5 territories comprising Mumbai, Delhi and UP, Nizam, Mysore and Central Provinces through our partnership firms (PVR Factory Distribution Network & RGV/KSS Distributors) as well as through arrangements with existing distributors and sub- distributors. We have also set up an office at Bhusawal to facilitate distribution of movies in the territory of central province.

The benefits that accrue out of having our own distribution network is summarized as follows:

1. Optimization of returns
2. Transparency in collection amounts
3. Possible to monitor movement of prints
4. Prints remain under security and therefore piracy can be minimized

Our Company proposes to distribute 4-6 movies in a year. The revenue cycle of any movie is generally for 4 months depending upon financial models operating in the distribution market, which includes negotiated deals, staggered payment based on the banner, date of release of the movie etc.

We propose to distribute 2 movies in each revenue cycle. The approximated distribution cost for the movies per revenue cycle would be Rs.30 million as under:

Particulars	Rs. in million
Average Cost per movie for major territories	20.00
Estimated Total Cost for 2 movies	**40.00**
Less: Advance from Exhibitors (@Rs.5 million per movie)	10.00
Working capital requirement per cycle	**30.00**

(C) Working capital for Movies

Our Company has teamed up with Mr. Ram Gopal Varma for joint production of movies. Our Company has already produced and released eight movies in association with Mr. Ram Gopal Varma in the past two and a half years. We also have signed MOU with Mr. Vishram Sawant and Mr.Vipul Amrutlal Shah of M/s. Shobhana Desai Productions Pvt. Ltd. for production of movies.

We have been producing small/medium budget movies except for 'Sarkar', one of our previous release, which is a big budget movie. We propose to produce more big budget movies from the proceeds of the present issue. Normally a big budget movie would cost Rs.120-150 million and a medium budget movie would cost around 70-80 million.

Typically the time band for making a movie is about 10 months from the idea stage to exhibition of which the production span is for around 6-8 months and editing spans for 2-3 months. Outflow of monies mainly commence from the 4th month to the 11th month. The inflows arise on sale of rights (Theatrical rights, Satellite Telecast rights etc.) of the movie when it is ready for release.

At any point of time, we shall produce 1-2 big budget movie and around 2-3 small budget movies. The approximate working capital requirement for our movie division is around Rs.250 million, detailed as under:

Particulars	Rs. in million
Cost per movie	
Big Budget Movie	130.00
Medium Budget Movie	60.00
Estimated Total Cost	
One Big Budget Movie	130.00
Two Medium Budget Movie	120.00
Total Cost of Production	**250.00**

Our Company has presently identified the following movies for production:

Sno.	Name	Synopsis
1.	Barsaat	Pre production stage
2.	Ek	Pre production stage
3.	Nimmi	Pre production stage
4.	Untitled	Pre production stage

In addition to the amount raised through this Issue, our Company will be deploying internal accruals for production of the aforesaid movies.The movies identified are not fixed and may undergo a change depending upon availability of star cast, customer preference etc. Cost already incurred, if any, on these movies and forming part of Work-in-Progress have been financed from the Internal Accruals and are not included in cost of project.

(D) Issue Expenses

The expenses of this issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses legal fees, statutory advertisement expenses and listing fees. The total expenses of the issue are estimated to be around 7-8% of the issue size. All expenses with respect to the issue would be met out of the proceeds of the issue. The split of issue expenses is as under:

Expenses	Approximate Amount (Rs. in million)
Management Fees, Underwriting Commission and Brokerage	[●]
Marketing & Advertising Expenses	[●]
Stationary, Printing & Registrar Expenses	[●]
Legal Fees, Listing fees, Book Building charges, Audit Fees etc.	[●]
Miscellaneous	[●]
TOTAL	**[●]**

Fees Payable to the BRLMs
The total fees payable to the BRLMs will be as per the Memorandum of Understanding signed between us and the BRLMs (UTI Securities Limited and Enam Financial Consultants Private Limited), a copy of which is available for inspection at our Registered Office and forms part of Material Contracts & Documents.

Fees Payable to the Registrar to the Issue
The fees payable to the Registrar to the Issue (Bigshare Service Private Limited) will be as per the Memorandum of Understanding signed with the Company, a copy of which is available for inspection at our Registered Office and forms part of Material Contracts & Documents.

The Registrar will be reimbursed for all relevant out-of-pocket expenses including such as cost of stationery, postage, stamp duty, communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allocation advice by registered post/ Speed Post. Refund Orders up to Rs.1,500/- would be send under certificate of posting.

Underwriting Commission, Brokerage and Selling Commission
The underwriting commission and selling commission for the Issue is shall be set out in the Syndicate Agreement which will be entered into once the Syndicate Members are appointed.

INTERIM USE OF FUNDS

Pending utilization in the project, the proceeds of the issue will be invested in Bank Deposits and/or Gilt Edged Government Securities, either directly or through Mutual funds. These investments would be duly authorized by the Board of Directors of the company.

The above fund requirement is based on the current business plan, which may undergo changes based on market and industry conditions and opportunities. It is therefore likely that the Company may have to respond to the need of such a dynamic environment and accordingly revise its business plans and the manner of deployment of funds. This may include rescheduling -terminating projects currently underway/planned and reallocation of the funds raised amongst alternate revenue streams at the sole and absolute discretion of the Board.

In case the Public issue does not go as planned, our Company will make alternative arrangements like availing of fresh loans from bank, utilization of un-availed bank credit and also internal accruals.

APPRAISAL

The project cost has been estimated internally and has not been appraised by any external agency.

The raising of funds through this issue and utilization of issue proceeds shall be reviewed by the Audit Committee as constituted.

DEPLOYMENT OF FUNDS IN THE PROJECTS as on September 24, 2005.

Our Company has incurred the following expenditure on the proposed project till **September 24, 2005**. The same has been certified by M/s. RSM & Co., Chartered Accountants vide their certificate dated **September 26, 2005**.

Deployment of Funds	Rs. in Millions
Issue Expenses	4.27

Sources of Funds	Rs. in Millions
Internal Accruals	4.27

PROPOSED QUARTER WISE DEPLOYMENT OF FUNDS & SCHEDULE OF IMPLEMENTATION

Rs. in million

Capital Expenditure	Already Incurred (1st & 2nd Qtr)	2005-06		2006-07		TOTAL
		3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	
Acquisition of Office Premises – Interior and set up		20.00	25.00			45.00
Funding distribution activities	-	-	30.00	-	-	30.00
Funding movie production	-	-	60.00	130.00	60.00	250.00
Issue Expenses	4.27	[●]	[●]	[●]	[●]	[●]
General Corporate Purpose	-	[●]	[●]	[●]	[●]	[●]
Total	**4.27**	**[●]**	**[●]**	**[●]**	**[●]**	**[●]**

SCHEDULE OF IMPLEMENTATION:

Sr. No	Activities	Commencement	Completion
1	Interior set-up	December 05	March 06
2	Funding distribution activities	January 06	-
3	Funding movie production	January 06	-

BASIC TERMS OF THE PRESENT ISSUE

Principal Terms and Conditions of the Issue

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles of the Company, the terms of this Draft Red Herring Prospectus, Bid-cum-Application Form, the Revision Form, the Confirmation of Allocation Note ("CAN") and other terms and conditions as may be incorporated in the Allotment Advice, and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the Issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Terms of Payment:

Applications should be for minimum of [• Equity Shares and in multiples of [•] Equity Shares thereafter. The entire offer price of the Equity Shares of Rs. [•]/- per share (Rs. 10/- face value + Rs. [•]/- premium) is payable on application.

In case of allotment of lesser number of Equity Shares than the number applied, the excess amount paid on application shall be refunded by our Company to the applicants.

BASIS FOR ISSUE PRICE

We will determine the issue price in consultation with the BRLMs on the basis of assessment of market demand by way of Book-Building for the Equity Shares to be issued.

Qualitative Factors:

(a) Our Company is an innovative and creative production house that brings together a unique combination of project management, distribution and financing skills. It is manned by professionals, who have wide experience in their respective fields.

(b) We have been able to wipe out the accumulated losses within almost two years of change in management. The profits generated during the last three years were:

Rs. in Million

Particulars	2002-03	2003-04	2004-2005
Income from Operations	5.87	239.76	374.58
Profit after tax (restated)	0.31	35.42	22.60
Equity Dividend	NIL	10%	NIL

(c) We have an ISO 9001: 2000 certification for quality management system of the Company.

(d) Our company produced and released eight movies in the past three years in association with Varma Corporation Limited.

(e) We have entered into an agreement with Sahara for production of ten movies under Sahara Banner and assignment of worldwide Satellite Telecast Rights for a total consideration of Rs.267.12 million.

Quantitative Factors:

1. Adjusted Earnings Per Share (as per restated Audit Report)

	EPS (Rs.)	Weight
(a) 2002-03	0.03	1
(b) 2003-04	3.09	2
(c) 2004-05	1.51	3
d) Weighted Average EPS		1.79

Price/Earning Ratio (P/E) in relation to Issue Price of Rs. [•]/- per share

Particulars	At the lower band of Rs. [•] per share	At the upper band of Rs. [•] per share
a) Based on 2004-05 EPS	[•]	[•]
b) Based on weighted average EPS	[•]	[•]
c) Entertainment/ Electronic Media Software Industry P/E *		
i) Highest – Sahara (I) Mass		87.9
ii) Lowest – Kohinoor Broad.		2.6
iii) Average		43.8

**Source: Capital Markets Volume XX /14 Sep 12 -25, 2005.*

Accounting Ratios of Peer Group Companies:

	EPS (Rs.)	P/E	RONW (%)	NAV (Rs.)
Balaji Telefilms	4.40	21.90	23.10	32.70
Pritish Nandy Communications	3.90	22.80	4.40	57.50
UTV Software	7.10	-	15.10	65.00
Mukta Arts	-	-	2.60	50.60

**Source: Capital Markets Volume XX /14 Sep 12 -25, 2005.*

2. Return on Net Worth

	RONW %	Weight
(a) 2002-03	0.24	1
(b) 2003-04	10.95	2
(c) 2004-2005	5.74	3
Weighted Average		6.56%

Minimum Return on Increased Net Worth required to maintain Pre-Issue EPS is [•]%

3. Net Asset Value (NAV) per share

Particulars	NAV Rs.
a) As at March 31, 2004	16.77
b) As at March 31, 2005	26.00
c) After Issue	**[•]**
d) Issue Price	**[•]**

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

4. The face value of the shares of our Company is Rs.10/- per share and the Issue Price is [•] times (at the lower band of Issue Price of Rs. [•] per share) and [•] times (at higher band of the Issue Price of Rs. [•] per share) of the face value of the shares of our Company.

5. The BRLMs believe that the Issue Price of Rs. [•]/- per share is justified in view of the above qualitative and quantitative parameters. The face value of the shares is Rs.10/- per share and the Issue Price is [•] times of the face value. The Investors may also want to peruse the risk factors and the financials of our Company as set out in the Auditors Report in the Draft Red Herring Prospectus to have a more informed view about the investment proposition.

TAX BENEFITS CERTIFICATE TO THE COMPANY AND ITS MEMBERS

The Auditors of our Company, RSM & Co., Chartered Accountants have, vide their letter dated 20th September 2005 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) **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.

b) **Capital gains:**

- Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. Shares held in a Company or any other securities listed on a recognized stock exchange in India or units of UTI and specified Mutual Fund/zero coupon Bonds are considered as long-term capital assets if these are held for a period exceeding 12 months. Capital gains arising on transfer of long-term capital assets are considered as 'long-term capital gains'. Capital gains arising on transfer of these assets held for a period of 12 months or less are considered as 'short-term capital gains'.

- Section 48 of the Act, prescribes the mode of computation of capital gains. It provides for deduction of cost of acquisition/improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long-term capital gains, for resident shareholders it offers a benefit by permitting substitution of cost of acquisition/improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition/improvement by the prescribed cost inflation index. The benefit of indexation is not available in respect of long-term capital gains arising from the transfer of long-term capital asset like bonds and debenture other than capital indexed bonds issued by the Government.

- Long-term capital gains 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.

- Under the provisions of Section 112 of the Act, long-term capital gains which are not exempt under Section 10(38) are subject to tax at the rate of 20 per cent (plus applicable surcharge on tax and education cess on tax and surcharge), in case where indexation benefit is claimed. However, under the proviso to Section 112 (1), if the tax on long-term capital gains arising on transfer of listed securities or units or zero coupon bonds computed at the rate of 20 per cent (plus applicable surcharge on tax and education cess on tax and surcharge) after availing the benefit of indexation exceeds the tax on the long-term capital gain computed at the rate of 10 per cent (plus applicable surcharge on tax and education cess on tax and surcharge) without availing the benefit of indexation, then such excess tax is ignored for the purpose of computing the tax payable on the capital gains.

- On or after October 1, 2004, under the provisions of Section 111A of the Act, short-term capital gains 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

surcharge on tax and education cess on tax and surcharge), provided the transaction is chargeable to Securities Transaction Tax ('STT').

- Short-term capital loss suffered during the 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, could be carried forward for eight years for claiming set-off against subsequent years short-term as well as long-term capital gains.

- Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years long-term capital gains.

- **As per Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains which are not exempt under Section 10(38) of the Act shall not be chargeable to tax in the proportion of capital gains are invested in certain notified bonds within six months from the date of transfer. If the Company transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of its acquisition, the amount of gains exempted earlier would be chargeable to tax as long-term capital gains in such year. The bonds specified for this Section are bonds issued by National Bank for Agriculture and Rural Development (NABARD), National Highway Authority of India (NHAI), National Housing Bank (NHB), Rural Electrification Corporation Ltd. (REC) and Small Industrial Development Bank of India (SIDBI).**

- **As per Section 54ED of the Act and subject to the conditions specified therein, long term capital gains which are not exempt under Section 10(38) of the Act arising on transfer of listed securities or Mutual Fund units are not chargeable to tax in the proportion of the gains invested in acquiring equity shares forming part of an '**eligible issue of capital'**. The investment needs to be made within six months from the relevant date of transfer. If the equity shares are transferred within a period of one year from the date of investment then the amount of capital gains so exempted earlier would be chargeable to tax as long-term capital gains in the year of such transfer.** Eligible issue of capital **means an issue of equity shares which satisfies the following conditions:**

  - the issue is made by a public company formed and registered in India; and
  - the shares forming part of the issue are offered for subscription to the public.

c) Share of Profit from Partnership Firms:

- **Share of Profit, if any, received by the Company from its investment in Partnership Firms that are separately assessed to tax will be exempt from tax under Section 10 (2A) of the Act.**

d) **Depreciation / Business Loss:**

- **The Company shall be entitled to claim depreciation on tangible and intangible assets owned by it and used for the purposes of its business as explained in the Section 32 of the Act.**

- **Unabsorbed depreciation can be carried forward in future years.**

- **Business losses can be forward for eights years for set off against subsequent business profits.**

e) **Preliminary Expenditure:**

- **The Company shall be eligible for amortization of preliminary expenditure as specified in section 35D of the Act being expenditure as specified in section 35D of the Act on public issue of share subject to meeting the conditions and limits specified in that section.**

f) **Rebate:**

- **As per Section 88E of the Act, the 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.**

2. Key benefits available to the Members of the Company

2.1 Resident Members

a) **Dividend income:**

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

b) **Capital gains:**

- 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:

- As per the provisions of Section 54F of the Act and subject to conditions specified therein, any long-term capital gains (other than on residential house but including those on shares) which are not exempt under Section 10(38) of the Act, arising to an individual or Hindu Undivided Family are exempt from capital gains tax if the net sales consideration 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. Provided that the individual should not own more than one residential house at the time of such transfer. If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred. Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

c) **Rebate:**

- Benefits outlined in Paragraph 1(f) above are also applicable to resident shareholders.

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

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 Section 115-O of the Act.

b) **Capital gains:**

- Benefits outlined in Paragraph 2.1(b) above are also available to a non-resident/non-resident Indian shareholder except that under 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.

c) **Rebate:**

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

d) **Tax Treaty Benefits:**

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

e) Capital gains tax – Options available to a non-resident Indian under the Act

Non-resident Indian: As per Section 115-C(e) of the Act, a 'non-resident Indian' means an individual, being a citizen of India or a person of Indian origin who is not a 'resident'. As per the Explanation to the said clause, a person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India.

Where shares have been subscribed in convertible foreign exchange, the non-resident Indians [as defined in section 115C(e) of the Act], being shareholders of an Indian company, have the option of being governed by the provisions of Chapter XII-A of the Act, which, *inter alia,* entitles them to the following benefits in respect of income from shares of an Indian company acquired, purchased or subscribed to in convertible foreign exchange:

- As per the provisions of section 115D read with section 115E of the Act and subject to the conditions specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising on transfer of an Indian company's shares, will be subject to tax at the rate of 10 percent (plus applicable surcharge on tax and education cess on tax and surcharge), without indexation benefit.

- As per the provisions of section 115F of the Act and subject to the conditions specified therein, gains arising on transfer of a long term capital asset (in cases not covered under section 10(38) of the Act) being shares in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

  Further, if the specified asset or savings certificates in which the investment has been made is transferred within a period of three year from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.

- As per the provisions of section 115G of the Act, non-resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

- Under section 115H of the Act, where the non-resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

- As per the provisions of section 115I of the Act, a non-resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under section 139 of the Act, declaring therein that the provisions of Chapter XII-A

shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

2.4 Key Benefits available to Foreign Institutional Investors (FIIs)

a) **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.

b) Capital Gains:

- 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 surcharge on tax and education cess on tax and surcharge).

- Under Section 115AD, capital gains arising from transfer of securities (other than units referred to in Section 115AB) which are not exempt under Section 10(38), shall be taxable as follows:

  - Securities which are held for the period of upto or less than twelve months and where such transaction is chargeable to STT levied under Chapter VII of the Finance (No. 2) Act of 2004, shall be taxable at the rate of 10% (plus applicable surcharge on tax and education cess on tax and surcharge). Securities other than those held for the period of upto or less than twelve months and where such transaction is not chargeable to STT levied under Chapter VII of the Finance (No. 2) Act of 2004, shall be taxable at the rate of 30% (plus applicable surcharge on tax and education cess on tax and surcharge);

  - Securities which are held for the period of twelve months or more shall be taxable at the rate of 10% (plus applicable surcharge on tax and education cess on tax and surcharge). Such capital gains would be computed without giving effect of indexation as provided in the first and second proviso to Section 48. In other words, the benefit of indexation, as mentioned under the two provisos would not be allowed while computing the capital gains.

c) Exemption of capital gains from income-tax

- Long-term capital gains arising on transfer of equity shares in the Company, which is held for the period of twelve months or more and where such transaction is chargeable to STT, shall be exempt from tax under Section 10(38) of the Act.

- Benefit of exemption under Section 54EC and 54ED shall be available as outlined in Paragraph 2.1(b) above.

d) Rebate:

- Benefit as outlined in Paragraph 1(f) above are also available to FIIs.

e) Tax Treaty Benefits:

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

Note: There is a legal uncertainty over whether a FII can elect to be governed by the normal provisions of the Act, instead of the provisions of Section 115AD. Investors are advised to consult their tax advisors in this regard.

2.5. Key Benefits available to Mutual Funds

a) **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 under Section 10 (35) of the Act.

2.6 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:
- Venture Capital Company means a company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and which fulfils the conditions as may be notified and prescribed by Securities and Exchange Board of India ('SEBI'); and
- Venture Capital Fund means a fund operating under a registered trust deed under the provisions of Registration Act, 1908 or operating as a venture capital scheme made by Unit Trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and which fulfills the conditions as may be notified and prescribed by SEBI..
- Venture capital undertaking means a venture capital undertaking as referred to in the Securities and Exchange Board of India (Venture Capital Funds) Regulations made under the Securities and Exchange Board of India Act and notified as such in the Official Gazette.

3. Wealth Tax Act, 1957

Shares in a company held by a shareholder will not be 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 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, taxability of capital gains mentioned above shall be further subject to any benefits available under the applicable tax treaty.

INDUSTRY OVERVIEW

The Indian Entertainment Industry

The Indian Entertainment Industry is one of the fastest growing sectors of the Indian economy riding on the economic growth and rising income levels that India has been experiencing in the past few years.

The Economic Impetus

Over the last decade, India has registered the fastest growth among major democracies and is now the fourth largest economy in terms of "purchasing power parity."

According to the widely discussed Goldman Sachs report of October 2003, over the next 50 years, Brazil, Russia, India and China – the BRIC economies, could become a much larger force in the world economy. " India could emerge as the worlds third largest economy and of these four countries; India has the potential to show the fastest growth over the next 30 to 50 years." The report also states that " Rising incomes may also see these economies move through the 'sweet spot' of growth for different kinds of products, as local spending patterns change." *(Source: FICCI PwC Report)*

The Indian Entertainment Industry is expected to significantly benefit from this fast economy growth, as this cyclically sensitive industry grows faster when the economy is expanding. When incomes rises proportionately more resources gets spent on leisure and entertainment than on necessities.

2004 – The year that was …

The year 2004 was a good year for the Indian Entertainment Industry which was marked by consolidation, realignment and growth in most segments of the Industry.

Filmed Entertainment

The Indian Film Industry continues to make its mark and is still the largest in the world in terms of number of films produced and admissions. The encouraging growth and the number of multiplexes is making the movie goers, especially in urban India, experience a new way of enjoying movies. The growth of the multiplexes was somewhat affected by the closure of some single screen theatres, as a result of which the number of screens in the country remain more or less the same.

The rise in the multiplexes in many ways has also impacted the movie making business. Smaller size theatres provided the incentive for low budget niche films and experimental cinema. The change was also seen in terms of shortening of the average release time in theatres, providing a growth opportunity in the home video segment and increased revenues from satellite and cable rights.

The 2004 had big budget movies, co-productions as well as increased collections of dubbed Hollywood movies. The year saw India's top stars dubbing for Hollywood movies such as Shah Rukh Khan for *The Incredibles*. This opened up new revenue streams for such artists and for producers to earn from innovative marketing models, including merchandising and retail visibility amongst others.

Though piracy continues to dampen the growth, measures taken by some companies to go digital and the increase in the number of digital cinemas, are helping reduce its extent. Some of the top producers of the country ventured into their own distribution arrangements in an attempt to get back their share, lost earlier to piracy. Emergence of professionally-run international companies, distributing domestically produced movies, has also contributed towards increase in legitimate revenues of the film producers.

2004 also witnessed substantial growth in revenues from overseas collections, consequent to an emerging growth in the number of prints being released for overseas theatres. The Industry also witnessed the emergence of various integrated film companies and public issues of UTV Software and Shringar Cinemas, took place.

Television

The year 2004 witnessed several changes in the Television segment of the industry. The active role played by the Telecom Regulatory Authority of India (TRAI) has one accolade for their consultative approach and thorough research in bringing out recommendations on various aspects of the broadcast and cable services, including digitalization. However, the price freeze imposed on the cable prices and a negligible increase at the end of the year was criticized by most Television Broadcasters.

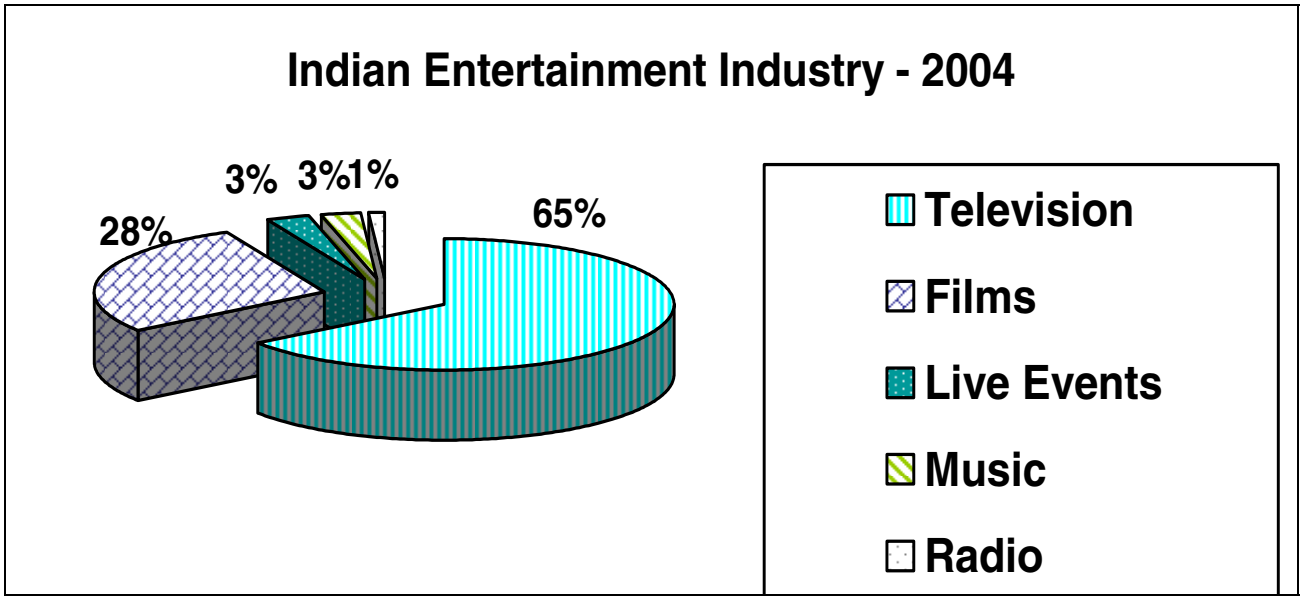
Both the industry and the consumers await the Government's response to TRAI recommendations on 'Addressability' which continue to be the biggest hindrance in the growth of the subscription revenues of the industry. TRAI also brought out its recommendations on the digitalization of Cable TV. It now remains to be seen whether digitalization will pave way for addressability or vice versa.

Television segment in 2004 was dominated by the emergence of several new channels in the kids segment, news channels and the niche category. Talent shows such as *Indian Idol* by Sony Entertainment Television and Zee's *Cinestars Ki Khoj* were the flavour of the year as far as programming goes. Old time favourites *Jassi* and the family soap operas continued to dominate the TRP ratings, other than during General Elections which tilted the TRP's temporarily in favor of the News Channels.

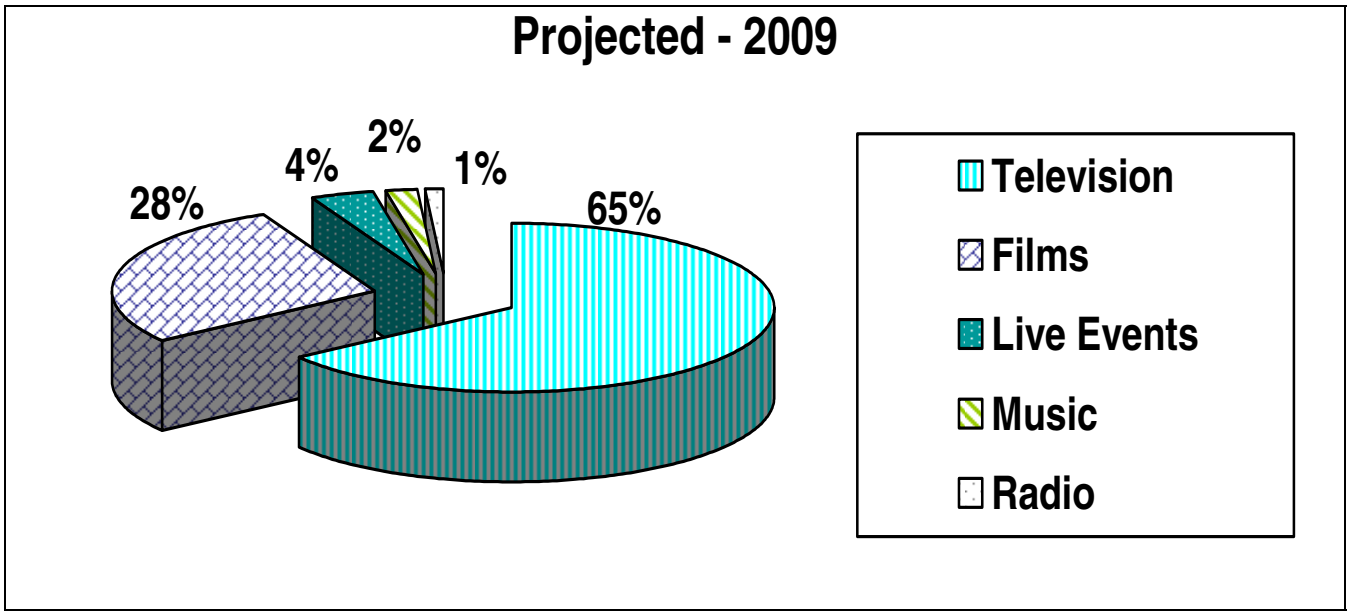
DTH (Direct to home) also made its debut during the year with Zee's Dish TV and Doordarshan's *DD Direct Plus* starting transmission, even as the original aspirant Star – TATA JV continued to wait for the regulatory approvals. Overall, the Television segment
saw the maximum growth in revenues and is expected to continue to spearhead the growth of the Indian Entertainment Industry as a whole.

Industry Size

The Indian entertainment Industry stands at over Rs. 20,000 crores (USD 4.5 billion) today. Overall, it is expected to grow in high double digits at 18% per annum compounded annually over the next five years, to reach over Rs 45, 000 crores (USD 10 billion) by 2009. The largest contributor to this growth will be the television segment followed closely by the film segment. *(Source: FICCI PwC Report)*



Subscription revenues will drive the growth in the television segment in the next five years. In the short-term, growth is projected at 14% primarily from growth in number of cable and satellite households (which is expected to grow at 8%) and improved realizations. Thereafter, corrections in the regulatory mechanism is expected to pave way for addressability in cable distribution and also fuel the growth in digital distribution formats such as



DTH (Direct –to-home) and other emerging platforms such as IPTV..As the market matures, premium subscriptions for value-added services will drive growth in subscription revenues.

Growth in television advertising, being linked to the GDP of the economy, is expected to outperform it by at least five percent in the coming years. It is projected to grow between 12-14% over the next five years to reach over Rs 9,400 crores by 2009. Emergence of niche channels is expected to boost the realizations for the broadcasters along with the corrections in regulations in the distribution segment. Content producers' revenues are likely to witness similar growth due to increases in the content spectrum, which are expected to grow at 16% per annum compounded annually over the next five years. Delivery of content over newer wireless delivery formats is expected to open a new revenue stream for such content producers.

The film segment will ride on the growth of multiplexes and digital distribution formats. 18% year-on-year growth is also expected in this segment as in the case of television. Better realizations inbox office collections, growth in collections from the overseas markets as a result of better marketing and distribution set-ups and emergence of the home video market linked primarily with the purchasing power of the consumers will drive the growth of the filmed entertainment in the next five years.

Future Outlook

Technology will drive the Entertainment Industry into the next decade. In the new converged paradigm, its boundaries will be merged with those of the Telecommunications & Information Technology segments. This will give rise to a host of value added features for the consumer, and new revenue streams for the players in each segment. Mobile entertainment with its ability to dissect the boundaries of time and space, will be the biggest growth driver.

Growth Drivers – Filmed Entertainment

International Cinema dubbed in Indian Languages

India is also witnessing a splurge of international films especially Hollywood movies being dubbed in local Indian Languages and screened in Indian cinemas. This has contributed to higher admissions in theatres and increased spend on advertising/ promotions. For example, dubbing of *Spiderman 2* in three local languages has contributed to the stupendous success of the release of this Hollywood box office hit in India. Similar success was witnessed in the case of *The Incredibles* where Shah Rukh Khan lent his voice for the dubbing of the main character in the movie.

Increasing importance of regional cinema

According to industry estimates, Hindi language films command only a 40% share in the Indian film market today, as a large portion of the films made in India are produced in the south and east regions of India in their respective local regional languages. The earlier trend of confinement of viewership of regional films in the local areas is changing. These films now have international viewership catering to the demands of regional base of Indians across the globe. Even within India, their demand is rising, as these are being dubbed/sub-titled in Hindi/English, creating larger viewership base. For the regional producer, this results in increased scalability in terms of content and access to newer geographies. For the investors/producers, it means de-risking their investment by widening the audience portfolio.

Growth in In-Cinema Advertising

Industry sources estimate that in-cinema advertising is another revenue stream related to films that will grow with the increasing popularity of multiplexes. Advertising in movie halls guarantees a captive audience unlike Television which has the capacity to show more commercials but does not ensure an audience. As movie watching is becoming more organized, advertising in theatres can help reach this "hard-to-get" demographic profile. Advertisers are also choosing films that overlap with their own target audience and hence are sponsoring corners of the multiplex or putting up their stalls in lobby, or simply advertising on the screen.

Merchandising/Promotional Material Revenues

Sale of merchandise products/promotional items is a new trend picking up in India. This is contributing significantly to the increased box office collection revenues of the segment. For example, merchandising for *Spiderman 2* started about two months prior to the release date of the movie. It included people dressed as characters in the movie, promotional items like life-sized dolls etc. S*piderman 2* collected over USD 2 million in India in its first weekend, the highest ever for a Hollywood film. At 305 prints, it was screened at more theatres than an average Hindi film.

Co-production treaties

Information and Broadcast Minister Jaipal Reddy's recent statement that the signing of co-production treaties with Italy and Canada would be on priority has renewed interest in this concept. UK, China, Germany, Croatia, Hungary, Brazil and France are countries which the Government is considering for such treaties. As per the Ministry, the delay in entering into such treaties is due to approvals from other ministries which are connected with these treaties, like Home Affairs, External Affairs, Tourism and Finance.

Growth Drivers – Multiplexes

Growth of multiplexes has ensured that there is a platform to screen movies that appeals to niche audiences in the overall movie viewer market. This in turn has successfully created a demand for small budget movies catering to such niche tastes and has effectively broadened the Indian Film market. It has also brought back the urbane Indian film viewers to the movie halls. The availability of a niche audience and smaller screening options have encouraged film producers to produce niche and low budget films and make a decent return on investment from such films.

The key factors for growth of multiplexes are as follows:

Organized Retail boom

There has been a boom in the organized retail market in India. There are malls coming up in many cities and towns. One of the key elements driving the success of a mall is its ability to drive footfalls consistently. Hence each mall design looks at a mix of tenants – large and small. Multiplexes are one of the anchor tenants to large format malls, as they provide assured footfalls.

Quality Theatre Complexes

Films are a key destination for entertainment. Exhibition is the last mile in the film value chain where patron interacts with the film. The poor condition of most single screens has turned away family audiences. Although multiple tickets are usually priced at a premium as compared to the ticket prices of single screens, they continue to attract patrons (both individuals and families) as they offer better quality of service and ambience.

Alternate sources of content

In addition to film-based content, a new window of opportunity is being explored internationally by multiplexes. They are experimenting with new software content like live sporting events – Football, Cricket, Formula -1 Grand prix, Music Concerts, Beauty Pageants etc.

Entertainment Tax

The existing rate of entertainment tax in various states is high, which has affected profitability of players in the exhibition business. As a result, exhibitors (especially the single screen owners) have not been able to channelise investments for maintaining and/or upgrading their theatres. A worsening quality of theatres has resulted in a lower audience turnout, which further puts a strain on profitability.

Multiplexes offer significant economic advantages over similar size single screen theatres as they are entitled to entertainment tax exemptions based on certain criteria in some states.

Indian Television Industry

The Television market in India primarily consists of revenues from the Subscription, Advertising and Software segments. The Television Subscription market includes spending by consumers on basic and premium subscriptions to cable and satellite providers.

The Television Industry in India is somewhat peculiar as compared with other industries in the country, in respect of its mix of organized and unorganized segments. The broadcasting services segment is more organized in contrast with the cable services segments, which is largely unorganized: television content services exist equally in both these segments.

Key Trends

Regulator appointed

One of the key developments for The Indian Television Industry in 2004 was the appointment of Telecom regulatory Authority of India (TRAI) as the regulator Broadcaster and Cable Services in India, in the beginning of the year. In its attempts to regulate the diverse and unregulated industry, TRAI floated several consultation papers during 2004, prominent among them being “Recommendations on Issues relating to Broadcasting and Distribution of TV channels” in October 2004, and “Digitalization of Cable TV” in January 2005. TRAI also issued the “inter-connect order”, which is likely to take effect in 2005.

Launch of New Channels

2004 also saw a rush of new channels being launched. Prominent among these were the Kids Channels, Lifestyle, Entertainment, Spiritual, Travel, News and regional channels, most of which one could have thought of a couple of years back. Today there are over 300 channels that are beamed over the Indian skies. Over 150 are received by subscribers through cable operators, and in 2005 at least 50 additional channels are expected to be launched.

Reality Shows

The year 2004 marked a turnaround in the fortunes of reality shows. For viewers getting an overdose of family soap operas, a reality show like *Indian Idol* on Sony Entertainment Television came as breath of fresh air. With over 45 million SMS and calls, Sony claims the show to be a great success, and it launched another show called *Dance Dance.*

Other television channels also tried to cash in on reality shows. Sahara launched *Mr & Miss Bollywood*, while Zee promoted *India's Best-Cinestars ki Khoj*. Channel V came up with *Super Singer*.

Cross-over

Taking a cue from the Film Industry, "Cross-over" is the buzzword in the Telivision Industry these days. Music channels are launching soaps and serials and News Channels are foraying into *Lifestyle Shows* and *TV Soap Reviews*. MTV started a serial titled *Kitne Mast Hai Zindagi* and NDTV such as *Night Out.*

Family Soap Operas … the saga continues

Inspite of the launch of several new channels and experimentation with content in terms of reality shows, the television landscape still largely revolves around family soap operas. Advertising for such shows continue to command premiums, as in the earlier years.

Regional Channels

Regional television channels are increasingly taking away viewership from national channels, which is why players such as Zee, Star and MTV are planning to start their South Indian versions. Sahara Samay is planning to launch six new regional news channels. Sun is reported to have signed up a joint venture with Malaysia's Astro All Asia Network to distribute television programming and channels for global audience. ABP STAR Alliance is also reportedly planning a Bengali news channel.

Kids Channel

If 2003 was termed the year for launch of News Channels, 2004 is said to have been the year for launch of Kids Channels. As many as five new kids channels were launched during 2004 – *Disney (Disney Channel and Toon Disney) Pogo, Hungama and Animax*. Upto 2004, Cartoon Network which had been launched almost nine years back, had continued to lead.

The driver for the launch of these Kids Channels estimated 30 million kids in urban India. The viewership share has gone upto 3.5% from 3.1% in a year. Similarly for news channels which in 2001 had only a 1% share, had increased to 6.5% in 2005, after the launch of several news channels.

Business Channels

The year 2004 also saw launch of more business channels. CNBC-TV18 launched its Hindi business channel *Awaz* and *NDTV* started its business channel *NDTV Profit.* Zee also launched Zee Business in the last quarter of 2004. The key driver for these channels continues to be tapping the share of advertising market for business channels, which is currently estimated to be Rs 40 crores and expected to double in 2005.

Broadcasters to provide all TV channels

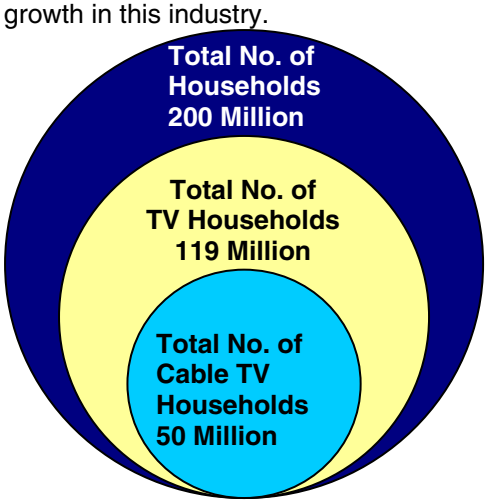
A new era will unfold in broadcasting in 2005. Where the interconnect order of Telecom Regulatory Authority of India comes into effect. According to an order issued in December 2004, every broadcaster is required to provide on request, signals of its TV channels on non-discriminatory terms, to all distributors of TV channels, which may not be limited to a cable operator, direct-to-home (DTH) operator, multi-system operator (MSO) and Headend-in-the-sky (HITS) operator. TRAI expects this order to help promote competition both within the cable industry and other platforms. This would give the consumers a choice of channels and eventually pave the way for price deregulation.

DTH

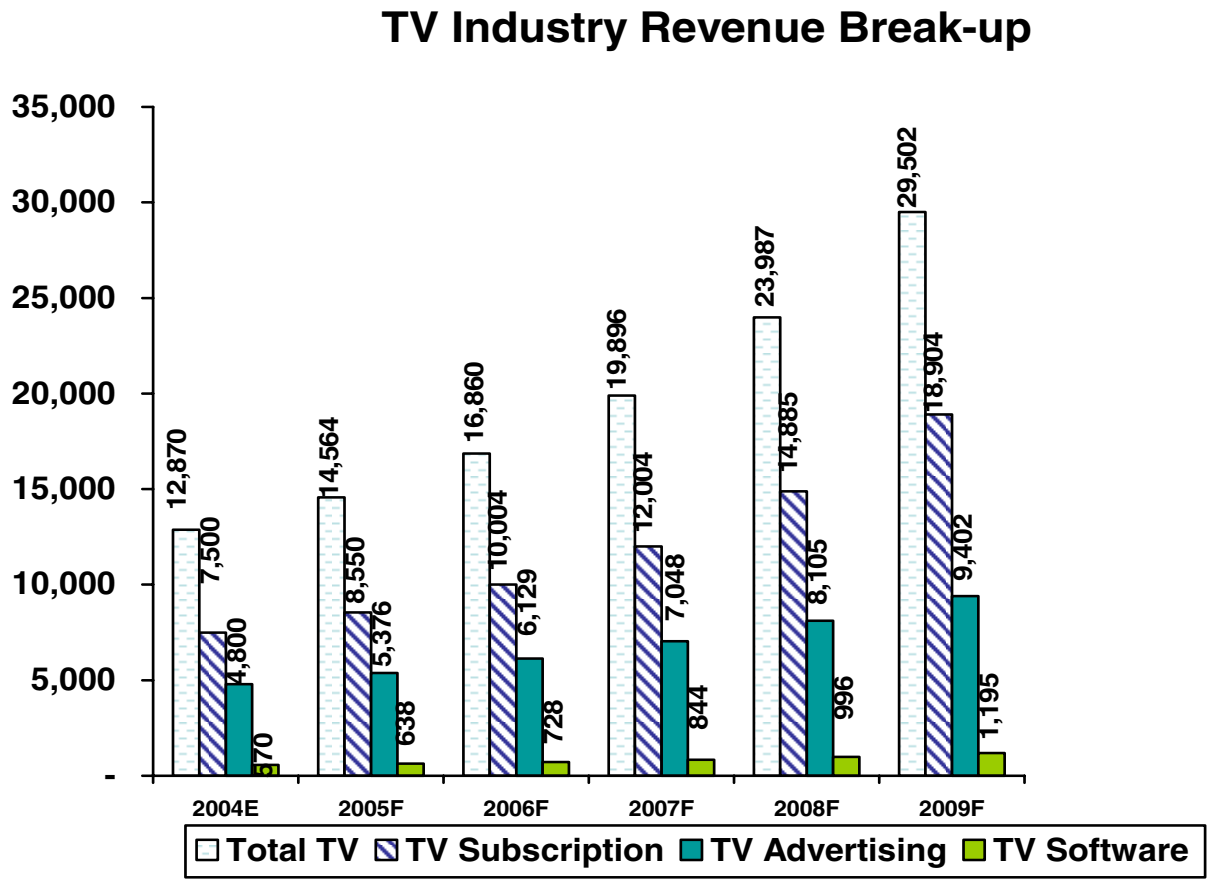
2004 saw the launch of Doordarshans *DD Direct Plus* on the Ku band with a total of 30 free-to-air channels and 12 radio channels and Zee TV's *Dish TV*. At the end of 2004, *Dish TV* had over 200,000 subscribers. However, the 1,600 crores JV project of Murdoch's Star TV and Tata Sons is still running into delays.

Industry Size

India is the third largest television market in the world today. There are over 119 million television households in India, which consists of about 65% of the total households in the country. Of these about 50 million households receive cable television services, leading to a penetration of over 42% to total TV households and about 25% to total households in India. As can be seen from these low percentages, there exists a huge untapped potential for growth in this industry.



The Television Industry in India is estimated to be about Rs 12,900 crores (USD 2.86 billion) today. Subscription continues to have the largest share, estimated at about 58% of the total revenue. Television advertising market is picking up its share and is currently estimated at 37%. The balance share belongs to the Television software segment. *(Source: FICCI PwC Report*)



Revenue Model for Television Content Production industry

In the current scenario, there are two different revenue models followed by the existing Television Content Production Industry, namely revenue earned on commissioned programme and revenues earned on sponsored programme. Brief details of the said two types of programmes along with their revenue models are as follows:

Commissioned Programme

In case of commissioned programmes, the broadcaster commissions a television content producer to produce a program for a fee. The broadcaster earns its revenue by selling airtime to the advertiser. In return, they retain the Intellectual Property Rights (IPRs) for the programme. Star Plus, Zee, Sony etc. follow the model of commissioned programme. In this model broadcaster bears the financial risk and the television content producers bear the production risk.

Sponsored Programme

In this model, the television content producer himself produces the programme. He buys slot from the broadcaster paying certain telecast fees. Along with the slot, the producer gets free commercial time (FCT). For a half hour slot FCT ranges between two to four minutes. Then the producer produces a program on that slot produced in-house and sells the free commercial time to the advertiser. The producer covers the telecast fee, production cost of the programme and any other associated cost by the revenue earned from selling FCT to the advertisers, and surplus thereafter, if any, is his profit. Here the producer of the programme retains the Intellectual Property Rights (IPRs). Doordarshan and Sun TV follow this model. In this model, the producer bears financial risk for buying the slot as well as production risk for the content produced.

Comparison

Sponsored programme has substantially higher risks and rewards for television content production houses compared to commissioned programme. Under commissioned programme model, the production house typically works on a cost plus margin basis where margins could be in the region of 15-25% as per our estimate. In sponsored programme model, profitability depends on several key factors (1) popularity of the program, which determines advertising revenues (2) marketing efforts of the content production house in selling the commercial time , and (3 cost of the program (cost of production/purchase cost of program and the telecast fee)

Future Outlook

Niche viewing trends/changing viewership patterns

As the television set moves from the drawing room into the bedroom, and individual viewership (versus family viewership) increases, channels catering to individual interests like gardening or extreme sports will multiply. Viewers are becoming more knowledgeable and niches will be created. From niches, sub niches will be created. There are a large number of groups planning to launch new channels. There will be room for all as the Television market is still in its growth phase.

Localisation of Content

The focus of channels will shift towards localization of content wherein greater time will be allotted for regional news and regional language based programs. At the moment the channels are focusing on the English-speaking and up-market viewers, but there will be a trickle down effect. Advertisers will fight to capture the SEC A B upmarket households and the upper middle class viewers. Again, there will be room for all as the Television market is still in its growth phase.

Digitalization

Digitalization will create more bandwidth space and more number of channels will be telecasted. Whether this will pave the way for addressability or the other way remains to be seen, as one realizes that there is no one magical solution for the same. However, digitalization, as in the case world over, is surely the future of television, with its benefits of superior quality and value-added services such as pay-per-view and video-on-demand.

New Channels

It would be right to say that the last decade has been the decade of carpet bombing with mass channels mushrooming. The next decade in TV will be of precision targeting through niche channels. The increased launch of new and niche channels will not only amend the viewing patterns but also the revenue models of the content producers, television broadcasters and the MSOs / LCOs.

Content Regulation

It was the first time in 2004 that the need for content regulation was also felt. The Information and Broadcasting (I & B) Ministry is planning to set up a separate regulator to monitor content on television channels. How the regulator would be constituted and what kind of monitoring mechanism would be in place is yet to be finalized. Hence, a comprehensive media policy is what the industry needs.

BUSINESS OVERVIEW

Our company was incorporated under the Companies Act, 1956 on 6th September, 1995 as "Garnet Paper Mills Limited" for carrying out the business of manufacturing paper, duplex board and other related paper products.

The present management took over the business of Garnet Paper Mills and decided to change the objects of the company into the business of entertainment through motion pictures, still pictures, television serials, advertisement films, music albums and other allied entertainment products.

In doing so we also re named the company to K Sera Sera Productions Limited on 23rd October, 2002 with a vision of building one of India's most successful entertainment studios.

We started film production in the year 2003-04 by successfully bringing together Ram Gopal Varma of M/s. Varma Corporation Limited, one of the creative director of our country, with our Company to co – produce three successful films namely Darna Mana Hai, Ek Hasina Thi and Ab Tak Chappan in our first year of operations. The association with Ram Gopal Varma was initially for a period of three years, however the same has been extended to six years vide an addendum dated 23rd May 2005 to the original MoU dated 3rd February 2003. Now the association will be up to 2nd February 2009

Our office is located at Versova, Andheri, the hub of Mumbai film and television entertainment industry.

Blueprint of the Studio Business Model

The Hollywood studios work on the premise that creative will never be housed within the organization. The studios leveraged their ability to get the best scripts from a variety of creative directors and then finance and produce the project internally ensuring excellence in production processes. They would also market and distribute the project. The larger studios owned the exhibition chain.

The K Sera Sera studio model was inspired by these world practices, but with a difference. Instead of having an in-house hub of directors and technicians, we engage the services of the best in the Industry on a contract basis. However for marketing we have our own team headed by the COO.

Our Business Model

Our business model is designed to draw the powerful creative talent to produce qualitatively superior and commercially successful films and also to exploit the competencies of our management in project and financial management, understanding of the entertainment landscape, contact base in distribution, expertise in film production management.

We have based our model on the following 'laws of engagement':

1. De – risk the business

Perceived as a volatile business due to the traditionally unorganized stamp that the Hindi film industry has earned over the years, companies like ours have had to redefine the rules of the game by adopting a de – risked strategy for our business in the following ways:

- Cover cost of production through pre-sale of a part of the rights.
- Minimize cost of production by engaging key creative talent [director/cast] in project wise equity payments. The advantages lie in manageable costs of production, commitment, timely and within – budget completion of projects.
- Distribute our own movie content so that we are not vulnerable to an external distribution network.
- Creative will always be outsourced though ideation and conceptualization may happen in house like in the television business. The possibilities in such an arrangement are limitless and the advantages lie in our ability to attract the best and varied talent to work with us. We totally eliminate personality driven thinking and work with the best creative talent available at any point in time.

2. Corporatisation

- Development of systems and controls across all parts of the company.
- Strict adherence and monitoring of systems

- Professional procurement practices in production
- Key positions should be manned by the best professionals from the entertainment space
- Provide a nurturing environment for members in the organization
- Encourage and reward performance

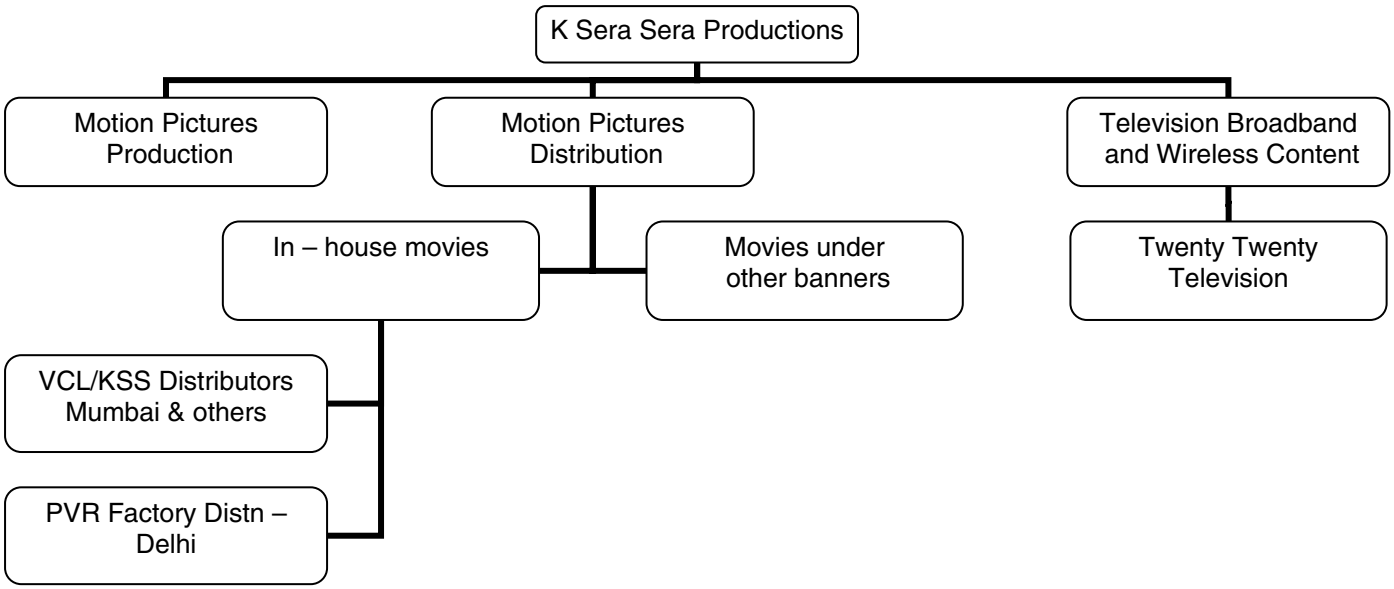
3. *Internationalization*
    - We are adopting best practices into our company from international entertainment business models
    - As we grow we are also keenly focusing on tapping into the global audience through projects which allow us international co – production play

Business Divisions of the Company

Broadly the company has three business divisions. They are:

A. Motion Pictures Production
B. Motion Pictures Distribution
C. Television, Broadband and Wireless

A. MOTION PICTURES PRODUCTION



Our movie division sets up motion picture projects which are financed and produced by our company. Each project is carefully determined not only for its uniqueness in idea terms but also its viability and potential for success.

Flowing from our goal of emerging as one of India's lead studios, we have focused on creating a brand name which is synonymous with quality and successful cinema.. Our company has been awarded with an **ISO 9001 : 2000** certification for the quality management system, for provision of quality entertainment films , television and distribution services

To continuously strengthen one of our core competencies, our company has indigenously evolved a series of processes which are periodically fine tuned and are applicable to a project from idea to release. The various stages of movie production can be broadly classified as under:-

Stages of Film Production

I. Green Lighting of an Idea

Project green lighted by Management team basis 'takes' of key department heads on the project synopsis. The project is judged for viability and uniqueness of idea. Once a project is green lighted it moves into screenplay development and the project coordinator is assigned

II. Pre – Production/Pre Master Budget

At this stage the project is fully developed with cast, crew, location scene breakdowns, budget and time lines. Once all details related to the project are fully fine tuned, it goes into the next stage called Master File.

At this stage the cost and revenue lines also begin to get drawn up.

III. Master File

This is the final budget file of the project with every possible detail related to it. Once the budget is locked, it cannot be maneuvered. At this stage work on promotion and marketing of the film also commences. Cash outflows and revenue inflows are clearly set for the project.

IV. Execution

The project now goes into execution and all the creative personalities are locked before the project is executed.

The monitoring of the execution is done in the following ways…

a) The first schedule is always only 7 days long for the director to get a sense of the execution and the pace, performances of the actors and other such nuances.
b) All movies are completed thereafter in two schedules. Monitoring is done through the daily call sheets [day before the shoot] and progress sheets [day after the shoot] which throws up variances, if any and acts as an early warning system.

V. Post – production

While the movie is being edited and taking shape, the promotion strategy is developed alongside based on the USP of the film. This stage ensures tapping into the film's potential for sponsorships and developing a film brand.

Even the post production and the marketing and promotion plans are put in the Master File system and progress monitored through progress reports.

VI. Release

The release plan is worked out in conjunction with marketing, sales, finance and production departments after ascertaining the film's potential across national, international and home viewing markets. Agreements are entered into with distributors who in turn enter into agreements with exhibitors/theatre owners.

Achievements

Our ability to produce multiple projects with an increasing portfolio year on year is demonstrated below.

Released Movies			Work in Progress
FY 03-04	**FY 04-05**	**FY 05-06**	**FY 05-06**
Darna Mana Hai	Gayab	James	Ek
Ab Tak 56	Vaastu Shashtra	Sarkar	Nimmi

Released Movies			Work in Progress
FY 03-04	**FY 04-05**	**FY 05-06**	**FY 05-06**
Ek Hasina Thi	Naach	My Wife's Murder*	Barsaat
			Untitled Film

* My Wife's Murder was sold to Devils Tooth Design Studio Pvt. Ltd. for all India release for a royalty vide agreement dated 27th February 05. The film was released in August '05.

In a landmark arrangement of its kind, our company brought together Ram Gopal Varma (of M/S. Varma Corporation Limited) and Sahara India Mass Communication Limited in a tripartite MOU for producing and exhibiting ten movies. Starting with 'Ab Tak Chappan", six films have already been released under this arrangement.

1. Our company will be able to pre – sell the satellite rights for these ten films to Sahara for an assured sum of Rs. 26.71 millions per film.

2. Sahara has also participated in the equity of the company and as a strategic partner and holds 500,000 shares of the company as on 16th September 2005.

3. In another notable participation agreement K Sera Sera has been instrumental in signing a 'First Right of Refusal' deal with Ram Gopal Varma, one of India's most creative and sought after directors. With this agreement our company has the right to choose from some of the best creative ideas from the Varma stable.

4. Our company also recently brought together a combination of production house, talent and creative for My Wife's Murder. The project was completed in around 45 days and this was made possible due the partnerships at play between the three parties involved; Our Company, Varma Corporation Limited & Mr.Anil Kapoor. It was a kind of de – risked model wherein profits were shared.

The Movie Business Development Strategy

Our efforts would continue in the area of scalability of the model to feed the production pipeline which in turn would provide leverage in the distribution side.

We will continue to de risk the business by offering projects of varying scale and size.

We envisage an enlargement in the creative talent that we have been working with in terms of setting up projects with other directors.

We are also exploring genres/subjects that will allow us to exploit the overseas audience.

Tie Ups/ Arrangements for Movie Production:

Date of Agreement	Tie Up/Agreement with	Nature of Agreement
03/02/2003 and addendum dated 23/05/05	Mr. Ram Gopal Varma of Varma Corporation Limited	To co-produce and / or jointly produce Movies till 02-Feb-2009.
31/12 2003 and addendum dated 05/01/04	Sahara India Mass Communication Ltd.	Production of ten movies under Sahara Banner and assignment of worldwide Satellite Telecast Rights for a total consideration of 267.12 million.
3/11/2003	Mr. Anil Kapoor, Actor	To co-produce 'My Wife's Murder' with VCL and KSS
28/05/05	Mr. Vishram Sawant, Director	To co-produce a movie over the next 9-12 months time.

06/06/05	M/s. Shobhana Desai Production Pvt. Ltd.	To co-produce 2 movies 12-15 months

B. MOTION PICTURES DISTRIBUTION

Distribution of our movies is done by recognized distributors in their active area of operation while distribution in the Nizam, C.P. (Central Province), Delhi and Mumbai is essentially done by us along with our strategic business partners (RGV/KSS Distributors & PVR Factory Distribution Network). For overseas distribution of our movies we have entered into an agreement with M/s.Neptune Enterprises. As a method of de-risking the distribution model, we distribute not only our movies but also movies produced outside our banner. We propose to expand the scope of our distribution division to harness the growth in the industry as well as dilute our risks by segmenting into the distribution area. We have distributed movies produced under other banners like Tango Charlie, D, Nazar, Kaal, Dus etc.

We have leveraged our scale and success formula to enter into a partnership with exhibition major PVR Pictures Limited and deepened our relationship with VCL in a tripartite distribution agreement to distribute movies in Delhi, UP and Uttranchal.

Tie- ups/ arrangements for distribution:

We have entered into two partnership agreements for distribution of movies.

(1) PVR Factory Distribution Network
Our Company has entered into a partnership deed with PVR Pictures Limited (the "PVR") & Varma Corporation Limited("RGV") which is called "**PVR Factory Distribution Network"** on 19th February 2004 for distribution and commercial exploitation of various Movies in any language whatsoever in Delhi, UP, Uttaranchal (the "Delhi and UP Territory"). The firms capital (Rs. 2 million) has been contributed by PVR, RGV and our Company in the ratio of 10:5:5 PVR, RGV and our Company shall share profits and losses of the firm in the ratio of 2:1:1 respectively.

Brief Financials of PVR Factory Distribution Network

Rs. Million

Particulars	2003-04	2004-05
Income from Distribution	NIL	3.49
Profit for the year	(0.13)	1.05
Profit after tax	(0.13)	0.72
Partners Capital	1.86	2.59

(2) Ram Gopal Varma/ K Sera Sera Distributors:
Our Company has entered into a Partnership Deed with Varma Corporation Limited (the "RVL") on 17th February 2004 in the name '**Ram Gopal Varma / K Sera Sera Distributors**' ("RGV/KSS") with initial capital of the firm of Rs. 0.4 mn in the ratio of 1:1. Our company and VCL shall share profits as well the expenses incurred by the firm in the ratio of 1:1. The firm has been distributing movies in the Bombay territory under this tie-up.

Brief Financials of Ram Gopal Varma/ K Sera Sera Distributors

Rs. Million

Particulars	2003-04	2004-05
Commission on Distribution	1.00	5.82
Profit for the year	0.05	0.14
Partners Capital (including share of profit)	0.45	0.59

Film distribution provides us benefits like:

- understanding of audience tastes
- localized marketing of the film
- selection of exhibition halls depending on their past performances

- managing the logistics of physical prints distribution
- understanding revenue potential for various films
- relationships with other producers & exhibitors

Apart from distributing our own films, we buy theatrical distribution rights from Film Producers for exhibiting the films in a defined territory.

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. In the recent past, the Minimum Guarantee model is more prevalent for movies from reputed producers in domestic theatrical territories and in the overseas market.

Business of outside movies distributed by KSS

Sl. No.	Movie	Nature of Agreement with the Producer	Area
1	Tango Charlie	Minimum Guarantee (M.G.)	Nizam Area
2	Kaal	Minimum Guarantee (M.G.)	Andhra Circuit
3	Jo Bole So Nihal	Minimum Guarantee (M.G.)	Nizam & Mysore Circuit
4	Nazar	Minimum Guarantee (M.G.)	Nizam & CP Berar
5	D	Minimum Guarantee (M.G.)	All over India
6	Dus	Minimum Guarantee (M.G.)	Nizam
7	Mangal Pandey – The Rising	Minimum Guarantee (M.G.)	Andhra & Ceded territory
8	No Entry	Minimum Guarantee (M.G.)	Andhra

Business Characteristics and Trends
Corporatization of film production entities is resulting in timely and better quality film productions. In the recent past, some of the larger Producers have done forward integrated into Distribution. A number of new entrants have entered the Distribution business, resulting in an increase in acquisition cost for Distributors. Distributors are trying to lock-in the content at a very early stage by financing film producers. Distributors are playing an increasing role in marketing of Films. New films are being released in satellite/video formats within a shorter period after theatrical release, thereby reducing the window for theatrical exploitation. New films are being released across a larger number of theaters with a larger number of prints in order to maximize theatrical revenues in the shortest time period. New distribution formats, like digital distribution – through DVD/Satellite – are being actively explored.

C. TELEVISION, BROADBAND AND WIRELESS CONTENT

(1) TELEVISION CONTENT PRODUCTION:

Our foray into television content production started with two serials 'Aao Bahen Chugli Karen' and 'Kuch Love Kuch Masti' which were aired on Sahara Channel. Currently our serial 'Kaashish' is running on ZEE Television Channel.

To take the vision of the company forward into the television, broadband and wireless side, we incorporated a subsidiary 'Twenty Twenty Television Company Limited' in October 2004. Twenty Twenty set up a core team within the creative and production sphere of the business. Hand picked from the Industry, the core team offers an enviable wealth of experience in the Media / Entertainment space. The core team includes following:

Name	Designation	Experience(in Yrs)	Last Assignment
Ms. Kacon Sethi	Director	13	SET (Executive Vice President – Network Marketing & Sales)
Mr. Rajesh Pavithran	Chief Operating Officer	12	Balaji Telefilms Limited (Chief Operating Officer)
Mr. Hamavvand	Chief Production Controller	6	Balaji Telefilms (Gen. Manager)
Ms. Rohini Singh	Creative Head (full time consultant)	8	DJ's (Creative Head)
Ms. Gayatri Singh	Associate Creative Head (full time consultant)	6	Freelance Production Designer
Mr. Sahil Khosla	Production Controller	5	Rose Films

Content Development & Production Strategy:

Our television business rests on the following principles:

- **Differentiated Programming:** The endeavor of the team is to ensure that the story ideas while differentiated from the current crop of shows would still retain mass appeal, which is so critical in a TRP dominated television market.
- **Across Genres:** The programming mix would include shows from various genres inclusive of Drama, Soap Opera, Para Normal, Thriller, Comedy and Reality.
- **No speculative Pilots:** For some serials we shoot pilot runs so that the broadcaster is able to visualize the size and grandeur of the show. Some of the pilot runs have been approved and are in advance stage of approval by the channels.
- **Focused Programming Solutions:** The focus of the team is clearly on providing programming solutions to the broadcasters keeping in mind their current programming mix and the viewer demographics. Our third serial 'Kaashish' was aired on June 18, 2005. With 'Darna Mana Hai' hitting the air we will achieve 100+ hours of programming.
- **Team Size:** With a six member core team, Twenty Twenty has a very lean organization base thereby enabling it to keep its overheads low. All other human resource requirements are projected onto the cost of the show for which they are employed for.

While the television industry has some individual producers making and producing shows, an organized, corporatized set up is just beginning to emerge within the industry. With very few organized players in television business, Twenty Twenty hopes to attain a market share with the set of serials lined up:

Channel	Program	# of days per week	Stage	Expected air date
Zee TV	Kasshish*	Daily [4/7]	-	Aired on June 18th
Star One	Darna Mana Hai	Weekly[1/7]	Contracted	Not yet aired
TOTAL PROGRAMMING HOURS (approx)		**130 hrs p.a.**		
IN DEVELOPMENT	Dulhan	Daily[4/7]	Pilot approved	
	Aaj Abhi.Manch Par	Weekly[1/7]	Pilot approved	
	Jaayen to Jaayen Kahan	Daily[4/7]	Concept Stage	
	Thriller	1[one hour]	Concept Stage	

*Agreement entered into by K Sera Sera Productions Limited

Tie Ups/ Arrangements for TV Contents:

Date of Agreement	Tie Up/Agreement with*	Nature of Agreement
31/01/ 2004	Krishna Images	To provide further assistance for producing the serial 'Kasshish' for Zee Telefilms Limited
30/07/2004	Zee Telefilms Limited	Production of the programme called 'Kasshish'
02/06/2005	Mr. Vipul Amrutal Shah of M/s. Shobhana Desai Production Private Limited.	To finance existing & proposed television serials of M/s. Shobhana Desai Production Private Limited.

*Agreement entered into by K Sera Sera Productions Limited

(2) <u>BROADBAND AND WIRELESS</u>

The Broadband Internet access explosion in India is breaking the artificial barrier between PC and TVs. Broadband as the new delivery mechanism for entertainment, data and voice is making inroads into the country with the top ten cities getting optically wired.

To exploit the growing opportunity and to bring entertainment content to every screen - whatever its form - K Sera Sera has entered into a non-exclusive five year agreement with one of India's largest ISP, Videsh Sanchar Nigam Limited. The term of agreement is now extended for a period of 3 months with effect from 1st September 2005. Under the terms of the contract K Sera Sera shall deliver content in cinematographic forms which will be exhibited on the broadband network by VSNL in form of clippings, trailors , music videos and other materials created & derived from cinematographic works.

One of the increasingly popular distribution channel is the mobile phone, through which consumers are downloading movie clips, games, ringtones etc. Since wireless uptake in India is growing at a healthy CAGR of over 80% in last few years, this industry is providing a new revenue stream for selling their entertainment content *(Source: FICCI PwC Report)*. This explosion in mobile telephony has led to a growing demand for mobile gaming as users migrate from handsets meant for communication to complete mobile entertainment platforms. This market presents a huge opportunity for entertainment companies like ours and we have tied up with applications company People Interactive Pvt Ltd (Mauj.com) for delivering ring tones, sing tones, wall papers, games based on our content.

MARKETING AND PROMOTION OF MOVIES

Our company does strong and innovative marketing campaigns for our movies. We believe in the power of marketing and utilize all available possibilities, both paid and unpaid to achieve maximum excitement around our releases.

Promotion and marketing of a film is an integral and essential part for the success of the movie. The function of marketing and promotion is to bridge the gap between the audience and the movie product. It is to drive the moviegoers to buy the ticket for our movies and view them. It also provides information and creates excitement and demand in the trade for our movies. Almost 20-25% of the movie cost is incurred for marketing the movie content.

The marketing of the movie starts normally around a month before the release of the movie to generate interest and to draw crowd to the theatres. Promotion of the movie is done through print ads, posters, billboards and signboards. Nowadays one of the most common methods of film promotion is through clippings or glimpse of movie or songs being shown on Television Channels and Music Channels. Efforts are also made to popularize the music of the film through television channels and radio. Even after the release of the movie, promotion is continued for a required amount of time to keep the interest alive in the moviegoer.

Marketing and promotional activities of our films follow a three-phase structure.

1. *Pre-hype* - 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.

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, artists 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 movie in the opening weekend the level of publicity to be maintained for the film is the post release weeks, is decided.

OUR COMPETITIVE ADVANTAGE

We believe that our core skills lie in the area of creativity and its effective and efficient management. We have the expertise and experience to recognize, develop, nurture and design quality content, for any screen and to manage the process from idea- to- release so as to deliver profitable projects. That's the reason why we have deliberately adopted a policy of not investing in hardware or equipment. Our competitive strengths include the following:

- **Expertise in Movie Production**

Though we are relatively new to movie production business, we are well placed in the Industry and have demonstrated the ability to produce profitable movies.

- **Strength in systems**

We have been awarded with ISO 9001: 2000 certification for quality management system.

- **Professional team**

We strongly believe that our success depends upon the creativity and skills of our in-house creative team. We have a selected team who look into the various aspects of film production. Our CEO, Ms Kacon Sethi (Ex-EVP, Sony Entertainment Television) has been instrumental in strengthening our position in the television foray.

The success of our business depends on our management team and their loss could adversely affect our business. Film Production is an unorganized industry and depends upon creativity and individual skills, which is not readily replaceable. The entire success of the film depends upon the creativity of a few people like the director, scriptwriter, actors etc. We believe that we are well placed in the Industry to use such creative talent.

- **Strong Distribution & Marketing Network**

We enter into agreements with distributors of good repute to ensure a wide coverage of our movies. We have entered into a partnership agreement with PVR and VCL for distribution of our movies in Delhi-UP and Uttaranchal. We also have a tie-up with Mauj and VSNL to promote our movies through telecommunication and broadband. We have a PR department, which looks into the publicity of our movies. We also engage agencies for promoting our movies.

- **Diversification to other segments of the industry**

We have tried to straddle different segments of the entertainment industry as well as different aspects of the value chain within each segment – to build scale, increase revenue streams, to mitigate losses, leverage on opportunities and skill sets and to avoid any downturn that may impact any one segment.

We have ventured into the television segment with setting up of our wholly owned subsidiary "Twenty Twenty Television Company Limited". One of our serials is on air and two serials of Twenty Twenty are expected to be on air soon.

We have also extended our distribution business. Now besides distribution of our own movies, we are also distributing the movie content of other producers/ directors.

INFRASTRUCTURE FACILITIES

We do not own any hardware or equipments required for movie and television content production, nor have we invested in editing or film studios except for editing machines. Owning and managing hardware, shooting equipment and studios would cost us more and the obsolete risk is high. We keep our options open to hiring of services from the best in the market, both in India and abroad and would continue to exercise that option unless deemed necessary. There are a large number of quality suppliers in the business and we don not anticipate any difficulty in sourcing in the near future.

MANPOWER DETAILS

Our Company largely depends upon the caliber and efficiency of our work team. Our human resource policy is targeted at motivating our employees and developing a congenial work environment.

Our recruitment process ensures that the new employees recruited are competent and can provide value additions to us. A systematic assessment process is designed which involves technical / non-technical interviews by the heads of the respective departments and evaluation of their work profile to identify the right candidate for the job. An Induction & Orientation process is done to present the history, the current scenario and the future to all new recruits in our Company.

Present Manpower

Our Company at present has 31 employees. The details of the same are as under:

Particulars	**No. of Employees**	**Functional Area**
Managerial, Technical and supervisory staff	13	Operations, Finance, Human Resource, Secretariat, Administration, Marketing, Distribution and Public Relations
Executives & Assistants	4	Operations, Finance, Human Resource, Secretariat, Administration, Marketing, Distribution and Public Relations
Others	14	Administration
Total	**31**	

Additional Manpower

Our Company already has key employees required for managing the Project operations. It may recruit additional manpower, if required, for which it does not envisage any difficulty, as the same is easily available.

A. INSURANCE

We have taken following Insurance Policies:

- Group Personal Accident Insurance Policy with Bajaj Allianz General Insurance Company Limited for some of its employees to provide a comprehensive coverage against accidental injury causing death, permanent total disability, permanent partial disability or temporary disability of the persons insured under the policy
- Standard fire and special peril policy with Bajaj Allianz General Insurance Company Limited for our Cinematography Movie Editing Machine
- Individual Health Guard Policy for our key employees from Bajaj Allianz General Insurance Company Limited
- Insurance Policy for our vehicles from National Insurance Company and HDFC Chubb General Insurance Company Limited

B. PROPERTY

The details of our Company's properties are provided below:

S. No.	Location	Area	Lease Hold / Free Hold	Activities
1	403/404, Abhishek Building, Off New Link Road, Andheri (W), Mumbai – 400 053	1,407 Square feet	Leasehold	For Subsidiary Company
2	Shop No.1, Mamin Complex , Yethil Nagar, Galgaon, Bhusawal,	400 Square feet.	Leasehold	Distribution Office
3	Premises bearing Block no."G" on 1st floor in NAAZ Cinema Buliding ,Lamington Road, Mumbai 400004	415 square feet	Lease hold	Partnership office

Note:

1. The Company has its registered office at Versova Shree Darshan Co-operative Housing Society Limited, Ground Floor, Plot No.15, R.D.P – 2, Sardar Vallabhbhai Patel Nagar, Near Versova Telephone Exchange, Andheri (West), Mumbai – 400 053. We share registered office premises with VCL in terms of the MOU entered. VCL has taken premises on lease from Moreshwar Trading Company Private Limited.

KEY INDUSTRY REGULATION

There are no specific industry regulation applicable to our company.

HISTORY AND CORPORATE STRUCTURE

HISTORY & BACKGROUND OF THE COMPANY:

Our Company was originally incorporated as 'Garnet Paper Mills Limited' on 6th September 1995 with Registrar of Companies, Mumbai under the Companies Act, 1956 with the main object *inter alia* of carrying on the business of paper, paper products, paper boards and all other similar kind of articles. Garnet Paper Mills Limited made its maiden Issue in September 1996. The Company did not receive allotment money of Rs. 49.30 million due to which it could not implement the 30TPD paper project. The accumulated losses as per audited financial results as on 31st March 2002 was Rs.0.90 million.

The Erstwhile Company 'Garnet Paper Mills Limited' did not have any operations and therefore it had not paid the listing fees for the year 2001-02 and BSE suspended trading on these shares with effect from 7th January 2002.Our Company paid the listing fees on 14th May 2002 subsequent to which the suspension was revoked w.e.f 25th June 2002.

The Promoter Companies Mantra Trading Company Private Limited (formerly known as 'Monalisa Mouldings Private Limited') and Vajra Trading Company Private limited (formerly known as 'Azam Plastics Private Limited') entered into an agreement on June 5, 2002 with the promoters of Garnet Paper Mills Limited and acquired 21.62% of the issued capital at Re.1/- per share. Subsequently, in response to the open offer dated 25th July 2002, as per the Takeover Regulations to acquire 20% shareholding, 7,900 Equity Shares at Rs.10/- per share (fully paid up) were acquired from the existing shareholders of Garnet Paper Mills Limited.

Mr. Parag Sanghavi, Mr. Ashok Pamani and Mr. Azam Khan were inducted into the Board as additional directors on 16th September 2002. Mr. Ramesh Pamani also joined the Board on 31st March 2003.

The object clause of our Company was amended vide Special Resolution dated 12th October 2002 inter alia to carry on the business of motion pictures, still pictures, T.V serials, music albums, audio, digital product etc. which inter alia includes production, re-production, editing, dubbing, distributing, recording etc and a fresh certificate of incorporation consequent to change of name to "K Sera Sera Productions Limited" dated 23rd October 2002 was obtained from RoC, Mumbai.

The Promoters of Garnet Paper Mills Limited; Mr. Kishan Kumar Kedia, Mr. Sanjay Kedia and Mr. Arun Kumar Kedia and Mr. Sohanlal Agrawal, the Managing Director resigned from the Board on 12th June 2003.

The Company passed a special resolution by postal ballot, the results of which were declared at the AGM held on 7th July 2004 authorising our promoter companies to enter into a contractual agreement with Mr. Ashok Pamani & Mr. Parag Sanghavi for sharing of control of management between Promoters Companies, Mr. Ashok Pamani, Mr. Ramesh Pamani and Mr. Parag Sanghavi,. Now, the promoters of our Company are Mantra Trading Company Private Limited, Vajra Trading Company Private Limited, Mr.Ashok Pamani, Mrs. Kamini Pamani, Mr. Ramesh Pamani and Mr. Parag Sanghavi

Our Company made application for voluntary delisting of shares from The Stock Exchange, Ahmedabad & The Delhi Stock Exchange Association Limited and the same was consented to vide their letter dated 3rd February 2004 and 4th March 2004 respectively.

Our Company made an application to NSE Limited on 17th August 2004 for listing of its shares, however NSE vide its letter dated 1st September 2004 conveyed its inability to consider the request, due to non-fulfillment of the 3-year dividend track record/ Net Worth criterion.

The Income from operations during the year 2003-2004 & 2004-2005 were Rs.239.76 million & Rs.374.58 million respectively. Reserves & Surplus as on 31st March 2005 were 232.41 million.

Major events in the history of Our Company is given below:

Financial Year	Event
1995-96	• Incorporated as "Garnet Paper Mills Limited"
1996-97	• Maiden issue by "Garnet Paper Mills Limited" in September 1996

Financial Year	Event
2002-03	• Takeover by Mantra & Vajra in September 2002 • First stage show in association with SET.
2003-04	• First movie "Darna Mana Hai" released in association with Ram Gopal Varma • Agreement with Sahara India Mass Communication Limited in December 2003 to produce 10 movies in association with Varma Corporation Limited for a consideration of Rs.267 million • Two other movies released in association with Varma Corporation Limited "Ek Hasina Thi" & "Ab Tak Chappan". • Partnership Deed dated 17th February 2004 with Varma Corporation Limited to distribute movies in Mumbai. • Partnership Deed dated 19th February 2004 with PVR and Varma Corporation Limited to distribute movies in Delhi , UP And uttranchal • Dividend declared @10%
2004-05	• Released three movies "Gayab", "Vaastu Shastra" & "Naach" • First Television Serial "Aao Bahen Chugli Kare" on Sahara TV Channel • Second Television Serial "Kuch Love Kuch Masti" on Sahara TV Channel • Subsidiary "Twenty Twenty Television Company Limited" incorporated for TV serial production. • Obtained Distribution rights of "Tango Charlie" for Nizam Circuit area and Mysore • Obtained Distribution rights of "Jo Bole So Nihaal" for Mysore and Nizam circuit
2005-06 (up to September 2005)	• Obtained Distribution rights of "Nazar" for Nizam area and C.P. Berar • Distribution of "D", "Kaal", "Dus" and "Mangal Padey – The Rising" • Produced & released three movies; "Sarkar", "James" and "My Wife's Murder"

Changes in Registered Office

The registered office of our Company is situated at Versova Shree Darshan Co-operative Housing Society Limited, Ground Floor, Plot No.15, R.D.P – 2, Sardar Vallabhbhai Patel Nagar, Near Versova Telephone Exchange, Andheri (West), Mumbai – 400 053 .

Place of Registered Office	Shifted to	Date of change	Reason
17, Milap Apartment, S. V. Road, Malad (West), Mumbai – 400 064.	1014L, 10th Floor, Navjivan Commercial Building No.3, Lamington Road, Mumbai – 400 008	16-09-2002	Change of management
1014L, 10th Floor, Navjivan Commercial Building No.3, Lamington Road, Mumbai – 400 008	D-504. Remi Bizcourt, Plot No.9, Shah Industrial Estate, Off Veera Desai Road, Andheri (West), Mumbai – 400 053.	19-12-2002	Better Premises
D-504. Remi Bizcourt, Plot No.9, Shah Industrial Estate, Off Veera Desai Road, Andheri(West), Mumbai – 400 053.	Versova Shree Darshan Co-operative Housing Society Limited, Ground Floor, Plot No.15, R.D.P – 2, Sardar Vallabhbhai Patel Nagar, Near Versova Telephone Exchange, Andheri (West), Mumbai – 400 053	08-09-2003	Expiry of Lease Agreement

Change in Name:

Previous Name	Changed Name	New Incorporation Certificate Date
Garnet Paper Mills Limited	K Sera Sera Productions Limited	23-10-2002

CHANGE IN MEMORANDUM & ARTICLES OF ASSOCIATION

(a) Change of Name of the Company:

The name of our Company was changed from "Garnet Paper Mills Limited" to "K Sera Sera Productions Limited" on takeover by the present management by a Special Resolution passed at the Extra Ordinary General Meeting held on 12th October 2002.

(b) Change of Authorised Capital

Garnet Paper Mills Limited was registered with an Authorised Capital of Rs. 10 million. The present authorised capital of our Company is Rs. 500 million comprising Equity Shares of Rs.250 million and preference share capital of Rs.250 million. The details of changes in authorised capital since inception are as under:

SNo.	Particulars of Increase	Equity Share Capital (Rs. in million)	Preference Share Capital (Rs. in million)	Total Authorised Capital (Rs. in million)	Date of Meeting	AGM / EGM
1.	Rs.10 million	10.00	NIL	10.00	06/09/95	Incorporation
2.	Rs.10 million to Rs.120 million	120.00	NIL	120.00	22/01/96	EGM
3.	Rs.120 million to Rs.150 million	150.00	NIL	150.00	23/06/03	EGM
4.	Rs.150 million to Rs.250 million	250.00	NIL	250.00	05/02/04	EGM
5	Rs.250 million to Rs.300 million	250.00	50.00	300.00	07/07/04	AGM
6	Rs.300 million to Rs.500 million	250.00	250.00	500.00	29/09/05	AGM

(c) Change in Object Clause

The object clause was altered vide special resolution passed in the EGM held on 12th October 2002, to carry on the present business of motion pictures, still pictures, T.V serials, music albums, audio, digital product etc. which *inter alia* includes production, re-production, editing, dubbing, distributing, recording etc.

(d) Dematerialization of shares

Our Company altered the Articles to include dematerialization of securities, nomination and transmission of securities by passing a special resolution passed at the EGM held on 29th May 2001.

(e) Sitting fees

Our Company altered the Articles to enable payment of sitting fees to the Directors for attending meeting of the Board or Committees thereof, by passing a special resolution at the AGM held on 29th September 2005.

MAIN OBJECTS OF THE COMPANY:
The main object of our Company as given in MoA is reproduced below:

To carry on the business of manufacturing, producing, re-producing, formulating, processing, designing, refining, finishing, recovering, extracting, buying, selling, exporting, importing, transporting, transmitting, distributing, consulting, hiring, renting, mixing, editing, dubbing, sound recording, shooting or otherwise dealing in all kind of motion pictures, still pictures, films, T.V serials, advertisement films, music albums, audio, micro processor based systems, digital product, communication equipments, process control equipment, instrumentation, electronic equipments, wireless transmitting and receiving sets, television, radios, broadcasting and receiving sets, tapes, wire records, sound recording, processing and reproducing apparatus, record changes, cassettes, dicks, rolls, devices, accessories, appliances, materials and requisite of every kind where by sound or vision is recorded, amplified, produced, reproduced, transmitted or received.

SUBSIDIARY COMPANIES:
We have only one subsidiary company:

Twenty Twenty Television Company Limited ("Twenty Twenty")
Twenty Twenty was incorporated as 'Twenty Twenty Television Limited on 27th October 2004 under the Companies Act, 1956 vide certificate of incorporation no. 11-149293. Twenty Twenty obtained the certificate of commencement of business dated 19th November 2004. The name of Twenty Twenty was changed to its present name Twenty Twenty Television Company Limited vide certificate dated 27th January 2005.The registered office of Twenty Twenty is situated at Versova Shree Darshan Co-operative Housing Society Limited, Ground Floor, Plot No.15, R.D.P – 2, Sardar Vallabhbhai Patel Nagar, Near Versova Telephone Exchange, Andheri (West), Mumbai – 400 053. Twenty Twenty was incorporated with the main objective of carrying on the business of producing, directing, distributing and other dealing in TV serials, tele-films, soaps, documentaries, animation films, chat shows, educational, dramatic, comic, cartoons, colored, and similar kind of shows. The Company has commenced commercial operations. For more details please refer to the heading 'Financial information of subsidiary and group companies' in the Draft Red Herring Prospectus.

SHAREHOLDERS AGREEMENTS

Board of Directors in their meeting held on 31st May 2004 accorded their consent to conduct a postal ballot, to seek approval of shareholders for passing a special resolution for sharing of control between,Promoter Companies, Mr.Ashok Pamani, Mr. Ramesh Pamani and Mr. Parag Sanghavi in compliance with the takeover Regulations.

Pursuant to the approval of shareholders obtained through postal ballot, which was declared as passed in the Annual General Meeting held on 7th July 2004, our Promoter Companies entered into a Shareholders Agreement with Mr. Ashok Pamani and Mr. Parag Sanghavi on 19th August 2004.

As per the terms of this Shareholders Agreement, we shall take no action and no resolution can be passed by our Board except with the unanimous consent of Mr. Ashok Pamani, Mr. Ramesh Pamani & Mr. Parag Sanghavi. *Further, the Shareholders Agreement shall terminate on sale of shares in our Company by Ashok Pamani, Ramesh Pamani or Parag Sanghavi or vacation of directorship by any of them or by giving a notice thereof to the shareholders.*

The Shareholders Agreement forms part of Material Contracts & Documents.

OUR MANAGEMENT

BOARD OF DIRECTORS

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

Name of Directors, Age in years, Father's name, Designation, Occupation and Address	Other Directorships
Mr. Ashok Pamani **Non-Executive Chairman** 31 Roberts Road, Englewood Cliffs, NJ07632, USA. Age: 45 years Occupation: Businessman	• Style Asia Inc., USA • KKK Investments (Pvt.) Limited., Mauritius • K Sera Sera Productions Inc., USA • Generation Marketing Group Inc., USA • SGA Investments LLC, USA • Twenty Twenty Television Company Limited (Subsidiary Company)
Mr. Parag Sanghavi **Managing Director** 2203, Windsor Tower, Shastri Nagar, Andheri (West), Mumbai – 400 053. Age: 33 years Occupation: Businessman	• Twenty Twenty Television Company Limited (Subsidiary Company) • Today's Writing Products Limited.
Mr. Ramesh Pamani **Director** 20 Booth Ave, Englewood Cliffs, NJ 07632, USA. Age: 41 years Occupation: Businessman	• Style America Inc., USA • Ashrick Enterprises Inc., USA
Mr. Raj Sital Das Motwani **Director** 79 Wyndham Street, 2nd & 3rd Floor Central Hong Kong Age: 43 years Occupation: Businessman	• Style Asia Limited, Hong Kong • SKM International Limited. • S. K. Holdings Limited. • Link Holdings Limited. • Sital Net Corporation.
Mr. Ashok Gulabrai Gangwani **Director** 12A, Kowloon Centre, 29-39 Ashley Road, Tsim Sha Tsui, Kowloon, Hong Kong. Age: 39 years Occupation: Businessman	• Sanwin Watches & Electronics – Hong Kong • Television (I) Private Limited. • Electrovision Inc., Panama
Mr. Vijay B. Chandra **Director** 144, Megh Tower, Megh Malhar Complex, Goregaon(East), Mumbai Age: 70 years Occupation: Nominee Director	• Sahara India Mass Communication Limited • Sahara Sanchar Limited • ARMD Media Entertainment Private Limited • Sahara Indian Entertainment Management Company Limited

Name of Directors, Age in years, Father's name, Designation, Occupation and Address	Other Directorships
Dr. M.K.Sinha **Director** 1604 Orchid, Vasant Valley Complex, Film City Road, Mumbai – 400 097. Age: 69 years Occupation: Professional	• Entertainment World Developers Private Limited • Prag Bosimi Limited • Pasupati Fabrics Limited • Amines & Plasticizers Limited • SKS(Ship) Limited
Mr. Prakashkumar H Shah **Director** 46/A, A.K.Marg, Gowalia Tank Building, Mumbai – 400 036 Age: 42 years Occupation: Chartered Accountant	• None
Mr. A Parthasarthy Naidu **Director** F-79, Sector -21/22, Income Tax Colony Uran Road, CBD Belapur, Navi Mumbai – 400 614. Age: 52 years Occupation: Professional	• None

PROFILE OF DIRECTORS, OTHER THAN PROMOTER DIRECTORS:

Mr. Ashok Gulabrai Gangwani
Mr. Ashok Gulabrai Gangwani, 39, is a businessman engaged in the business of export of watches, consumer electronics and sundries in Hong Kong and China. He is on the Board of Sanwin Watches & Electronics Limited Hong Kong, Electrovision, Television (I) Private Limited and is a partner of Supreme Electronics- Dubai. He is a Non-Executive Director of our Company.

Mr. Raj Sital Das Motwani
Mr. Raj Sital Das Motwani, 43, is a businessman with over 20 years of experience. He is the Director of Style Asia group of companies which is engaged in the manufacture and export of watches and consumer electronics in Hong Kong and China. He is also associated with Indian Chambers of Commerce, Hong Kong since the past 17 years and is presently the Chairman. He is the President of Overseas Indian Organisation, Vice President – Non Resident Indian Association and the Associate Editor of 'The Indian', an International magazine devoted to overseas Indians. He has been awarded with 'Bronze Bauhinia Star' for his distinguished service in promoting Hong Kong's trade interest. He was appointed as the 'Justice of Peace' by the Chief Executive of the Hong Kong SAR in 1999. He has also been an active member of the 'Hong Kong International Business Committee' and 'Hong Kong Government Trade and Industry Advisory Board'. He is a Non-Executive Director of our Company.

Mr. Vijay B. Chandra
Mr. Vijay B. Chandra is the Nominee Director of Sahara India Mass Communication Limited with whom we have entered into a MoU on 31st December 2003. He is also on the board of other companies like Sahara India Mass Communication Limited. He has over 4 decades of experience in filmmaking and public administration. He has a distinguished list of over four hundred films of varied nature to his credit as Producer, Director, Writer and Cinematographer. He has won over twenty International and fourteen National awards. He has represented the Ministry of Information and Broadcasting and also the film division as a film marker and mass communication

expert on several occasions. He is one of the founder Director of Bombay International Film Festival of India for documentary, short and animation films. His film 'Kal Ka Aadmi' won National Award as the best film in the year 2001.

Dr. M.K.Sinha
Dr. Mithilesh Kumar Sinha, 69 years, retired as the Chairman& Managing Director of State Bank of India (SBI) in 1995 after serving the bank for almost 39 years. He is a Doctorate in Science and has done his Masters in Mathematics. Over his period of service with the SBI, he has been involved in critical areas like management audit, human resource & organisational development, foreign exchange, fund management, financial restructuring etc. He was a representative of SBI for the East European countries at Moscow for almost 4 years. He was on the Board of seven associate banks of SBI while working with the SBI. He is a Non-Executive Director and is a member of Audit Committee and Shareholders Grievance Committee.

Mr. Prakashkumar H Shah
Mr. Prakashkumar H Shah, 42 years, is practicing Chartered Accountant since 1985. He specializes in taxation, tax planning and auditing. He is also in the panel of around 10 Co-operative Societies audit. He has been appointed as the Chairman of the Audit Committee.

Mr. A Parthasarthy Naidu
Mr. A Parthasarthy Naidu, 52 years, is an associate of The Institute of the Company Secretaries of India and is having a bachelor's degree in Law. He has over 30 years of experience in company administration and management functions involving mutli-disciplinary activities in the field of company and other allied laws governing companies. He retired as the Vice President & Company Secretary of Indian Petrochemicals Corporation Limited (IPCL) in 2004. He has in the past handled company law matters, compliance of statutory provisions, interaction with lawyers, attending court cases, vetting agreements and other matters dealing with corporate secretariat department. He has been appointed as the Chairman of the Shareholders Grievance Committee. He is also a member of the Audit Committee.

SHAREHOLDING OF DIRECTORS:

Name of the Director	No. of shares	% of Paid up Share Capital
Mr. Ashok Pamani	647,550	4.46%
Mr. Parag Sanghavi	489,975	3.38%
Mr. Ramesh Pamani	271,229	1.87%
Mr. Ashok Gangwani	488,229	3.36%
Mr. Raj Sital Motwani	100,000	0.69%

The Articles do not require the Directors of our Company to hold any qualification shares.

BORROWING POWERS OF THE BOARD:

Our Company passed an ordinary resolution in the AGM held on 7th July 2004, authorizing our Board to secure any loan or financial assistance, fund or non-fund based by way of cash credit, overdraft, letter of credit and guarantee facilities and the like for the benefit of our Company/ our subsidiary/ our associates and/or body corporates, whether in Rupees or Foreign currency or currencies subject to a maximum of Rs. 2,000 million from time to time in accordance with terms & conditions of the mentioned in the loan agreement or other agreements.

COMPENSATION TO MANAGING/ WHOLETIME DIRECTORS

The details of special resolution passed in the AGM on 7th July 2004 are as under:

"RESOLVED That in supersession of the special resolution passed by the shareholders in the Extra- ordinary General meeting of the Company held on 23rd June, 2003, and subject to requisite approvals, if any, pursuant to sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act, including any statutory modifications or re-enactment thereof for the time being in force, the provisions of the Articles of Association of the Company and subject to the approval of financial institutions/banks

, where necessary, Mr. Parag .M. Sanghavi be paid the following remuneration for his services as Managing Director of the Company with effect from 1st May, 2004.

SALARY:
Basic Salary: In the range of Rs. 75,000/- to Rs. 200,000/- (Rupees Seventy Five thousand to Rupees Two Lacs only) per month.

PERQUISITES AND ALLOWANCES:

CATEGORY A

1. HOUSING :
   Fully furnished residential accommodation. Where no accommodation is provided by the Company, the Managing Director shall be entitled to a suitable house rent allowance, in lieu thereof. Expenditure incurred by the Company on gas, electricity, water and furnishings and other utilities shall be borne by the company and valued as per the Income Tax, Rules, 1962.

2. MEDICAL REIMBURSEMENT :
   Reimbursement of all medical expenses incurred for self and family subject to a ceiling of one months salary in a year or three months salary over a period of three year.

3. LEAVE TRAVEL CONCESSION:
   For self and family once in a year in accordance with the rules of the Company.

4. CLUB FEES:
   Fees of clubs exclusive of admission and life membership fees subject to a maximum of two clubs.

5. PERSONAL ACCIDENT INSURANCE:
   Personal Accident Insurance as per the Company's policy.

CATEGORY B

1. Company's contribution towards provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax , Act , 1961.
2. Gratuity benefits in accordance with the rules and regulations in force in the company from time to time but not exceeding half a month's salary for each completed year of service.
3. Leave at the rate of one month for every eleven months of service . Leave not availed may be encashed.
4. Benefits under loan and other schemes, in accordance with the practices, rules and regulations in force from time to time
5. Such other benefits as may be provided by the Company from time to time.

CATEGORY C

Car with chauffer for use on Company's business and telephone, internet and fax facility at residence. They will however, not to be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the Company to the Managing Director, at actuals.

Family for the above purpose means wife, dependent children and dependent parents of the Managing Director.

COMMISSION :

Commission shall be in addition to salary and perquisites and shall be decided by the Board of Directors based on the net profits of the Company each year subject to the condition that the aggregate remuneration of the Managing Director shall not exceed the overall ceiling stipulated in Sections 198 and Section 309 of the Companies Act and in accordance with the provisions of section 349, other applicable provisions and Schedule XIII to the Companies Act, 1956.

MINIMUM REMUNERATION :

Notwithstanding anything to the contrary herein contained above, in the event of loss or inadequacy of profits in any financial year during the currency of his tenure as Managing Director, the payment of salary, perquisites and other allowances, shall not exceed amount payable, in terms of Part II of Schedule XIII of the Companies Act, 1956, as minimum remuneration.

For the purpose of computation of minimum remuneration, the following shall not be included:
1. Contribution to provident fund, super-annuation fund or annuity fund to the extent these singly or put together are not taxable under the Income Tax, 1961.
2. Gratuity at the rate not exceeding half a months salary for each year of completed service.
3. Encashment of leave at the end of the tenure.

REMUNERATION FOR A PART OF THE YEAR:
Remuneration for a part of the year shall be computed on prorata basis.

SITTING FEE:
If permitted by law, the Managing Director shall be entitled to sitting fee in addition to the remuneration mentioned above, for attending meetings of the Board**.**

COMPENSATION:
The Managing Director shall be entitled to receive compensation for loss of office in accordance with the provisions of the Companies Act, 1956 or any statutory amendment or re-enactment thereof. "

RESOLVED FURTHER THAT the Board of Directors of the Company (inclusive of any committee constituted for the purpose) be and is hereby authorised to increase/ revise /vary/modify from time to time during the tenure of the present appointment (1st February, 2003 to 31st January, 2008) of Mr. Parag M Sanghavi, the remuneration/perquisites/benefits payable to him as Managing Director, subject to mutual consent and subject to the ceilings laid down in Section 198, 309, and Schedule XIII to the Companies Act, 1956 without further approval of the members of the company but with such other approvals, sanctions, or permissions, if any, required for such increase/ revision/ variation/ modification in remuneration".

REAPPOINTMENT OF MR. PARAG SANGHAVI AS MANAGING DIRECTOR OF THE COMPANY FOR A PERIOD OF 5 YEARS FROM 1st FEBRUARY 2003

The details of Special Resolution passed in the EGM held on 25th June 2003:

"RESOLVED THAT subject to the provisions of Section 198, 269, 310 and 314 of the Companies Act, 1956 and any other applicable provisions if any of the said Act and in accordance with Schedule XIII under the Companies Act, 1956 **Mr. Parag Sanghavi** be and is hereby appointed as the **Managing Director** of the Company between the period 1st February 2003 to 28th February 2008 on the terms and remuneration detailed below:

1. Period: The appointment will be for a period of five years with effect from 1st February 2003.
2. Nature of duties: As Managing Director, he shall have the overall control on the business of the company with power to enter into contracts on behalf of the Company in the ordinary course of business and to do and perform all other acts and things, which in the ordinary course of business he may consider necessary or proper in the interest of the Company.

   He will carry out such duties as may be entrusted to him subject to the supervision and control of the Board of Directors
3. Remuneration: Rs.50,000/- during the first year of appointment and thereof to be fixed by the Board of Directors but not exceeding the maximum permissible as stipulated in Schedule XIII of the Companies Act,1956 as amended from time to time

CORPORATE GOVERNANCE

Being a Listed Company, we are already complying with clause 49 of Listing Agreement pertaining to Corporate Governance. The SEBI Guidelines in respect of Corporate Governance is applicable to our Company and will be continue to be applicable upon listing of its Equity Shares on The Stock Exchange, Mumbai. Our Company undertakes that it shall take the necessary steps to comply with all the requirements of the guidelines on Corporate Governance as would be applicable to it upon further listing of its Equity Shares. In this regard, our

Company has already set up an Audit Committee, Remuneration Committee and Shareholders Grievance Committee as per the requirements of the revised guidelines.

Composition of Board of Directors:

The Board of Directors of our Company has the required combination of Executive and Non-Executive Directors as stipulated in Clause 49 of the Listing Agreement. Accordingly not less than one-third of the Board comprises of Non-Executive Directors / Independent Director.

Mr. Ashok Pamani is a Non-Executive Chairman; accordingly our Company has four Independent Directors.

Board Structure:

Sr. No.	Name of the Director	Designation	Nature of Directorship	Date of Expiry of Terms
1.	Mr. Ashok Pamani	Chairman	Non-Executive Director & Non-Independent	Liable to retire by rotation
2.	Mr. Parag Sanghavi	Managing Director	Executive Director & Non-Independent Director	31-01-2008
3.	Mr. Ramesh Pamani	Director	Non-Executive & Non-Independent Director	Liable to retire by rotation
4.	Mr. Raj Sital Das Motwani	Director	Non-Executive & Independent	Liable to retire by rotation
5.	Mr. Ashok Gulabrai Gangwani*	Director	Non-Executive & Non-Independent	Liable to retire by rotation
6.	Mr. Vijay B. Chandra*	Nominee Director	Non-Executive Director & Non-Independent	Not liable to retire by rotation
7.	Dr. M. K. Sinha	Director	Non-Executive & Independent	Liable to retire by rotation
8.	Mr. Praskashkumar H Shah	Director	Non-Executive & Independent	Liable to retire by rotation
9.	Mr. A P Naidu	Director	Non-Executive & Independent	Liable to retire by rotation

* - Shareholding more than 2%

No fee / compensation is paid to the Non-Executive Directors.

Code of conduct for Directors and senior management was formulated and the same was approved in the Board Meeting held on 11th April 2005. The Code of Conduct is also available on the website of the company.

Audit Committee

The Audit Committee of our Company inter-alia provides an assurance to the Board on the adequacy of internal control systems and financial disclosures. The broad terms of reference of Audit Committee includes review of internal control & internal audit system, review quarterly, half yearly, annual financial results before submitting to the board, making recommendations to the Board etc

Composition of Audit Committee:

Sr. No.	Name of the Director	Designation	Nature of Directorship
1	Mr. Prakashkumar H Shah	Chairman	Non Executive, Independent Director
2	Dr. M. K. Sinha	Member	Non Executive,

			Independent Director
3	Mr. A P Naidu	Member	Non Executive, Independent Director

Role of Audit Committee:

i. To have discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and to review the half-yearly and annual financial statements before submission to the Board and ensure compliance of internal control systems.

ii. To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

iii. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.

iv. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.

v. 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.

vi. Discussions with internal auditors on any significant findings and follow up thereon.

vii. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

viii. Discussions with external auditors before the audit commences, nature and scope of audit as well as to have post-audit discussion to ascertain any area of concern.

ix. Reviewing the Company's financial and risk management policies.

x. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any.

xi. To review the related party transactions or such material transactions which are not in the normal course of business; together with the management justification for the same.

xii. To investigate, seek information, obtain legal or professional advice for any of the above activities or for such activities as may deem fit.

Shareholders Grievance Committee

Our Company has constituted a Shareholders Grievance Committee that looks into the redressal of shareholder/ investor complaints such as Issue of duplicate/split/consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/transmission of shares and debentures, complaints for non receipt of dividends etc. Our Company has appointed Bigshare Services Private Limited as the Share Transfer Agents of our Company vide MoU dated 15th January 2003 in compliance with SEBI directive and power relating to share transfers has been delegated by the Board to Registrar & Transfer Agents (Bigshare Services Private Limited).

Composition of Shareholders Grievance Committee:

Sr. No.	Name of the Director	Designation	Nature of Directorship
1	Mr. A P Naidu	Chairman	Non Executive, Independent Director
2	Mr. Parag Sanghavi	Member	Executive Director
3	Dr. M. K. Sinha	Member	Non Executive, Independent Director

The Shareholders Grievance Committee presently comprises of three Directors; Mr. A P Naidu, Mr. Parag Sanghavi and Dr. M K Sinha. The Committee is headed by Mr. A P Naidu, Non-Executive Director.

Remuneration Committee
We constituted a Remuneration Committee in the Board Meeting held on 11th April 2005 comprising three Non-Executive Directors; Mr. A. P. Naidu (Chairman of the committee), Mr. Prakashkumar H Shah & Dr. M. K. Sinha. The main function of Remuneration Committee will be to determine remuneration package of executive directors.

Composition of Remuneration Committee:

Sr. No.	Name of the Director	Designation	Nature of Directorship
1	Mr. A P Naidu	Chairman	Non Executive, Independent Director
2	Mr. Prakashkumar H Shah	Member	Non Executive, Independent Director
3	Dr. M. K. Sinha	Member	Non Executive, Independent Director

POLICY ON DISCLOSURES AND INTERNAL PROCEDURE FOR PREVENTION OF INSIDER TRADING

Our Company endeavors to preserve the confidentiality of the un-published price sensitive information and to prevent misuse of any such information. We have framed a code of conduct for 'prevention of insider trading' which is to be followed by all the directors, officers and designated employees. Such a code of conduct refrains any profiteering by any kind of misuse of the unpublished price sensitive information and thereby enabling the Company to retain investor confidence. The Code of Conduct is also available on the website of the company.

Ms. Amruta Jayant Paranjape, Company Secretary has been authorized for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information, pre-clearing of designated employees and their dependant trades, monitoring of trades and the implementation of the code of conduct under the overall supervision of the board.

INTEREST OF PROMOTERS AND DIRECTORS

All the directors except the Promoter Directors may be deemed to be interested only to the extent of fees, if any, payable to them for attending meetings of the Board or committee thereof as well as to the extent of other remuneration and/or reimbursement of expenses payable to them under the Articles.

The Directors may also be regarded as interested in the shares, if any, held by or that may be subscribed by and allotted/transferred 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 K Sera Sera Productions Limited with any Company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

The Managing Director is interested to the extent of remuneration paid to him for services rendered to our Company. Further, the other Directors are interested to the extent of Equity Shares that they are holding and or allotted to them out of the present Issue, if any, in terms of the Draft Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the Equity Shares.

Except as stated otherwise in this Draft Red Herring Prospectus, our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of the Draft Red Herring Prospectus in which the Directors are directly or indirectly interested and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made to them.

Directors Remuneration for the year ended 31st March 2005:

Sr. No	Name of Director	Sitting Fees (Rs.)	Salaries / Perquisites	Commission (Rs.)	Total (Rs.)

			(Rs.)		
1	Mr. Parag Sanghavi	NIL	1,414,000	NIL	1,414,000
2	Mr. Azam Khan	NIL	174,000	NIL	174,000
	TOTAL				**1,588,000**

Note: Mr.Azam Khan resigned from Directorship on 9th June 2004

Change in the Board of Directors during the last three years

Our Company was taken over by the present management in the September 2002 the changes in Board is as under:

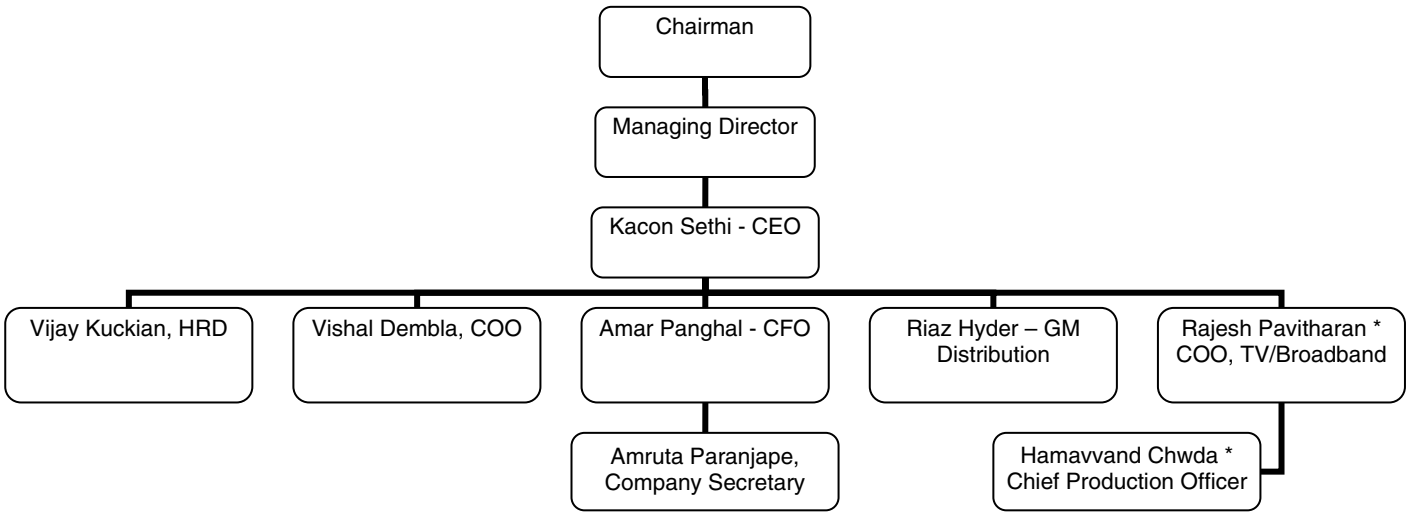
Sr. No	Name of the Director	Date of appointment	Date of Resignation	Remarks
1.	Mr. Ashok Pamani	16th September 2002	-	Appointed as additional director on 16-09-2002 and confirmed as a Director on 06-09-2003
2.	Mr. Parag Sanghavi**	16th September 2002	-	Appointed as additional director on 16-09-2002 and confirmed as a Director on 06-09-2003
3.	Mr. Azam Khan*	16th September 2002	09-06-2004	Appointed as additional director on 16-09-2002 and confirmed as a Director on 06-09-2003 Resigned due to pre-occupation
4.	Mr. Raj Sital Motwani	23rd November 2002	-	Appointed as additional director on 23-11-2002 and confirmed as a Director on 06-09-2003
5.	Mr. Ashok Gangwani	5th March 2003	-	Appointed as additional director on 05-03-2003 and confirmed as a Director on 06-09-2003
6.	Mr. Ramesh Pamani	31st March 2003	-	Appointed as additional director on 31-03-2003 and confirmed as a Director on 06-09-2003
7.	Mr. Kishan Kumar Kedia	Director of Garnet Paper Mills Limited	12th June 2003	Change in Management
8.	Mr. Sanjay Kedia	Director of Garnet Paper	12th June 2003	Change in Management

Sr. No	Name of the Director	Date of appointment	Date of Resignation	Remarks
		Mills Limited		
9.	Mr. Arun Kumar Kedia	Director of Garnet Paper Mills Limited	12th June 2003	Change in Management
10.	Mr. Sohanlal Agrawal	Managing Director of Garnet Paper Mills Limited	12th June 2003	Change in Management
11.	Mr. Vijay B. Chandra	14th June 2004	-	Nominee Director of Sahara India Mass Communication Limited
12.	Mr. A P Naidu	11th April 2005	-	Appointed as additional director on 11-04-2005 and confirmed as a Director on 29-09-2005
13.	Dr. M. K. Sinha	11th April 2005	-	Appointed as additional director on 11-04-2005 and confirmed as a Director on 29-09-2005
14.	Mr. Prakashkumar H Shah	11th April 2005	-	Appointed as additional director on 11-04-2005 and confirmed as a Director on 29-09-2005

*** Appointed as Executive Director with effect from 1st July 2003 and subsequently resigned on 9th June 2004.**

**** Appointed as Managing Director with effect from 1st February 2003.**

ORGANIZATION CHART



* Employed with our 100 % Subsidiary Twenty Twenty Television Ltd.

KEY MANAGEMENT PERSONNEL:

Sr. No	Name	Designation	Age	Qualification	Date of joining	Previous Work Experience (in yrs)	Functional Responsibility	Previously employed with	Annual Compensation as per last P/L (Rs. in million)
1.	Mr. Parag Sanghavi	Managing Director	33	B.Com	16/09/02	10	Overall Management of day-to-day affairs, marketing, distribution and brand building	Family Business	1.41
2.	Ms. Kacon Sethi	Chief Executive Officer	39	PGDM, IIMC, Bachelors in Economics, Seven Pointer in ICSE	05/08/04	13	Overall Execution & Operation	Vice President – Sony Entertainment television	1.33
3.	Mr. Vishal Dembla	Chief Operating officer	25	B. Com	01/09/05	7	Operations	Chief Operating Officer – RGV Films Private Limited	N.A.
4.	Mr. Amar Panghal	Chief Financial Officer	34	FCA, B.Com	03/05/04	14	Finance, Accounts & Budgeting, Accounts Receivable	Elbee Services Limited (Vice President – Finance)	0.69
5.	Mr. Vijay Kuckian	HRD Manager	52	B.A.	01/06/04	32	Recruitment, Promotion, Training & Development	Landmarc Leisure Corporation Limited (HRD Manager)	0.14
6.	Mr. Riaz Hyder	General Manager – Distribution	34	Intermediate Pass	01/03/05	10	Distribution	Varma Corporation Limited (GM - Distribution)	0.04

Note:

1. Till 2003-04, our Company was financing movie/ television production activities. All the contracts with the technicians and other artists were usually made by our Company and Varma Corporation Limited. The distribution of movies has been done through our partnership firms and also other distributors. With a view to be actively involved in the production activity and to be a full-fledged production house both in terms of

television and movie business, our Company has inducted professionals for the managing various aspects of our business like distribution, marketing, public relations etc.

2. As per the terms of the employment agreement dated 5th August 2004 Rs. 5 million will be paid to Ms. Kacon Sethi as bonus on the company making a public issue.

Brief Profile of Key Managerial Personnel:

Mr. Parag Sanghavi
Please refer to details of our promoters on page no. [•] of this Draft Red Herring Prospectus.

Ms. Kacon Sethi
Ms. Kacon Sethi is our Chief Executive Officer having more 13 years of experience in the Entertainment/ Media Industry spanning various reputed media companies like J Walter Thompson, Bennett Coleman & Company, Grey Worldwide, SET MAX and Sony Entertainment Television. She was the Business Head of SET MAX. During her tenure at Sony Entertainment, she headed the core strategic team that conceptualized, created and executed MAX channel. During that year 2001, Sony Entertainment also won 'The Best Packaged Channels Award' for MAX and Sony Entertainment Television. She looks after the overall operations of our company and is a director in our subsidiary company Twenty Twenty.

Mr. Vishal Dembla
Mr. Vishal Dembla is the Chief Operating Officer of our Company having more than 7 years experience in entertainment, film marketing and television industry. Prior to being appointed as the Chief Operating Officer in RGV Films Private Limited, he was their Vice President – Marketing and International Distribution. He looks after the Marketing, Distribution and Operations of our movies.

Mr. Amar Panghal
Mr. Amar Panghal heads the finance division of our Company. He is a Fellow Chartered Accountant with more than 14 years of work experience. He has the rich experience of working with several companies in the finance field like Elbee Services Limited, SSKI Corporate Finance Limited & Rajashree Polyfil Limited. He is responsible for finance, accounts, cost control, internal audit and other key financial areas of our Company.

Mr. Vijay Kuckian
Mr. Vijay Kuckian is the Head of the Human Resource Department. He has over 32 years of experience in the handling recruitment, promotions, appraisal, terminations and other human resource matters at the various levels of personnel management in various organizations. In our Human Resource Department he looks after recruitment, appraisal, induction and orientation and other aspects of personnel management.

Mr. Riaz Hyder
Mr.Riaz Hyder is the General Manager- Distribution. He is having around 12 years of experience in distribution. He co-ordinates and drafts the distribution agreements with various distributors for movies. He was previously employed with Varma Corporation Limited, where he was engaged in planning and developing strategy for distribution and sales of the movies. He looks after distribution of movies. He co-ordinates with the distributors and sub-distributors for distribution of our own movies and with the producers and the main distributors for distribution of outside banner movies.

Shareholding of Key Managerial Personnel
The details of shareholding of Key Managerial Personnel in our Company as on 16th September 2005 is given below:

Sr. No	Name	Designation	Number of Shares as on 16-09-2005	% of Outstanding Equity Capital
1.	Parag Sanghavi	Managing Director	489,975	3.38%

Some of the Key Managerial Personnel hold shares in Twenty Twenty as the second holder along with us as on 16th September 2005. For details please refer to 'Financial Information of Subsidiary and Group Company' in this Draft Red Herring Prospectus.

Changes in the Key Managerial Personnel during the last 3 years

The following Key Managerial Personnel resigned during the last three years:

Sr. No	Name	Designation	Date of resignation
1	Ajay Parmar	Vice President – Strategic Planning	October 2003

All the Key Managerial Personnel were appointed after take over of the management in October 2002. Hence all the Key Managerial Personnel have been appointed during the last three years.

Notes

1. All the key managerial personnel are permanent employees of our Company.

2. There is no understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned personnel have been recruited.

KEY MANAGERIAL PERSONNEL OF SUBSIDIARY COMPANY – TWENTY TWENTY TELEVISION COMPANY LIMITED

Our Subsidiary Company was incorporated in October 2004. The commercial operations started in December 2004. Our Company appointed some consultants and the following key managerial personnel:

Sr. No	Name	Designation	Age	Qualification	Date of joining	Previous Work Experience (in yrs)	Functional Responsibility	Previously employed with
1.	Mr. Rajesh Pavitharan	Chief Operating Officer	31	MBA	02/11/04	12	Overall management, setting up policies	Balaji Telefims
2.	Mr. Hamavvand Chwda	Chief Production Controller	31	DETS Electronics	16/12/04	6	Productions & operations	Balaji Telefilms

The Company presently has the requisite manpower for managing its operations. In view of the proposed expansion, it will employ more professionals as and when required. They are on permanent rolls of Twenty Twenty Television Company Limited.

Mr. Rajesh Pavitharan
Mr. Rajesh Pavitharan has over 12 years of experience in the Media Industry. He was the Chief Operating Officer of Balaji Telefilms. At his tenure with Balaji Telefilms, he was responsible for the production, marketing and developing strategies. He was appointed as the Chief Operating Officer of our subsidiary in November 2004. At Twenty Twenty he is responsible for setting up system to facilitate production efficiency, analyse cost-benefit, develop strategies & policies and the overall management.

Mr. Hamavvand Chwda
Mr. Hamavvand Chwda has more than 6 years of experience in productions and operations. He was working with Balaji Telefilms where he was responsible for preparing budgets, monitoring and the overall supervision of operations & production. He was inducted into our Subsidiary Company in December 2004 as the Chief Production Controller. He is in-charge for the overall supervision, monitoring day-to-day management, monitoring post-production activities, ensuring meeting up of deadlines.

ESOS/ESPS SCHEME TO EMPLOYEES

Our Company has not formulated any ESOS/ESPS scheme for employees. However, our Company has reserved 250,000 shares in the present Issue for Permanent Employees of our Company. For details refer to 'Issue details' in this Draft Red Herring Prospectus

PROMOTERS AND THEIR BACKGROUND

Our erstwhile company "Garnet Paper Mills Limited" was promoted by Mr. Kishan Kumar Kedia, Mr. Arun Kedia and Mr. Sanjay Kedia. Our Company was taken over by our Promoting Companies Mantra Trading Company Private Limited & Vajra Trading Company Private Limited in October 2002. Vide Shareholders Agreement dated 19th August 2004 Mr. Ashok Pamani, Mr. Ramesh Pamani and Mr. Parag Sanghavi have also become our promoters.

The present Promoters of our Company are Mantra Trading Company Private Limited, Vajra Trading Company Private Limited, Mr. Ashok Pamani, Mr. Ramesh Pamani, Mrs. Kamini Pamani & Mr. Parag Sanghavi

INDIVIDUAL PROMOTERS



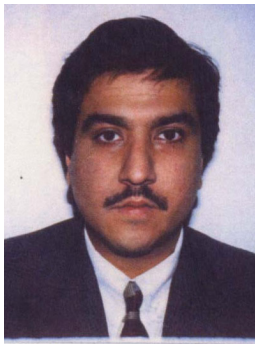
MR. ASHOK PAMANI, CHAIRMAN

Mr. Ashok Pamani, aged 45 years, (Voters ID Card No. – Not Available, Driving License No. P0336 06468 05602 [New Jersey]) is the Non Executive Chairman of our Company. He is a Masters in Business Administration from the Weatherhead School of Management, USA. He has over 20 years of experience in setting up and running companies having a profile of import, marketing and distribution of general merchandise in USA, Canada and South America. He is the Chairman of the Pamani Group of Companies which encompasses business in International Marketing, Trading, Distribution, Real Estate and Stock Market Investments and having their offices in New York, Los Angeles, Mexico, Hong Kong and China. He is also a Committee Member of the 'Helen Keller Institute for Deaf and Blind Children', Mumbai.



MR. PARAG SANGHAVI, MANAGING DIRECTOR

Mr. Parag Madhu Sanghavi aged 33 years, (Voters ID Card No. – Not Available, Driving License No. B-9968) is the Managing Director of our Company. He is a Graduate in Commerce (with Business Law and Public Enterprise as core subjects). He was involved in the family business of financial advisory for almost 4 years. He was closely associated with Mr. Ram Gopal Varma in the production of two of his movies 'Company' and 'Road'. He has been involved with our Company since the takeover in October 2002. He is actively involved in the day-to-day management of our Company and looks after the marketing, distribution and other aspects of our business. He is also involved in building a brand image of our Company.



MR. RAMESH PAMANI, DIRECTOR

Mr. Ramesh Pamani aged 41 years, (Voters ID Card No.- Not Available, Driving License No. P0336 63900 01641[New Jersey]) has been in the Board of our Company since takeover by the present management in 2002-03. He is the brother of Mr. Ashok Pamani. He is a diploma holder in Hotel Management from the Oberoi School of Hotel Management, Delhi and is presently residing in New Jersey. He is a dynamic businessman with over 16 years of international marketing experience. He has a forte in marketing strategies and policies. He is also the Vice President of Style Asia Inc. and has been instrumental in expanding its market in the US and South American continent.



MRS. KAMINI PAMANI

Mrs. Kamini Pamani aged 38 years, (Voters ID Card No. Not Available, Driving License No. P0336 42400 56672 [New Jersey]) She is the wife of Mr. Ashok Pamani. She is a Bachelor of Commerce and is presently residing in New Jersey. She is also the Director of KKK Investments (Pvt.) Limited which carries on the business of stock investments in Mauritius.

We confirm that the PAN, bank account details and Passport Number of the Promoters have been submitted to Bombay Stock Exchange Limited, on which shares are proposed to be listed, at the time of filing this Draft Red Herring Prospectus with them.

PROMOTER COMPANIES

(A) Mantra Trading Company Private Limited:

Mantra Trading Company Private Limited ("Mantra") was originally incorporated as "Mona Lisa Mouldings Private Limited" with RoC, Maharashtra on 10th December 1991, to engage in the business of manufacture of injection moulded plastic articles for industrial use. Mrs.Parveen Khan, Mrs. Nasreen Khan & Mr. Azam Khan promoted Mantra.

Due to recession in the business of moulded plastics, Mantra altered its object clause to carry on trading activity as its main business. Mantra did not have any sales during the financial years 2002-03, 2003-04 & 2004-05 Consequently, it was renamed as "Mantra Trading Company Limited" vide new certificate of incorporation dated 27th January 2003. The Registered Office of Mantra is situated at 40, Municipal Industrial Estate, 1st Floor, Bapty Road, Mumbai – 400 008

Board of Directors:

Its present Board of Directors constitute:

Sno.	Name of the Director	Designation
1.	Mrs. Nasreen A Khan	Director
2.	Mr. Abdul A Khan	Director

Change of Board of Directors:

Sno.	Name of the Director	Date of Appointment	Date of Resignation
1.	Mr. Aslam M Khan	24-02-1992	07-07-2003
2.	Mr. Azam M Khan	24-02-1992	22-02-2004
3.	Mr. Alam M Khan	24-02-1992	07-07-2003
4.	Mr. Anjum M Khan	09-08-1995	07-07-2003
5.	Mrs. Nasreen A Khan	07-07-2003	-
6.	Mr. Aleem A Khan	22-02-2004	-

Shareholding:

Shareholding pattern as on date

S.No	Name of the Shareholder	No. of shares	% of Capital
1	Mr. Aslam Khan	2,600	12.76
2	Mr. Azam Khan	1,500	7.36
3	Mr. Alam Khan	2,985	14.65
4	Mr. Anjum Khan	3,775	18.52

S.No	Name of the Shareholder	No. of shares	% of Capital
5	Mr. Abdul Aziz Khan	250	1.23
6	Mrs.Parveen Khan	10	0.05
7	Mrs. Nasreen A Khan	2,330	11.43
8	Vajra Trading Company Pvt. Limited.	6,930	34.00
	TOTAL	**20,380**	**100.00**

Financial Summary during the last 3 years:

Rs. in million

Particulars	For the financial year ended 31st March		
	2003	2004	2005
Total Income	0.02	NIL	1.90
PAT	(0.10)	(0.13)	(9.32)
Equity Share Capital	2.04	2.04	2.04
Reserves (excluding revaluation reserve)	31.46	31.33	22.01
Net Worth	33.49	33.36	24.05
NAV per share (Rs.)	1,643.45	1,637.11	1,179.98
EPS per share (Rs.)	(5.15)	(6.33)	(457.28)

Note: Face Value of Rs.100/- per share

As per the audit report 2004-05, Mantra is not a sick industrial company within the meaning of Section 3 of the Sick Industrial Companies Special Provisions Act 1985.

(B) Vajra Trading Company Private Limited

Vajra Trading Company Private Limited ("Vajra") was originally incorporated as "Azam Plastics Private Limited" with RoC, Maharashtra on 1st August 1989 for carrying on the business of manufacture of plastic and moulded articles. Mr. Abdul Azam Khan & Mr. Azam M Khan promoted Vajra.

Vajra did not have any commercial operations during the year 2002-03 & 2003-04. Consequently it changed its object clause to carry on trading activities of general articles and to act as Merchants, Distributors, Commission Agents, Importers, Exporters etc. Consequently the name was amended to "Vajra Trading Company Private Limited" vide certificate of incorporation dated 14th January 2003. The Registered Office of Vajra is situated at 40, Municipal Industrial Estate, 1st Floor, Bapty Road, Mumbai – 400 008

Board of Directors:

Its present Board of Directors constitutes:

Sno.	Name of the Director	Designation
1.	Mrs. Nasreen Azam Khan	Director
2.	Mr. Abdul Aleem Khan	Director

Change of Board of Directors:

Sno.	Name of the Director	Date of Appointment	Date of Resignation
1.	Mr. Aslam M Khan	01-08-1989	07-07-2003
2.	Mr. Azam M Khan	01-08-1989	22-02-2004
3.	Mr. Alam M Khan	02-04-1990	07-07-2003
4.	Mr. Anjum M Khan	02-04-1990	07-07-2003
5.	Mr. Abdul A Khan	01-08-1989	07-07-2003
6.	Mrs. Nasreen A Khan	07-07-2003	-
7.	Mr. Aleem A Khan	22-02-2004	-

Shareholding:

Shareholding pattern as on date:

S.No	Name of the Shareholder	No. of shares	% of Capital
1	Mr. Aslam Khan	5,430	32.32

S.No	Name of the Shareholder	No. of shares	% of Capital
2	Mr.Azam Khan	1,500	8.93
3	Mr. Alam Khan	5,370	31.96
4	Mr. Anjum Khan	3,170	18.87
5	Mr. Abdul A Khan	1,330	7.92
	TOTAL	**16,800**	**100.00**

Financial Summary of Vajra Trading Company Private Limited for the last 3 years:

Rs. in million

Particulars	For the financial year ended 31st March		
	2003	2004	2005
Total Income	0.02	0.01	0.69
PAT	(0.11)	(0.13)	(4.23)
Equity Share Capital	1.68	1.68	1.68
Reserves (excluding revaluation reserve)	2.12	1.99	(2.23)
Net Worth	3.80	3.67	(0.55)
NAV per share (Rs.)	226.42	218.65	(32.74)
EPS per share (Rs.)	(6.64)	(7.77)	(251.78)

Note: Face Value of Rs.100/- per share

As per the audit report 2004-05, Vajra is not a sick industrial company within the meaning of Section 3 of the Sick Industrial Companies Special Provisions Act 1985.

We confirm that the PAN, Bank Account details, Company Registration No. and address of RoC of the promoter companies have been submitted to Bombay Stock Exchange Limited, on which shares are proposed to be listed, at the time of filing this Draft Red Herring Prospectus with them.

COMMON PURSUITS

The group company, K Sera Sera Productions Inc. (KSS Inc.) was incorporated on 19th April 2004 to carry on the business of distribution of movie abroad. The Director of KSS Inc. has certified that it will not engage directly/ indirectly in any activity which will lead to conflict of business interest with our company.

COMPENSATION TO MANAGING/WHOLETIME DIRECTORS

Details of remuneration paid to Managing Director is given else where in the Draft Red Herring Prospectus under the head “Board of Directors”.

REAPPOINTMENT OF MR. PARAG SANGHAVI AS MANAGING DIRECTOR OF THE COMPANY FOR A PERIOD OF 5 YEARS FROM 1st FEBRUARY 2003.

Details are given else where in the Draft Red Herring Prospectus under the head “Board of Directors”.

RELATED PARTY TRANSACTIONS

The details of related party transactions are mentioned in the Auditor’s report on page no. [•] of this Draft Red Herring Prospectus.

CURRENCY OF PRESENTATION

In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to the word “Lac” or “Lac”, means “One hundred thousand” and the word “million” means “Ten Lacs” and the word “Crore” means “ten million”. In this Draft Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding off.

Throughout this Draft Red Herring Prospectus, all the figures have been expressed in Million of Rupees, except when stated otherwise. All references to "Rupees" and "Rs." In this Draft Red Herring Prospectus are to the legal currency of India.

In this Draft Red Herring Prospectus, foreign currency amounts have been translated into Rupees for each period and presented solely to comply with the requirements of Clause 6.9.7 of the SEBI DIP Guidelines. Investors are cautioned to not rely on such translated amounts. The translations should not be considered as a representation that such foreign currency amounts have been, could have been or could be converted into Rupees at any particular rate, the rate stated elsewhere in this Draft Red Herring Prospectus, or at all. The following table sets forth, for each period indicated, information concerning the number of Rupees for which each Foreign Currency could be exchanged. The currency conversion rates are taken from the website (www.oanda.com.)

The following table sets forth, for each period indicated, information concerning the number of Rupees for which one U.S. Dollar could be exchanged at the rates on the last business day of the particular period.

Currency	31-03-2002	31-12-2002	31-03-2003	31-12-2003	31-03-2004	31-12-2004	31-03-2005
USD	48.89	48.044	47.65	45.60	44.125	43.73	43.79

Source: www.oanda.com

Except as otherwise stated in this Draft Red Herring Prospectus, all translations from U.S. Dollars to Rupees contained in this Draft Red Herring Prospectus have been based on the Interbank average rate as taken from www.oanda.com as on 31st March 2005, which was Rs.43.79 = U.S.$1.00.

DIVIDEND POLICY

Dividends are/will be declared at the Annual General Meeting of the Shareholders based on a recommendation of our Board. Generally the factors that may be considered by our Board for declaring a dividend shall include, but not limited to, are future expansion plans and capital requirements, profits earned during the financial year, cost of raising funds from alternate sources, liquidity, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time and money market conditions. Our Company declared a dividend of 10% during the year 2003-04.

SUMMARY OF CONSOLIDATED FINANCIAL & OPERATING

The following summary of consolidated financial data has been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and restated as described in the Auditor's Report of RSM & Co., Chartered Accountants dated 20th September 2005 in the section entitled "Financial Information" on page no.[•] of this Draft Red Herring Prospectus. You should read this financial data in conjunction with the Company's restated consolidated financial statements for each of Fiscal 2001, 2002, 2003, 2004 and 2005, including the Notes thereto and the Reports thereon, which appears under Para on "Auditors Report" in this Draft Red Herring Prospectus, and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

The Financial Summary for the year ended 31st March 2005 includes the financial data of the subsidiary for the period 19th November 2004 to 31st March 2005.

Summary of Consolidated Profit and Loss Account, as restated

Rs. in million

Particulars	For the year ended				
	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005
Income from Operations	NIL	NIL	5.87	239.76	374.58
Other Income	NIL	NIL	0.12	3.40	0.55
Total Income	**NIL**	**NIL**	**6.00**	**243.16**	**375.13**
Movie production expenses	NIL	NIL	3.37	174.60	266.88
Other Expenditure	0.14	0.15	1.34	9.13	24.52
Total Expenditure	**0.14**	**0.15**	**4.72**	**183.73**	**291.40**
Adjustments#	**0.16**	**0.16**	**0.16**	**0.83**	**10.88**
Restated NPBDIT	**(0.30)**	**(0.31)**	**1.12**	**58.60**	**72.85**
Depreciation & Amortization (as restated)	NIL	NIL	*	0.23	28.88
Net Profit before Interest & Tax (as restated)	**(0.30)**	**(0.31)**	**1.12**	**58.37**	**43.97**
Interest & Financial charges	NIL	NIL	0.76	1.03	3.14
Net Profit before tax (as restated)	**(0.30)**	**(0.31)**	**0.36**	**57.34**	**40.83**
Current Tax	NIL	NIL	(0.04)	(6.30)	(19.05)
Deferred Tax	NIL	NIL	NIL	(15.62)	0.81
Net Profit After Tax (as restated)	**(0.30)**	**(0.31)**	**0.32**	**35.42**	**22.59**

Adjustment for Prior Period Items, Amortisation of Miscellaneous Expenditure and Impact of Auditor's Qualification.

* -Negligible

Summary of Consolidated Assets and Liabilities, as restated

Rs. in million

Particulars	As at				
	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005
A. Total Fixed Assets (including Capital WIP)	20.94	20.94	0.08	54.99	65.25
B. Investments	NIL	NIL	40.00	0.73	1.07
C. Total Current Assets, Loans & Advances	37.21	37.11	139.43	370.94	426.35
D. Total Liabilities & Provisions	0.15	0.20	52.83	65.03	76.90
E. Preference Share Capital/ Share Application	NIL	NIL	NIL	38.41	38.41
NET WORTH (A+B+C-D-E)	**58.00**	**57.85**	**126.68**	**323.22**	**377.36**
REPRESENTED BY:					

F. Equity Share Capital	60.40	60.40	73.98	118.34	145.12
G. Equity Share Application	NIL	NIL	55.10	124.78	NIL
H. Reserves and Surplus	(1.59)	(1.90)	(1.91)	80.42	232.40
I. Miscellaneous Expenditure	0.81	0.65	0.49	0.32	0.16
NET WORTH (F+G+H-I)	**58.00**	**57.85**	**126.68**	**323.22**	**377.36**

Note: The Company was taken over by the present management in 2002-2003. Prior to October 2002, the operational and financial results pertain to erstwhile company Garnet Paper Mills Limited.

FINANCIAL INFORMATION OF OUR COMPANY

A. The Board of Directors

K Sera Sera Productions Limited
Versova Shree Darshan CHS
Ground Floor, S.V.P.Nagar
Andheri (West)
Mumbai 400 053

Re: Public Issue of K Sera Sera Productions Limited

Dear Sirs,

1. We have examined the financial information of K Sera Sera Productions Limited (formerly known as Garnet Paper Mills Limited) ('the Company'), as attached to this report stamped and initialed by us for identification and as approved by the Board of Directors of the Company, which has been prepared in accordance with Part II of Schedule II of the Companies Act, 1956 ('the Act') and 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 in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related clarifications, and in accordance with your instructions dated September 6, 2005 requesting us to carry out work in connection with the Offer Document being issued by the Company in connection with its Public Issue of equity shares in the Company (referred to as 'the Issue').

2. We have examined the accounts of the Company for the five financial years ended March 31, 2005 being the last date to which the accounts of the Company have been made up and audited for presentation to the members of the Company. We have relied on relevant accounts of the Company for the financial years ended on March 31, 2001 and March 31, 2002 audited and reported by Navin Nishar & Associates, Chartered Accountants and for the financial year ended March 31, 2003 and March 31, 2004 audited and reported by Tiwari Samani & Associates, Chartered Accountants. The accounts of the Company for the year ended March 31, 2005 have been jointly audited and reported by us and Malpani & Associates, Chartered Accountants.

3. We have examined the accounts of Twenty Twenty Television Company Limited ('TTTCL'), a subsidiary of the Company for the period October 27, 2004 to March 31, 2005 being the last date to which the accounts of TTTCL have been made up and audited for presentation to the members of TTTCL. We have relied on relevant accounts of TTTCL for the period ended March 31, 2005 jointly audited and reported by Malpani & Associates, Chartered Accountants along with M/s Tiwari Samani & Associates, Chartered Accountants.

4. In accordance with the requirements of Paragraph B (1) of Part II of Schedule II to the Act, the SEBI Guidelines and our terms of reference with the Company dated September 6, 2005, requesting us to make this report for the purpose of the Offering Document as aforesaid, we report that:

   The restated assets and liabilities of the Company as at March 31, 2001, 2002, 2003, 2004, and 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 3 and 4 to this report.

   The restated profits of the Company for the financial years ended March 31, 2001, 2002, 2003, 2004, and 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 3 and 4 to this report.

   The restated cash flows of the Company for the financial years ended March 31, 2001, 2002, 2003, 2004, and 2005 are as set out in Annexure 5 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 3 and 4 to this report.

   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 March 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

Without qualifying our report, attention is invited to the following:

i. As stated in Note No. 4 to Annexure 4, the recoverability of carrying value of motion picture rights as at March 31, 2005 of Rs. 44.36 million reflected as intangible asset and basis of amortization [as referred in Note No. 1(c) (ii) to Annexure 5] is based on management's estimates of future realization/cash flow from these rights which have been relied upon by auditors.

ii. As stated in Note No. 3 to Annexure 4, regarding recognition of revenue from sale of a movie of Rs. 26.71 million which was subject to approval from another party.

The restated summary financial statements of the Company's subsidiary TTTCL is set out in Annexure 16, 17 and 18, read with significant accounting policies and notes attached in Annexure 19 to this report. The restated summary financial statements have been consolidated by the Company's management into the Company's restated summary financial statements as appearing in Annexure 20, 21 and 22, read with significant accounting policies and notes to consolidation as appearing in Annexure 23 to this report.

In our opinion the above financial information of the Company, the Company's subsidiary TTTCL and the consolidated Group read with Note No. 4(e) above and 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 Issue of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For RSM & Co.
Chartered Accountants

Vijay N. Bhatt
Partner
Membership No.: F-36647

Mumbai: September 20, 2005

K SERA SERA PRODUCTIONS LIMITED

ANNEXURE 1

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

Rupees in million

Particulars		As at				
		March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005
A	Fixed Assets					
	Gross Block	4.39	4.39	0.09	55.22	90.44
	Less: Depreciation	-	-	0.01	0.23	29.11
	Net Block	4.39	4.39	0.08	54.99	61.33
	Capital Work in Progress	16.55	16.55	-	-	-
	Total fixed assets (A)	**20.94**	**20.94**	**0.08**	**54.99**	**61.33**
B	**Investments (B)**	**-**	**-**	**40.00**	**0.73**	**1.58**
C	**Current assets, loans and advances**					
	Inventories	-	-	56.63	234.78	228.73
	Sundry debtors	0.01	-	-	57.49	111.81
	Cash and bank balances	0.35	0.24	6.63	66.92	2.02
	Loans and advances	36.85	36.88	76.17	11.75	85.56
	Total (C)	**37.21**	**37.12**	**139.43**	**370.94**	**428.12**
D	**Liabilities and provisions**					
	Secured loans	-	-	-	-	6.42
	Unsecured loans	0.04	0.04	40.20	-	-
	Deferred tax liability	-	-	0.32	15.95	15.14
	Current liabilities	0.11	0.17	12.10	30.26	34.00
	Provisions	-	-	0.21	18.82	19.69
	Total (D)	**0.15**	**0.21**	**52.83**	**65.03**	**75.25**
E	**Net Worth (A+B+C-D)**	**58.00**	**57.85**	**126.68**	**361.63**	**415.78**
F	Represented by:					
1	Share Capital					
	---Equity share capital	104.63	104.63	104.63	118.34	145.12
	---Preference share capital	-	-	-	-	38.41
	Less: calls in arrears	(44.23)	(44.23)	(30.65)	-	-
		60.40	**60.40**	**73.98**	**118.34**	**183.53**
2	Share application money	-	-	55.10	163.19	-
3	Reserves and Surplus	-	-	-	80.42	232.41
	Less:					
4	Miscellaneous expenditure	0.81	0.65	0.49	0.32	0.16

5	Debit balance in profit and loss account	1.59	1.90	1.91	-	-
	Net Worth (1+2+3-4-5)	**58.00**	**57.85**	**126.68**	**361.63**	**415.78**

Note:
The principle business of the Company during financial year ended March 31, 2001 and 2002 was manufacturing of paper and duplex board for which it was in the process of setting up a plant. Accordingly, the financial information reflected above for the financial year ended March 31, 2001 and 2002 represent the activity relating to paper business. Subsequently, the object clause of the Company was amended by special resolution dated October 12, 2002 to carry on the business of entertainment through motion pictures, television serials, etc. and since then the Company is engaged in the business of entertainment. The activities relating to entertainment business are reflected in the financial information for the financial year ended March 31, 2003 and subsequent years.

K SERA SERA PRODUCTIONS LIMITED

ANNEXURE 2

SUMMARY STATEMENT OF PROFIT AND LOSS, AS RESTATED

Rupees in million

Particulars	For the year ended				
	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005
Income					
Sale/Exploitation of motion pictures and television serials	-	-	5.87	239.76	372.96
Distribution of motion pictures	-	-	-	-	1.62
Other Income	-	-	0.12	3.40	0.56
Total	**-**	**-**	**5.99**	**243.16**	**375.15**
Expenditure					
Cost of production and motion pictures	-	-	3.37	174.60	266.88
Employee costs	-	-	0.09	1.75	5.81
Administration and other expenses	0.14	0.15	1.25	7.38	18.71
Total	**0.14**	**0.15**	**4.71**	**183.73**	**291.40**
Profit/(loss) before interest, depreciation and tax	**(0.14)**	**(0.15)**	**1.28**	**59.43**	**83.74**
Depreciation/amortization	-	-	0.01	0.77	28.34
Profit/(loss) before interest and tax	**(0.14)**	**(0.15)**	**1.27**	**58.66**	**55.40**
Finance costs	-	-	0.76	1.03	3.14
Profit/(loss) before tax	**(0.14)**	**(0.15)**	**0.51**	**57.63**	**52.26**
Provision for taxes on income					
--current tax	-	-	(0.04)	(6.30)	(19.05)
--deferred tax	-	-	-	(15.62)	0.81
Profit/(loss) after tax	**(0.14)**	**(0.15)**	**0.47**	**35.71**	**34.02**
Prior period adjustments	-	(0.03)	-	-	(1.97)
Profit/(loss) for the year	**(0.14)**	**(0.18)**	**0.47**	**35.71**	**32.05**
Adjustments for:					
Change in the basis of charging depreciation	-	-	(0.00)	(0.54)	0.54
Amortization of miscellaneous expenditure	0.16	0.16	0.16	(1.14)	-
Impact of prior period items	-	(0.03)	-	1.97	(1.97)
Impact of Auditor's qualification	-	-	-	-	10.88

Total impact of adjustments	**0.16**	**0.13**	**0.16**	**0.29**	**9.45**
Net Profit/(loss) as restated	**(0.32)**	**(0.31)**	**0.31**	**35.42**	**22.60**
Profit/(loss) brought forward from previous year	(1.29)	(1.59)	(1.90)	(1.91)	20.16
Amount available for appropriation	**(1.59)**	**(1.90)**	**(1.59)**	**33.51**	**42.76**
Appropriations:					
Deferred tax liability as of April 1, 2002	-	-	0.32	-	-
Proposed dividend					
--On preference shares	-	-	-	-	0.81
--On equity shares	-	-	-	11.83	-
Tax on dividend	-	-	-	1.52	0.11
Balance carried to balance sheet, as restated	**(1.59)**	**(1.90)**	**(1.91)**	**20.16**	**41.84**

Note:

The principle business of the Company during financial year ended March 31, 2001 and 2002 was manufacturing of paper and duplex board for which it was in the process of setting up a plant. Accordingly, the financial information reflected above for the financial year ended March 31, 2001 and 2002 represent the activity relating to paper business. Subsequently, the object clause of the Company was amended by special resolution dated October 12, 2002 to carry on the business of entertainment through motion pictures, television serials, etc. and since then the Company is engaged in the business of entertainment. The activities relating to entertainment business are reflected in the financial information for the financial year ended March 31, 2003 and subsequent years.

K SERA SERA PRODUCTIONS LIMITED

ANNEXURE 3

NOTES ON ADJUSTMENTS FOR RESTATED FINANCIAL STATEMENTS

1. **Change in accounting policies - Miscellaneous expenditure**

   Until March 31, 2004, the Company had treated share issue expenses as preliminary expenses, which was being amortised over a period of ten years. Further, during financial year ended March 31, 2004 unamortized balance relating to earlier years of miscellaneous expenditure was amortized in the books. During financial year ended March 31, 2005 the management of the Company decided to adjust share issue expenses against securities premium account and accordingly changed the policy and adjusted the entire balance of share issue expenses. For the purpose of this statement, the share issue expense has been adjusted against securities premium account in the respective year of it being incurred. Similarly, amortization of miscellaneous expenditure is also effected in the respective year to which it relates, for the purpose of this statement.

2. **Prior period adjustments**

   In the financial statements for the year ended March 31, 2005 and 2002, the Company had recognised/charged off certain amount of income and expense as prior period items. For the purpose of this statement, the said income/expense has been appropriately adjusted in the year that it relates to.

3. **Depreciation**

   The Company has changed the basis of charging depreciation on fixed assets during the year ending March 31, 2005. Previously the Company was charging depreciation at the rates prescribed under the Income-tax Act, 1961 which has now been changed to rates prescribed under Schedule XIV to the Companies Act, 1961. Consequent effect on account of such change is given in the respective years.

4. **Reserve on intellectual property rights**

   During financial year ended March 31, 2004, the Company had created reserve on intellectual property rights of Rs. 43.29 million against its rights in motion pictures with corresponding effect in deferred revenue expenditure, which was reversed during financial year ended March 31, 2005. Such reserve is reversed and adjusted in the restated statement of assets and liabilities in the concerned year.

5. **Qualification in auditor's report**

   The auditor's report for the financial year ended March 31, 2005 was qualified for non-provision of Rs. 10.88 million which appeared to be doubtful of recovery. Accordingly, adjustment is made in the statement of profit and loss, as restated to give effect to such qualification with corresponding effect in reserves and surplus and loans and advances.

6. **Investments**

   The investments as at March 31, 2003 included interest accrued of Rs. 0.12 million on investments made by the Company. This has been reclassified under loans and advances in the restated statement of assets and liabilities.

K SERA SERA PRODUCTIONS LIMITED

ANNEXURE 4

NOTES TO RESTATED PROFIT AND LOSS AND RESTATED ASSETS AND LIABILITIES FOR THE YEAR ENDED MARCH 31, 2005

1. Summary of significant accounting policies

a. Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention, on accrual basis of accounting and in conformity with the accounting principles generally accepted in India. The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

b. Fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Cost comprises of capital costs and incidental expenses attributable to bringing the asset to working condition for it's intended use. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized.

The Company recognizes/creates distribution rights in motion pictures as intangible asset in the form of Intellectual Property Rights (IPR's). The same is in consideration of the future economic benefits and availability of the aforesaid rights for redistribution after the expiry of initial period of distribution agreement. The creation/recognition of IPR's is made at a fixed proportion of its production cost depending on the date of release of the motion picture on the following basis:

- At 30% of the production cost of the motion picture in case the film is released within 90 days of the year end
- At 10% of the production cost of the motion picture in case the film is released before 90 days of the year end

c. Depreciation/amortization

i. Tangible assets

Depreciation on fixed assets is provided on Written Down Value method at the rates and the manner prescribed under Schedule XIV of the Companies Act, 1956.

ii. Intangible assets

The amortization of rights in motion pictures is made taking into consideration the following factors viz.:

- The date of release/sale of the respective motion picture i.e. before 90 days of the close of the year or otherwise as referred in paragraph (b) above;
- The tenure of the distribution agreement; and
- Matching principle of accounting.

Based on above, the amortization of Intellectual Property Rights is carried out on the following basis:

Particulars	Films released 90 days prior to year end	Films released within 90 days of year end
In the immediately succeeding year of release/sale	-	2/3rd
In the year of expiry of the distribution agreement	1/3rd	1/3rd

d. Investments

i. Long term investments are stated at cost. Provision for diminution, if any, in the value of investments is made to recognize a decline, other than temporary.

ii. Current investments are valued at lower of cost and fair value, computed individually for each investment.

e. Revenue recognition

In case of distribution rights of motion pictures, the revenue is recognized on the date of release/exhibition of the respective movie.

The overflow from the distributors is accounted for on receipt basis.

Revenue from other rights of motion pictures such as satellite rights, overseas rights, music rights, video rights, etc. is recognized on the date of execution of the agreement to assign these rights for exploitation.

Sale of motion pictures is accounted for on the date of agreement to assign the rights in the concerned motion picture.

Interest and other income are recognized on accrual basis.

f. Inventories

Television serials/motion pictures under production are treated as inventory till the date of release in case of motion pictures and till the time final product is delivered to the respective channel in case of television serials. The same are valued, at cost and are shown as work-in-progress. Upon the release of motion picture, the copyrights for future years inherent in the motion pictures are created out of the production cost treating them as intangible assets and treatment as discussed in Note No. 1(b) and 1(c) above is followed.

g. Accounting for taxes on income

Provision for current income tax is measured based on the amount expected to be paid to the taxation authorities using the applicable tax rates and tax laws.

Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets on unabsorbed tax losses and unabsorbed tax depreciation are recognized only when there is a virtual certainty of their realization supported by convincing evidence. Other items are recognized only when there is a reasonable certainty of their realization.

h. Retirement benefits

Eligible employees receive benefits from provident fund and gratuity. Both, the employees and the Company make monthly contribution to this scheme equal to a specified percentage of the covered employee's salary. Contributions to provident fund are made to the Government administered provident fund scheme and the Company's contribution thereto is charged to revenue every year. Gratuity is provided for on the basis of estimates of the management.

i. Foreign currency transactions

Foreign currency transactions are translated into rupees at the exchange rate prevailing on the date of the transaction. Monetary foreign currency assets and liabilities outstanding as at the year-end are restated at the exchange rates prevailing as at the close of the financial year. The translation gains and losses are reflected in the profit and loss account.

j. Leases

Rental income/expenses under operating leases is credited/charged to the profit and loss on accrual basis on a straight line basis over the term of the lease.

k. Preliminary and share issue expenses

Preliminary expenses are amortized over a period of 10 years. Share issue expenses are adjusted against securities premium account.

2. The Company had advanced Rs. 10.88 million to The Maharashtra Film Stage and Cultural Development Corporation for content production for television which was not completed. The Company has filed suit and initiated action under section 138 of the Negotiable Instruments Act, against the said Corporation for recovery of its claim of Rs. 10.88 million.

3. During the year the Company has sold motion picture rights of a movie to a party for a lump sum consideration of Rs. 65 million. Under a pre-existing agreement with another party, the Company is obliged to sell the satellite rights of the said movie for Rs. 26.71 million. Hence the sale to the extent of satellite rights included therein is subject to approval and consent from the said party. The Company is confident of obtaining the approval and has hence considered the full sale proceeds as revenue.

4. The unamortized cost of motion picture rights carried as intangible asset as per accounting policy stated in paragraph 1(b) above is Rs. 44.36 million (Previous year Rs. 43.29 million). Based on a review of estimates of future realizations/cash flow generation from these rights during the unexpired portion of distribution agreements for all motion pictures taken as a whole, the management is of the view that future recoverable amount from motion picture rights to be more than its carrying amounts. Hence, no impairment/write down is considered necessary on this account.

5. The receipts from the distributors towards sale of copyrights of motion pictures are subject to confirmation from the respective distributors.

6. Balances in certain sundry creditors and loans and advances are subject to confirmation and reconciliation, if any, by the respective parties.

7. In the opinion of the Board of Directors, the current assets, loans and advances and current liabilities are approximately of the value stated, if realized/paid in the ordinary course of business. The provision for depreciation on fixed assets and for all known liabilities is adequate and is not in excess of amounts considered reasonably necessary.

8. Segment information

The Company operated in two business segments viz. Inhouse Film/Television Serial Production and Distribution and Outside Distribution. Segment revenue, results and capital employed figures include the respective amounts identifiable to each of the segments. The composition of these segments is given below:

a. Primary segment information

Rupees in Million

Particulars	**Inhouse Film/ Television Serial Production and Distribution**	**Outside Film Distribution**	**Total**
Segment revenue			

External sales	372.96	1.62	374.58
	(239.76)	(-)	(239.76)
Inter segment sales	-	-	-
	(-)	(-)	(-)
Total revenue	**372.96**	**1.62**	**374.58**
	(239.76)	**(-)**	**(239.76)**
Segment result	**108.41**	**(0.70)**	**107.71**
	(65.76)	**(-)**	**(65.76)**
Unallocated corporate expenses			82.53
			(30.15)
Operating profit			**25.18**
			(35.62)
Finance costs			3.14
			(1.03)
Other income			0.56
			(0.83)
Net profit			**22.60**
			(35.42)
Other information			
Segment assets	485.93	2.00	487.93
	(426.65)	(-)	(426.65)
Unallocated corporate assets			3.25
			(0.32)
Total assets			**491.18**
			(426.97)
Segment liabilities	39.23	0.03	39.26
	(29.39)	(-)	(29.39)
Unallocated corporate liabilities			35.98
			(35.64)
Total liabilities			**75.24**
			(65.03)
Capital expenditure	**35.83**	**-**	**35.83**
	(55.13)	**(-)**	**(55.13)**
Depreciation/amortization	**28.88**	**-**	**28.88**
	(0.23)	**(-)**	**(0.23)**

Previous year figures are given in bracket

b. Secondary segment information

The Company operates in single reportable geographical segment viz. India, since all its customers and assets are located in India

c. Notes to segmental information

i. Segment revenue and expense: All segment revenue and expense are directly attributable to the segments.

ii. Segment assets and liabilities: Segment assets include all operating assets used by a segment comprising debtors, inventories, fixed assets and loans and advances.

9. Related party disclosures

a. The following are the names of related parties and description of relationship:

Relationship	**Name of the party**
Enterprise where control exist	
Subsidiary company	Twenty Twenty Television Company Limited
Other related parties with whom transactions have taken place during the year	
Associates (Partnership firms)	Ram Gopal Varma K Sera Sera Distributors
	PVR Factory Distribution Network
Key management personnel	Parag Sanghavi - Managing Director
	Azam Khan - Whole Time Director (till June 2004)

b. The following are the volume of transactions with related parties during the year and outstanding balances as at the year end disclosed in aggregate by type of related party:

Rupees in Million

Nature of transaction	**Entities where control exists**	**Associate companies**	**Key management personnel**	**Total**
Sale of distribution rights	-	72.66	-	72.66
	(-)	(-)	(-)	(-)
Remuneration		-	1.59	1.59
		(-)	(1.20)	(1.20)
Lease rent received	0.01 (-)	- (-)	- (-)	0.01 (-)
Loans/Advances granted	4.48	0.36	-	4.84
	(-)	(0.38)	(-)	(0.38)
Equity/capital contribution	0.50	0.22	-	0.72
	(-)	(0.69)	(-)	(0.69)
Balance outstanding as on March 31				
-- Credit balances		2.00	-	2.00
		(2.00)	(-)	(2.00)
-- Debit balances		5.21	-	5.21
		(0.38)	(-)	(0.38)

Previous year figures are given in bracket

10. Deferred tax

Following are the major components of deferred tax liability/(asset):

Rupees in Million

Particulars	As at April 1, 2004	Current year charge/(credit)	As at March 31, 2005
Difference between book base and tax base of fixed assets	15.95	(0.80)	15.15
Liabilities that are deducted for tax purposes when paid	-	(0.01)	(0.01)
Total	**15.95**	**(0.81)**	**15.14**

11. The Company has invested in two partnership firms viz. Ram Gopal Varma K Sera Sera Distributors and PVR Factory Distribution Network and following table gives the balance in capital account of the said firms and profit/loss is shared amongst various partners:

Rupees in Million

Name of the partners	Ram Gopal Varma K Sera Sera Distributors		PVR Factory Distribution Network	
	Total capital	Sharing ratio	Total capital	Sharing ratio
PVR Pictures Limited	-	-	1.29	50%
	(-)	(-)	(0.93)	(50%)
K Sera Sera Productions Limited	0.29	50%	0.65	25%
	(0.23)	(50%)	(0.47)	(25%)
Varma Corporation Limited	0.29	50%	0.65	25%
	(0.23)	(50%)	(0.47)	(25%)
Total	**0.58**	**100%**	**2.59**	**100%**
	(0.46)	(100%)	(1.87)	(100%)

Previous year figures are given in bracket

K SERA SERA PRODUCTIONS LIMITED

ANNEXURE 5

CASH FLOW STATEMENT, AS RESTATED

(i)

Rupees in million

Particulars	For the year ended				
	March 31, 2001	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**
A. CASH FLOW FROM OPERATING ACTIVITIES					
Profit before tax, as restated	**(0.30)**	**(0.31)**	**0.35**	**57.35**	**40.83**
Adjustments for					
Depreciation	-	-	0.01	0.23	28.88
Loss on sale of asset	-	-	-	-	0.01
Dividend Income	-	-	(0.12)	(0.80)	(0.34)
Profit on sale of investments	-	-	-	-	(0.00)
Share of profit from partnership firms	-	-	-	(0.03)	(0.22)
Interest expenses	-	-	0.76	1.03	3.14
Miscellaneous expenditure written off	0.16	0.16	0.16	0.16	0.16
	0.16	0.16	0.81	0.59	31.63
Operating Income before working capital changes	(0.14)	(0.15)	1.16	57.94	72.46
Adjustments for:					
Decrease/(Increase) in inventories	-	-	(56.63)	(178.15)	6.05
Decrease/(Increase) in trade debtors	0.31	0.01	-	(57.49)	(54.31)
Decrease/(Increase) in loans and advances	(0.06)	(0.03)	(39.19)	63.84	(73.81)
Increase/(decrease) in current liabilities and provisions	0.05	0.06	12.14	17.97	3.78
Cash generated from operations	0.30	0.04	(83.68)	(153.83)	(118.29)
Taxes paid	-	-	(0.04)	-	(5.77)
Net cash flow from operating activities	**0.16**	**(0.11)**	**(82.54)**	**(95.89)**	**(51.60)**
B. CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of fixed assets	-	-	(0.09)	(55.13)	(35.23)
Sale of fixed assets	-	-	20.94	-	0.00
Purchase of investments	-	-	(40.12)	(108.91)	(51.29)
Sale of investments	-	-	-	147.91	50.45
Dividend received	-	-	0.12	0.80	0.34
Share of profit from partnership firms	-	-	-	0.03	0.22
Net cash used from Investing Activities	**-**	**-**	**(19.15)**	**(15.30)**	**(35.51)**
C. CASH FLOW FROM FINANCING ACTIVITIES					

Interest paid	-	-	(0.76)	(1.03)	(3.14)
Proceeds from issue of share capital	-	-	13.58	44.36	65.19
Application money received	-	-	55.10	108.09	(163.19)
Share premium received	-	-	-	61.30	130.87
Share issue expenses	-	-	-	(1.04)	(0.58)
Dividend including dividend tax	-	-	-	-	(13.35)
Proceeds from borrowings	0.04	-	41.20	19.00	23.17
Repayment of borrowings	-	-	(1.04)	(59.20)	(16.76)
Net cash flow from financing activities	0.04	-	108.08	171.48	22.21
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**0.20**	**(0.11)**	**6.39**	**60.29**	**(64.90)**
Cash and cash equivalents at beginning of the year	**0.15**	**0.35**	**0.24**	**6.63**	**66.92**
Cash and cash equivalents at end of the year	**0.35**	**0.24**	**6.63**	**66.92**	**2.02**

Note:
The principle business of the Company during financial year ended March 31, 2001 and 2002 was manufacturing of paper and duplex board for which it was in the process of setting up a plant. Accordingly, the financial information reflected above for the financial year ended March 31, 2001 and 2002 represent the activity relating to paper business. Subsequently, the object clause of the Company was amended by special resolution dated October 12, 2002 to carry on the business of entertainment through motion pictures, television serials, etc. and since then the Company is engaged in the business of entertainment. The activities relating to entertainment business are reflected in the financial information for the financial year ended March 31, 2003 and subsequent years.

K SERA SERA PRODUCTIONS LIMITED

ANNEXURE 6

STATEMENT OF DIVIDEND PAID

Rupees in million

Particulars	As at				
	March 31, 2001	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**
On Equity Share Capital					
Paid up share capital	104.63	104.63	104.63	118.34	145.12
Less: Calls in arrears	(44.23)	(44.23)	(30.65)	-	-
Net Share Capital	**60.40**	**60.40**	**73.98**	**118.34**	**145.12**
Face Value (Rs.)	10.00	10.00	10.00	10.00	10.00
Rate of dividend %	-	-	-	10.00	-
Amount of dividend	-	-	-	11.83	-
Tax on dividend	-	-	-	1.52	-
On Preference Share Capital	-	-	-		
Paid up share capital	-	-	-		38.41
Face Value (Rs.)	-	-	-		10.00
Rate of dividend %	-	-	-		5.00
Amount of dividend	-	-	-		0.81
Tax on dividend	-	-	-		0.11

K SERA SERA PRODUCTIONS LIMITED

ANNEXURE 7

ACCOUNTING RATIOS

Rupees in million

Particulars	As at				
	March 31, 2001	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**
Net Profit Before extraordinary items but after tax, as restated(A)	(0.30)	(0.31)	0.31	35.42	22.60
Less: Preference dividend including tax on dividend	-	-	-	-	0.92
Net profit after preference dividend(B)	**(0.30)**	**(0.31)**	**0.31**	**35.42**	**21.68**
Net Worth excluding share application and revaluation reserve at the end of the year (C)	58.00	57.85	71.58	198.44	415.78
Net Worth excluding share application and revaluation reserve and preference share capital at the end of the year(D)	58.00	57.85	71.58	198.44	377.38
Weighted average number of equity shares outstanding during the year(E) Nos.	10,462,600	10,462,600	10,462,600	11,475,125	14,385,783
Add: Effect of share application money	-		62,387	792,555	122,514
Weighted average number of equity shares outstanding during the year(F)Nos- Dilutive	10,462,600	10,462,600	10,524,987	12,267,680	14,508,297
Total Number of Equity shares outstanding at the end of the year (G) Nos.	10,462,600	10,462,600	10,462,600	11,833,624	14,512,259
Earnings Per Share					
-- Basic(B/E)	(0.03)	(0.03)	0.03	3.09	1.51
--Diluted(B/F)	(0.03)	(0.03)	0.03	2.89	1.49
Return on Net Worth(%) (A/C)	(0.51)	(0.54)	0.44	17.85	5.43
Net Asset Value/ Book Value per share(Rs.) (D/G)	5.54	5.53	6.84	16.77	26.00

K SERA SERA PRODUCTIONS LIMITED

ANNEXURE 8

CAPITALIZATION STATEMENT AS AT MARCH 31,2005

Rupees in million

Particulars	Pre Issue	Pre Issue
Debt		
Short term debt [refer Note 1 below]	3.05	
Long term debt	3.37	
Total Debt	**6.42**	
Shareholders Funds		
Equity Share Capital	145.12	
Preference Share Capital	38.41	
Reserves and Surplus	232.41	
Less:Miscellaneous Expenditure	0.16	
Total Shareholders Funds	415.78	
Long term debt/ Shareholders' Funds	0.01	

Notes:

1. Debts repayable within the next one year from March 31, 2005 are consolidated as short- term debt.
2. The Post-issue debt –equity ratio will be computed on the conclusion of the book building process.
3. The figures included above are as per the restated statement of assets and liabilities and restated statement of profit and loss.

K SERA SERA PRODUCTIONS LIMITED

ANNEXURE 9

STATEMENT OF TAX SHELTERS

Rupees in million

Particulars	As at				
	March 31, 2001	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**
Profit Before current and deferred taxes, as restated	(0.30)	(0.31)	0.36	54.77	40.85
Tax rate%					
-- Normal	39.55	35.70	36.75	35.88	36.59
-- MAT	8.48	7.65	7.88	7.69	7.84
Tax impact at applicable tax rate on restated profits(A)	**(0.12)**	**(0.11)**	**0.03**	**19.65**	**14.95**
Adjustments					
Permanent differences					
Profit from firm-exempt from tax	-	-	-	-	(0.22)
Dividend from units- exempt from tax	-	-	-	-	(0.34)
Other adjustments	-	-	-	-	2.34
Total(B)	**-**	**-**	**-**	**-**	**1.79**
Temporary Differences					
Difference between book base and tax base of fixed assets	-	-	-	(43.35)	(1.64)
Set off of carry forward losses	0.14	0.15	-	(0.20)	-
Deferred revenue expenditure	0.16	0.16	0.16	(0.85)	0.16
Impact of Qualification	-	-	-	-	10.88
Total(C)	**0.30**	**0.31**	**0.16**	**(44.40)**	**9.40**
Net Adjustments(B+C)	**0.30**	**0.31**	**0.16**	**(44.40)**	**11.19**
Tax saving thereon(D)	0.12	0.11	0.06	(15.93)	4.10
Interest and other adjustments(E)	-	-	(0.05)	0.49	-
Net Tax payable	**(0.00)**	**0.00**	**0.04**	**4.21**	**19.05**

K SERA SERA PRODUCTIONS LIMITED

ANNEXURE 10

SECURED LOANS, AS RESTATED

Rupees in million

Particulars	As at				
	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005
Term loan from banks	-	-	-	-	4.91
Working capital loan from a bank	-	-	-	-	1.51
Total	**-**	**-**	**-**	**-**	**6.42**

K SERA SERA PRODUCTIONS LIMITED

ANNEXURE 10 (contd..)

PRINCIPAL TERM OF SECURED LOANS AND ASSETS CHARGED AS SECURITY

Rupees in million

Sr No.	Particulars	Rate of Interest	Repayment Terms	Amount Outstanding as at March 31, 2005	Details of security
1	Working capital loan				
1.1	Punjab National Bank	3% over PLR with a minimum of 13.75%	12 months from the date of first disbursement	1.51	Lien on the negatives of movie called James. Agreement for hypothecation of assets including book debts and the balance lying in the trust and retention account. Pledge of directors shares and personal guarantee of directors
2	Term Loan				
2.1	The Shamrao Vithal Co-operative Bank Ltd.	13.50%	60 equated monthly installments of Rs.36,450 from July 10, 2004	1.38	Hypothecation of specific plant and machinery Personal guarantee of promoter directors Mr. Parag Sanghavi
3	Vehicle Loans				
3.1	ICICI Bank Limited	6.78%	12 equated monthly installments of Rs.133,550 from July 1, 2004	0.27	Hypothecation of car Honda Accord V 6 – MH 43 A 8
3.2	ICICI Bank Limited	6.81%	60 equated monthly installments of Rs.28,500 from July 1, 2004	1.24	Hypothecation of car Honda Accord V 6 – MH 04 BY 9510
3.3	ICICI Bank Limited	7.53%	60 equated monthly installments of	1.30	Hypothecation of car Honda CRV – MH 43 A

			Rs.26,900 from March 1, 2005		6114
3.4	ICICI Bank Limited	4.48%	60 equated monthly installments of Rs.14,220 from January 7, 2005	0.72	Hypothecation of car Chevrolet Optra – MH 43 A 4818
	Total			**6.42**	

K SERA SERA PRODUCTIONS LIMITED

ANNEXURE 11

UNSECURED LOANS, AS RESTATED

Rupees in million

Particulars	As at				
	March 31, 2001	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**
From Banks	-	-	1.79	-	-
From Directors	-	-	38.41	-	-
Others	0.04	0.04	-	-	-
Total	**0.04**	**0.04**	**40.20**	**-**	**-**
Above amount includes transactions with following related parties:					
Mr. Ashok Pamani	**-**	**-**	**38.41**	**-**	**-**
Anu Kedia	**0.03**	**0.03**	**-**	**-**	**-**
Panchsheel Industrial Estate	**0.01**	**0.01**	**-**	**-**	**-**
Total	**0.04**	**0.04**	**38.41**	**-**	**-**

Note:
The related party information disclosed above for the financial year ended March 31, 2001 & 2002 is based on the audited financial statements of the Company.

K SERA SERA PRODUCTIONS LIMITED

ANNEXURE 12

INVESTMENTS, AS RESTATED

Rupees in million

Particulars	As at				
	March 31, 2001	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**
Long Term (at cost)					
In associates (partnership firms) (trade)					
PVR Factory Distribution Network	**-**	**-**	**-**	0.50	**0.65**
Ram Gopal Verma K Sera Sera Distributors	**-**	**-**	**-**	**0.23**	**0.29**
In subsidiary company (trade)					
Twenty Twenty Television Company Limited	**-**	**-**	**-**	**-**	**0.50**
Others (non trade)					
Shamrao Vithal Co-operative Bank	**-**	**-**	**-**	**-**	**0.04**
Current (at lower of cost and fair value)					
In units (non trade)					
Birla Sun life – Cash plus plan B	**-**	**-**	2.50	**-**	**-**
Grindlays cash fund	**-**	**-**	5.00	-	-
ING Treasury Portfolio – Growth	**-**	**-**	5.00	-	-
JM High liquidity – Growth Plan	**-**	**-**	5.00	-	-
Prudential ICICI Mutual Fund	**-**	**-**	17.50	-	-
Templeton Mutual Fund	**-**	**-**	2.50	-	-
Zurich India Liquidity – Growth	**-**	**-**	2.50	-	-
Reliance Liquid Fund – Treasury	**-**	**-**	-		0.10
Total	**-**	**-**	**40.00**	**0.73**	**1.58**

K SERA SERA PRODUCTIONS LIMITED

ANNEXURE 13

SUNDRY DEBTORS, AS RESTATED

Rupees in million

Particulars	As at				
	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005
Debts outstanding for a period exceeding six months	**0.01**	**-**	**-**	**-**	**-**
Others	**-**	**-**	**-**	**57.49**	**111.81**
Total	**0.01**	**-**	**-**	**57.49**	**111.81**

K SERA SERA PRODUCTIONS LIMITED

ANNEXURE 14

LOANS AND ADVANCES, AS RESTATED

Rupees in Million

Particulars	As at				
	March 31, 2001	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**
Advance to Wholly owned subsidiary	-	-	-	-	4.48
Advance recoverable in cash or in kind or for value to received	36.84	36.87	75.44	11.28	19.08
Advances to vendors	-	-	0.61	0.43	61.96
Deposits	0.01	0.01	0.12	0.04	0.04
Total	**36.85**	**36.88**	**76.17**	**11.75**	**85.56**
Above amount includes transactions with following related parties					
Supreme Company Limited	-	-	4.77	-	-
Ram Gopal Verma K Sera Sera Distributors	-	-	-	0.38	0.36
Twenty Twenty Television Company Limited	-	-	-	-	4.48
Aditya Industrial Estate	0.90	0.90	-	-	-
Arun K. Kedia	1.52	1.52	-	-	-
Garnet Agro Industries Limited	2.70	2.70	-	-	-
Garnet Capital Finance Limited	7.55	7.55	-	-	-
Garnet Construction Limited	8.26	8.29	-	-	-
Kedia Land Developers Private Limited	7.30	7.30	-	-	-
Kishan Kumar Kedia	1.35	1.34	-	-	-
Panchdeep Industrial Estate	0.48	0.48	-	-	-
Sanjay K. Kedia	0.43	0.43	-	-	-
S.K.Investments	4.29	4.29	-	-	-
Total	**34.78**	**34.80**	**4.77**	**0.38**	**4.84**

Note:
The related party information disclosed above for the financial year ended March 31, 2001 and 2002 is based on the audited financial statements of the Company.

K SERA SERA PRODUCTIONS LIMITED

ANNEXURE 15

OTHER INCOME, AS RESTATED

Rupees in Million

Particulars	As at				
	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005
Recurring					
Rent received	-	-	-	-	0.01
Total (A)	**-**	**-**	**-**	**-**	**0.01**
Non Recurring					
Income from investments in mutual fund units	**-**	**-**	0.12	0.80	0.34
Profit from partnership firms	**-**	**-**	**-**	0.03	0.22
Total (B)	**-**	**-**	**0.12**	**0.83**	**0.55**
Total (A+B)	**-**	**-**	**0.12**	**0.83**	**0.56**

Notes:

1. Other income considered above is as per the statement of the restated profit and loss.

2. The classification of other income by the management into recurring and non-recurring is based on the current operations and business activities of the Company.

TWENTY TWENTY TELEVISION COMPANY LIMITED

ANNEXURE 16

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

Rupees in Million

	Particulars	As at March 31,2005
A	**Fixed assets**	
	Gross block	0.36
	Less: Depreciation	0.02
	Net block	0.34
	Pre-operative expenditure pending capitalization	3.59
	Total fixed assets (A)	**3.93**
B	**Current assets, loans and advances**	
	Inventories	1.32
	Cash and bank balance	0.00
	Loans and advances	1.39
	Total (B)	**2.71**
C	**Liabilities and provisions**	
	Unsecured loans	4.48
	Current liabilities	1.65
	Total (C)	**6.14**
D	**Net Worth (A+B-C)**	**0.50**
	Represented by:	
E	**Share Capital**	**0.50**
	Net Worth	**0.50**

TWENTY TWENTY TELEVISION COMPANY LIMITED

ANNEXURE 17

SUMMARY STATEMENT OF PRE OPERATIVE EXPENDITURE, AS RESTATED

Rupees in Million

Particulars	For the period ended March 31,2005
Expenditure	
Employee Costs	1.25
Administration and other expenses	2.32
Depreciation/amortization	0.02
Total amount carried to balance sheet as pre operative expenditure Pending capitalization	**3.59**

TWENTY TWENTY TELEVISION COMPANY LIMITED

ANNEXURE 18

CASH FLOW STATEMENT, AS RESTATED

Rupees in Million

Particulars	For the period ended March 31,2005
A. CASH FLOW FROM OPERATING ACTIVITIES	
Pre-operative expenses	(3.57)
Operating result before working capital changes	(3.57)
Adjustments for:	
Inventories	(1.32)
Loans and Advances	(1.39)
Current Liabilities	1.66
Net cash used for operating activities	**(4.62)**
B. CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of fixed assets	(0.36)
Net cash used for investing activities	**(0.36)**
C. CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from issue of share capital	0.50
Proceeds from borrowings	4.48
Net cash used for financing activities	**4.98**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**0.00**
Cash and Cash equivalents at beginning of the year	**-**
Cash and Cash equivalents at end of the year	**0.00**

TWENTY TWENTY TELEVISION COMPANY LIMITED

ANNEXURE 19

NOTES TO RESTATED PROFIT AND LOSS AND RESTATED ASSETS AND LIABILITIES FOR THE PERIOD ENDED MARCH 31, 2005

1. **Significant accounting policies**

a. *Accounting convention*
The financial statements have been prepared under historical cost convention on going concern basis.

The Company generally follows mercantile system of accounting and recognizes income and expenditure on accrual basis except those with significant uncertainties.

b. *Fixed assets*
Fixed assets are stated at cost less depreciation, cost comprises of capital costs and incidental expenses attributable to bringing the asset to working condition for it's intended use.

c. *Depreciation*
Depreciation on fixed assets of the Company is provided on Written Down Value Method in the manner laid down in Schedule XIV to the Companies Act, 1956.

d. *Preliminary expenses*
Share issue expenses will be amortized/capitalized after commencement of commercial operations based as per the decision of the board.

e. *Pre operative Expenses*
As the Company has not commenced commercial operations hence all the expenses being incurred are being carried forward as pre operative expenses for being capitalized/amortized upon commencement of commercial operations.

f. *Taxation*
As the Company has not commenced commercial operations therefore it has not yet prepared profit and loss account and hence provision for taxation has not been made.

Deferred tax for timing differences between tax profits and book profits if any would be accounted after the Company commences commercial operations.

2. The accounts have been prepared from October 27, 2004 (i.e. date of incorporation) to March 31, 2005. This being first year of operations hence the previous years figures have not been given.

3. The Company has not commenced any commercial operations hence no profit and loss account has been prepared for the year ended March 31, 2005. Accordingly all the expenses incurred are being carried forward under the head pre operative expenses for being capitalized/amortized upon commencement of commercial operations.

4. As none of the employees have put in the qualifying number of years hence no provision has been made for gratuity.

5. Secured and unsecured loans, loans and advances and current liabilities are subject to reconciliation/ confirmation by the respective parties.

6. In the opinion of the board, loans and advances are approximately of the value stated, if realized in the ordinary course of business.

7. The Company does not have different segments and hence segment wise reporting in terms of Accounting Standard – 17 Segment Reporting issued by the Institute of Chartered Accountants of India is not applicable.

8. Related party disclosures under Accounting Standard 18 Related Party Disclosures

a. The following are the names of related parties and description of relationship:

Relationship	Name of the party
Enterprise controlling the Company	
Holding company	K Sera Sera Productions Limited
Other related parties with whom no transactions have taken place during the year	
Key management personnel	Mr. Ashok Harkrishin Pamani – Chairman
	Mr. Parag M Sanghavi – Director
	Ms. Kacon Sethi – Director

b. The following are the volume of transactions with related parties during the period and outstanding balances as at the year end disclosed in aggregate by type of related party:

	Rupees in Million
Nature of transaction	**Holding company**
Lease rent paid	0.01
Loans/Advances taken	4.48
Balance outstanding as on March 31-- Credit balance	4.48

9. Deferred tax

As the Company has not commenced any commercial operations hence no profit and loss account has been drawn. Accordingly requirement of Accounting Standard 22 - Accounting for Taxes on Income are not applicable to the Company for this period.

10. Basic and diluted earning per share

As the Company has not commenced any commercial operations hence no profit and loss account has been drawn. Accordingly requirement of earning per share are not applicable to the Company for this period.

K SERA SERA PRODUCTIONS LIMITED

ANNEXURE 20

SUMMARY CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

Rupees in Million

	Particulars	As at March 31,2005
A	**Fixed assets**	
	Gross block	90.80
	Less: Depreciation/amortization	29.13
	Net block	61.67
	Pre-operative expenditure pending capitalization	3.58
	Total fixed assets (A)	**65.25**
B	**Investments (B)**	**1.08**
C	**Current assets, loans and advances**	
	Inventories	230.05
	Sundry Debtors	111.81
	Cash and bank balance	2.02
	Loans and advances	82.48
	Total (C)	**426.36**
D	**Liabilities and provisions**	
	Secured loans	6.42
	Deferred Tax liability	15.14
	Current liabilities	35.67
	Provisions	19.69
	Total (D)	**76.92**
E	**Net Worth (A+B+C-D)**	**415.77**
F	**Represented by:**	
1	**Share Capital**	
	--Equity share capital	145.12
	--Preference share capital	38.41
		183.53
2	**Reserves and Surplus**	**232.40**
	Less:	
3	**Miscellaneous expenditure**	**0.16**
	Net Worth (1+2-3)	**415.77**

Note:

The Company incorporated a subsidiary on October 27, 2004. Accordingly, the consolidated financial information is presented for the financial year ended March 31, 2005, being the first year for preparation of consolidated financial statements of the Group.

K SERA SERA PRODUCTIONS LIMITED

ANNEXURE 21

SUMMARY STATEMENT OF CONSODILATED PROFIT AND LOSS, AS RESTATED

Rupees in Million

Particulars	For the year ended March 31,2005
Income	
Sale/Exploitation of motion pictures and television serials	372.96
Distribution of motion pictures	1.62
Other Income	0.55
Total	**375.13**
C. Expenditure	
Cost of production of motion pictures	266.88
Employee costs	5.81
Administration and other expenses	18.71
Total	**291.40**
Profit/(loss) before interest,depreciation and tax	**83.73**
Depreciation/amortization	28.34
Profit/(loss) before interest and tax	**55.39**
Finance costs	3.14
Profit/(loss) before tax	**52.25**
D. Provision for taxes on income	
--Current Tax	(19.05)
--Deferred Tax	0.81
Profit/(loss) after tax	**34.01**
Prior period adjustments	(1.97)
Profit/(loss) for the year	**32.04**
Adjustment for:	
Change in the basis of charging depreciation	0.54
Impact of prior period items	(1.97)
Impact of auditor's qualification	10.88
Total impact of adjustments	**9.45**
Net profit/(loss), as restated	**22.59**

Profit/(loss) brought forward from previous year	20.16
Amount available for appropriation	**42.75**
Appropriations:	
Proposed dividend	
--On preference shares	0.81
Tax on dividend	0.11
Balance carried to balance sheet, as restated	**41.83**

Note:
The Company incorporated a subsidiary on October 27, 2004. Accordingly, the consolidated financial information is presented for the financial year ended March 31, 2005, being the first year for preparation of consolidated financial statements of the Group.

K SERA SERA PRODUCTIONS LIMITED

ANNEXURE 22

CONSOLIDATED CASH FLOW STATEMENT, AS RESTATED

Rupees in Million

Particulars	For the year ended March 31,2005
A. CASH FLOW FROM OPERATING ACTIVITIES	
Profit before tax, as restated	**40.82**
Adjustments for:	
Depreciation	28.88
Loss on sale of asset	0.01
Dividend income	(0.34)
Profit on sale of investments	(0.00)
Share of profit from partnership firms	(0.22)
Pre-operative expenses	(3.56)
Interest expenses	3.14
Miscellaneous expenditure written off	0.16
	28.07
Operating profit before working capital changes	68.89
Adjustments for:	
Decrease/(increase) in inventories	4.73
Decrease/(increase) in trade debtors	(54.31)
Decrease/(increase) in loans and advances	(70.71)
Increase/(decrease) in current liabilities and provisions	5.45
Cash generated from operations	**(114.85)**
Taxes paid	(5.77)
Net cash flow from operating activities	**(51.74)**
B. CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of fixed assets	(35.59)
Sale of fixed assets	0.00
Purchase of investments	(50.79)
Sale of investments	50.44
Dividend received	0.34
Share of profit from partnership firms	0.22
Net cash used for Investing Activities	**(35.38)**
C. CASH FLOW FROM FINANCING ACTIVITIES	

Interest paid	(3.14)
Proceeds from issue of share capital	65.19
Application money received	(163.19)
Share premium received	130.87
Share issue expenses	(0.58)
Dividend including dividend tax	(13.35)
Proceeds from borrowings	23.17
Repayment of borrowings	(16.77)
Net cash used for financing activities	**22.22**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(64.90)**
Cash and Cash equivalents at beginning of the year	**66.92**
Cash and Cash equivalents at end of the year	**2.02**

Note:
The Company incorporated a subsidiary on October 27, 2004. Accordingly, the consolidated financial information is presented for the financial year ended March 31, 2005, being the first year for preparation of consolidated financial statements of the Group.

K SERA SERA PRODUCTIONS LIMITED

ANNEXURE 23

NOTES TO CONSOLIDATED RESTATED PROFIT AND LOSS AND RESTATED ASSETS AND LIABILITIES FOR THE YEAR ENDED MARCH 31, 2005

1. Summary of significant accounting policies

a. Basis of preparation of consolidated financial statements

The consolidated financial statements are prepared under the historical cost convention, on accrual basis of accounting and in conformity with the accounting principles generally accepted in India.

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

b. Principles of consolidation

The consolidated financial statements relate to K Sera Sera Productions Limited ('the Parent') and its subsidiary and associate companies ('the Group'). The consolidated financial statements have been prepared in accordance with the principles and procedures required for the preparation and presentation of financial statements as laid down under the accounting standards issued by the Institute of Chartered Accountants of India. The financial statements of the Company and its subsidiary have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and transactions and resulting unrealized gain/losses. The Group accounts for investments by the equity method of accounting where it is able to exercise significant influence over the operating and financial policies of the investee. The Group's share of profit/loss of associate is included in the profit and loss account. Inter company profits and losses have been proportionately eliminated until realized by the investor or investee.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

Where the cost of the investment is higher than the share of equity in the subsidiary at the time of acquisition the resulting difference is treated as goodwill.

c. Fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Cost comprises of capital costs and incidental expenses attributable to bringing the asset to working condition for it's intended use. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized.

The Group recognizes/creates distribution rights in motion pictures as intangible asset in the form of Intellectual Property Rights (IPR's). The same is in consideration of the future economic benefits and availability of the aforesaid rights for redistribution after the expiry of initial period of distribution agreement. The creation/recognition of IPR's is made at a fixed proportion of its production cost depending on the date of release of the motion picture on the following basis:

- At 30% of the production cost of the motion picture in case the film is released within 90 days of the year end

- At 10% of the production cost of the motion picture in case the film is released before 90 days of the year end

d. Depreciation/amortization

i. Tangible assets

Depreciation on fixed assets is provided on Written Down Value method at the rates and the manner prescribed under Schedule XIV of the Companies Act, 1956.

ii. Intangible assets

The amortization of rights in motion pictures is made taking into consideration the following factors viz.:

- The date of release/sale of the respective motion picture i.e. before 90 days of the close of the year or otherwise as referred in paragraph (c) above;
- The tenure of the distribution agreement; and
- Matching principle of accounting.

Based on above, the amortization of Intellectual Property Rights is carried out on the following basis:

Particulars	Films released 90 days prior to year end	Films released within 90 days of year end
In the immediately succeeding year of release/sale	-	2/3rd
In the year of expiry of the distribution agreement	1/3rd	1/3rd

e. Investments

i. Long term investments are stated at cost. Provision for diminution, if any, in the value of investments is made to recognize a decline, other than temporary.
ii. Current investments are valued at lower of cost and fair value, computed individually for each investment.

f. Revenue recognition

In case of distribution rights of motion pictures, the revenue is recognized on the date of release/exhibition of the respective movie.

The overflow from the distributors is accounted for on receipt basis.

Revenue from other rights of motion pictures such as satellite rights, overseas rights, music rights, video rights, etc. is recognized on the date of execution of the agreement to assign these rights for exploitation.

Sale of motion pictures is accounted for on the date of agreement to assign the rights in the concerned motion picture.

Interest and other income are recognized on accrual basis.

g. Inventories

Television serials/motion pictures under production are treated as inventory till the date of release in case of motion pictures and till the time final product is delivered to the respective channel in case of television serials. The same are valued, at cost and are shown as work-in-progress. Upon the release of motion picture, the copyrights for future years inherent in the motion pictures are created out of the production

cost treating them as intangible assets and treatment as discussed in Note No. 1(c) and 1(d) above is followed.

h. Accounting for taxes on income

Provision for current income tax is measured based on the amount expected to be paid to the taxation authorities using the applicable tax rates and tax laws under the relevant tax regulations applicable to the entities in the Group.

Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets on unabsorbed tax losses and unabsorbed tax depreciation are recognized only when there is a virtual certainty of their realization supported by convincing evidence. Other items are recognized only when there is a reasonable certainty of their realization.

i. Retirement benefits

Eligible employees receive benefits from provident fund and gratuity. Both, the employees and the entities in the Group make monthly contribution to this scheme equal to a specified percentage of the covered employee's salary. Contributions to provident fund are made to the Government administered provident fund scheme and the respective entity's contribution thereto is charged to revenue every year. Gratuity is provided for on the basis of estimates of the management.

j. Foreign currency transactions

Foreign currency transactions are translated into rupees at the exchange rate prevailing on the date of the transaction. Monetary foreign currency assets and liabilities outstanding as at the year-end are restated at the exchange rates prevailing as at the close of the financial year. The translation gains and losses are reflected in the profit and loss account.

k. Leases

Rental income/expenses under operating leases is credited/charged to the profit and loss on accrual basis on a straight line basis over the term of the lease.

l. Preliminary and share issue expenses

Preliminary expenses are amortized over a period of 10 years. Share issue expenses are adjusted against securities premium account.

m. Pre-operative expenditure

All expenditure incurred prior to commencement of business is carried forward as pre-operative expenditure which would be capitalized/written off on commencement of business.

2. The subsidiary/associates companies considered for consolidated financial statements include the following:

Name of the entity	**Country of Incorporation**	**Proportion of ownership interest/ voting power (%)**
Subsidiary		
Twenty Twenty Television Company Limited	India	100
Associates (partnership firms)		
Ram Gopal Varma K Sera Sera Distributors	India	50
PVR Factory Distribution Network	India	25

(i)

3. The Parent had advanced Rs. 10.88 million to The Maharashtra Film Stage and Cultural Development Corporation for content production for television which was not completed. The Parent has filed suit and initiated action under section 138 of the Negotiable Instruments Act, against the said Corporation for recovery of its claim of Rs. 10.88 million.

4. During the year the Parent has sold domestic motion picture rights of a movie to a party for a lump sum consideration of Rs. 65 million. Under a pre-existing agreement with another party, the Parent is obliged to sell the satellite rights of the said movie for Rs. 26.71 million. Hence the sale to the extent of satellite rights included therein is subject to approval and consent from the said party. The Parent is confident of obtaining the approval and has hence considered the full sale proceeds as revenue.

5. The unamortized cost of motion picture rights carried as intangible asset as per accounting policy stated in paragraph 1(c) and 1(d) above is Rs. 44.36 million. Based on a review of estimates of future realizations/cash flow generation from these rights during the unexpired portion of distribution agreements for all motion pictures taken as a whole, the management is of the view that future recoverable amount from motion picture rights to be more than its carrying amounts. Hence, no impairment/write down is considered necessary on this account.

6. The receipts from the distributors towards sale of copyrights of motion pictures are subject to confirmation from the respective distributors.

7. Balances in certain sundry creditors and loans and advances are subject to confirmation and reconciliation, if any, by the respective parties.

8. In the opinion of the Board of Directors, the current assets, loans and advances and current liabilities are approximately of the value stated, if realized/paid in the ordinary course of business. The provision for depreciation on fixed assets and for all known liabilities is adequate and is not in excess of amounts considered reasonably necessary.

9. Segment information

The Group operated in two business segments viz. Inhouse Film/Television serial Production and Distribution and Outside Distribution. Segment revenue, results and capital employed figures include the respective amounts identifiable to each of the segments. The composition of these segments is given below:

a. Primary segment information

Rupees in Million

Particulars	**Inhouse Film/ Television serial Production and Distribution**	**Outside Film Distribution**	**Total**
Segment revenue			
External sales	372.96	1.62	374.58
Inter segment sales	-	-	-
Total revenue	**372.96**	**1.62**	**374.58**
Segment result	**108.41**	**(0.70)**	**107.71**
Unallocated corporate expenses			82.51
Operating profit			**25.20**
Finance costs			3.14

Other income			0.55
Net profit			**22.62**
Other information			
Segment assets	484.00	2.00	486.00
Unallocated corporate assets			6.83
Total assets			**492.83**
Segment liabilities	40.89	0.03	40.93
Unallocated corporate liabilities			35.98
Total liabilities			**76.90**
Capital expenditure	**36.19**	**-**	**36.19**
Depreciation/amortization	**28.36**	**-**	**28.36**

b. Secondary segment information

The Company operates in a single reportable geographical segment viz. India since all its customers and assets of the Group are located in India.

c. Notes to segmental information

i. Segment revenue and expense: All segment revenue and expense are directly attributable to the segments.

ii. Segment assets and liabilities: Segment assets include all operating assets used by a segment comprising debtors, inventories, fixed assets and loans and advances.

10. Related party disclosures

a. The following are the names of related parties and description of relationship:

Relationship	Name of the party
Enterprise where control exist	
Subsidiary company	Twenty Twenty Television Company Limited
Other related parties with whom transactions have taken place during the year	
Associates (Partnership firms)	Ram Gopal Varma K Sera Sera Distributors PVR Factory Distribution Network
Key management personnel	Parag Sanghavi - Managing Director Azam Khan - Whole Time Director (till June, 2004) Kacon Sethi - Whole Time Director

b. The following are the volume of transactions with related parties during the year and outstanding balances as at the year end disclosed in aggregate by type of related party:

Rupees in Million

Nature of transaction	Associate	Key management	Total

	companies	personnel	
Sale of distribution rights	72.66	-	72.66
Remuneration	-	3.04	3.04
Loans/Advances granted	0.36	-	0.36
Equity/capital contribution	0.22	-	0.22
Balance outstanding as on March 31			
-- Credit balances	2.00	-	2.00
-- Debit balances	0.74	-	0.74

11. Deferred tax

Following are the major components of deferred tax liability/(asset):

	Rupees in Million
Particulars	**As at March 31, 2005**
Difference between book base and tax base of fixed assets	15.15
Liabilities that are deducted for tax purposes when paid	(0.01)
Total	**15.14**

12. Earning per share

	Rupees in Million except per share data
Particulars	**2004-2005**
Net profit for the year, as restated	22.59
Less: Preference dividend and tax thereon	0.92
Net profit available for equity shareholders used as numerator for earnings per share	21.67
Weighted average number of equity shares outstanding during the year - basic	14,385,783
Add: Effect of share application money	122,514
Weighted average number of equity shares outstanding during the year -Dilutive	14,508,297
Earning per share - basic	**1.51**
- diluted	**1.49**

13. The Parent has invested in two partnership firms viz. Ram Gopal Varma K Sera Sera Distributors and PVR Factory Distribution Network and following table gives the balance in capital account of the said firms and profit/loss is shared amongst various partners:

			Rupees in Million	
Name of the partners	**Ram Gopal Varma K Sera Sera Distributors**		**PVR Factory Distribution Network**	
	Total capital	**Sharing ratio**	**Total capital**	**Sharing ratio**

PVR Pictures Limited	-	-	1.29	50%
K Sera Sera Productions Limited	0.29	50%	0.65	25%
Varma Corporation Limited	0.29	50%	0.65	25%
Total	**0.58**	**100%**	**2.59**	**100%**

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2005 PUBLISHED IN TERMS OF CLAUSE 41 OF THE LISTING AGREEMENT

Particulars	Rs. in million
Net sales	197.62
Other Income	0.01
Total Income	**197.63**
Expenditure	(139.32)
Operating Profit	**58.31**
Interest	(0.87)
Gross Profit	**57.44**
Depreciation	(0.91)
Profit Before Tax	**56.53**
Tax	(18.64)
Profit after Tax	**37.89**
Prior Period Items	NIL
Net Profit	**37.89**
Equity Capital	145.12
EPS (Not annualized)	2.61

FINANCIAL INFORMATION OF SUBSIDIARY & GROUP COMPANIES

SUBSIDIARY COMPANIES

Our Company has only one subsidiary "Twenty Twenty Television Company Limited" with 100% shareholding.

TWENTY TWENTY TELEVISION COMPANY LIMITED

Twenty Twenty was incorporated as 'Twenty Twenty Television Limited on 27th October 2004 under the Companies Act, 1956 vide certificate of incorporation no. 11-149293. Twenty Twenty obtained the certificate of commencement of business dated 19th November 2004. The name of Twenty Twenty Television Limited was changed to its present name Twenty Twenty Television Company Limited vide fresh certificate on consequent to change of name dated 27th January 2005.The registered office of Twenty Twenty is situated at Versova Shree Darshan Co-operative Housing Society Limited, Ground Floor, Plot No.15, R.D.P – 2, Sardar Vallabhbhai Patel Nagar, Near Versova Telephone Exchange, Andheri (West), Mumbai – 400 053. Twenty Twenty was incorporated with the main objective of carrying on the business of producing, directing, distributing and other dealing in TV serials, tele-films, soaps, documentaries, animation films, chat shows, educational, dramatic, comic, cartoons, colored, and similar kind of shows. The Company has already started its commercial operations.

The Board of Directors of the Company is as under:

Name of the Director	Designation
Mr. Ashok Pamani	Director
Mr. Parag Sanghavi	Director
Ms. Kacon Sethi	Director

Shareholding pattern as on date of filing of this Draft Red Herring Prospectus:

Name of the shareholder	No. of Shares	% Holding
K Sera Sera Productions Limited	49,400	98.80%
KSS jointly with Parag Sanghavi	100	0.20%
KSS jointly with Kacon Sethi	100	0.20%
KSS jointly with Nasreen Khan	100	0.20%
KSS jointly with Amar Panghal	100	0.20%
KSS jointly with V. Seetharaman	100	0.20%
KSS jointly with Dinesh Bhanushali	100	0.20%
TOTAL	**50,000**	**100.00%**

Facilities from Banks:

As per the certificate from Tiwari Samani & Associates, Chartered Accountants dated 12th September 2005 the Company has not obtained any loan from any banks or financial institutions as on date.

Twenty Twenty has obtained a sanction towards from Standard Chartered Bank vide their sanction letter dated 10th August 2005. Details of the loan are as under:

Facility	Limit (Rs. in Millions)	Rate of Interest	Terms of Loan
Invoice Discounting – For supply of television content/ software to Sony Entertainment, Star India Pvt. Ltd. and Zee Telefilms Limited for serials to be telecast on their channels	100	As negotiated from time to time	• Hypothecation of stocks and book debts of Twenty Twenty • Lien on Cash/ FD's aggregating 15% of the facility amount • Corporate Guarantee of K Sera Sera Productions Limited

Facility	Limit (Rs. in Millions)	Rate of Interest	Terms of Loan
Working Capital Demand Loan		As negotiated from time to time payable monthly in arrears or at maturity, whichever is earlier. Rate of Interest is subject to change without prior notice at discretion of the bank.	• Hypothecation of stocks and book debts of Twenty Twenty • Lien on Cash/ FD's aggregating 15% of the facility amount • Corporate Guarantee of K Sera Sera Productions Limited

Note: The Company has not availed these facilities as on date.

Brief Financial Performance:

It got a certificate of commencement of business on 19th November 2004. Financial Performance for the period ended 31st March 2005 as per Audit Report of M/s.Malpani & Associates and M/s Tiwari Samani & Associates dated 9th July 2005 was as under:

Rs. in million

Particulars	2004-05
Income from Operations	NIL
Share Capital	0.50
Pre-operative expenditure	3.59
Reserves (excluding revaluation reserves)	NIL
Networth	(3.09)

Twenty Twenty has not defaulted in meeting any statutory dues, institutional dues or bank dues. It has not defaulted in making any payments/refunds for debentures, fixed deposits and interest on debentures and fixed deposits.

There are no outstanding litigation, disputes pertaining to matters likely to affect operations and finances of Twenty Twenty including disputed tax liabilities, prosecution under any enactment against Twenty Twenty and there are no past cases in this regard in which the penalties were imposed by any authorities.

ASSOCIATE FIRMS

Our Company has invested in two Partnership Firms (for distribution of movies) namely:

1. **RGV/KSS Distributors and**
2. **PVR Factory Distribution Network**

The and the profit /loss of the said firms is shared between various partners in the following ratio:

Sr. No.	Name of the Partners	RGV/KSS Distributors	PVR Factory Network
1.	PVR Pictures Limited	--	50%
2.	K Sera Sera Productions Limited	50%	25%
3.	Varma Corporation Limited (RGV)	50%	25%
	Total	**100%**	**100%**

The brief financials of the above partnership firms are given in the Draft Red Herring Prospectus under heading "Notes to Accounts" in the Audit Report and "Tie-ups/ arrangement for distribution" elsewhere in this Draft Red Herring Prospectus.

OTHER GROUP COMPANIES/VENTURES OF PROMOTERS:

I. STYLE ASIA INC. – USA

Style Asia Inc. ("Style Asia") was incorporated on 19th July 1985 under the Business Corporation Law in New York with the main objective of carrying on the business of importer and distributor of premium promotional products and general merchandise in US, Canada and South America. It is a certified member of C-TPAT program (U.S Customs Trade Partnership against terrorism), which is a joint initiative between the US Customs and the business community whereby the company as well as the customers are benefited by reducing the number of customs inspections and expediting the processing of consignments at the border. Style Asia runs successful brands like:

- Generation
- Calvin Hill
- North Point
- American Generation
- Chefs Basics
- Hudson Valley

It was ranked No.24 amongst the top 25 of the New York's/ New Jersey largest minority owned companies for the year 2004.

The registered office of Style Asia is situated at 101, Moonachie Ave, Moonachie, NJ 07074, USA.

The Board of Directors of Style Asia is given below:

Name of the Director	Designation
Mr. Ashok Pamani	President/CEO- Director

Shareholding pattern:

Name of the shareholder	No. of Shares	% Holding
Mr. Ashok Pamani	200	100.00
Total	**200**	**100.00**

Facilities from Banks:

As per the certificate from B. R. Pandit & Associates – Certified Public Accountants & Business Consultants dated 22nd August 2005 the following credit facility has been extended to Style Asia:

Revolving line of credit facility for Rs.306.53 million to the Company (Rupee equivalent of $7million as on 31st March 2005). Refer "Currency of Presentation" on page no [●] of this Draft Red Herring Prospectus.

Brief Financial Performance:

$/ Rs. in million

Particulars	For the financial year ended 31st December					
	2002		2003		2004	
	$	Rs.	$	Rs.	$	Rs.
Sales	30.18	1,321.70	31.84	1,394.40	36.17	1,583.99
PAT	0.30	13.11	0.32	14.20	0.44	19.08
Share Capital	0.20	8.76	0.20	8.76	0.20	8.76
Reserves (excluding revaluation reserves) - Unappropriated	1.37	60.20	1.48	64.98	1.80	79.02
Reserves (excluding revaluation reserves) - Appropriated	0.20	8.76	0.40	17.52	0.50	21.90
Networth	2.21	96.99	2.52	110.53	2.94	128.95
NAV per Share	0.011	0.485	0.013	0.553	0.015	0.645
EPS per Share	0.001	0.066	0.002	0.071	0.002	0.095

For Conversion rates refer to "Currency of Presentation" on page no [●] of this Draft Red Herring Prospectus.

Style Asia has not defaulted in meeting any statutory dues, institutional dues or bank dues. It has not defaulted in making any payments/refunds for debentures, fixed deposits and interest on debentures and fixed deposits.

There are no outstanding litigation, disputes pertaining to matters likely to affect operations and finances of Style Asia including disputed tax liabilities, prosecution under any enactment against Style Asia and other Companies/ firms promoted by them and there are no past cases in this regard in which the penalties were imposed by any authorities.

II. SGA INVESTMENTS LLC

SGA Investments LLC ("SGA") was incorporated as a Limited Liability Company with the State of New Jersey vide Certificate of Formation dated 22nd March 2001, with the main objective of carrying on the business of Real Estate Investments.

The registered office of SGA is situated at 101, Moonachie Ave, Moonachie, NJ 07074, USA.

The Board of Directors of SGA is given below:

Name of the Director	Designation
Mr. Ashok Pamani	Director- Sole Member

Shareholding pattern:

As per the certificate of B. R. Pandit & Associates – Certified Public Accountants & Business Consultants dated 19th April 2005; Mr. Ashok Pamani is the 100% stockholder of SGA and for the purposes of tax, the details of SGA are included in the Income Tax Return of Mr. Ashok Pamani.

Facilities from Banks:

As per the certificate from B. R. Pandit & Associates – Certified Public Accountants & Business Consultants dated 22nd August 2005, the following credit facility has been extended to SGA:
Real Estate Mortgage for Rs.65.69 Million by Sovereign Bank (Rupee equivalent of $1.5 million as on 31st March 2005). Refer "Currency of Presentation" on page no [●] of this Draft Red Herring Prospectus.

Brief Financial Performance:

$/ Rs. in million

Particulars	For the financial year ended 31st December					
	2002		2003		2004	
	$	Rs.	$	Rs.	$	Rs.
Rental Income	0.39	16.86	0.36	15.76	0.36	15.85
PAT	0.06	2.76	0.08	3.33	0.06	2.71

For Conversion rates refer to "Currency of Presentation" on page no [●] of this Draft Red Herring Prospectus.

SGA has not defaulted in meeting any statutory dues, institutional dues or bank dues. It has not defaulted in making any payments/refunds for debentures, fixed deposits and interest on debentures and fixed deposits.

There are no outstanding litigation, disputes pertaining to matters likely to affect operations and finances of SGA including disputed tax liabilities, prosecution under any enactment against SGA and other Companies/ firms promoted by them and there are no past cases in this regard in which the penalties were imposed by any authorities.

III. KKK INVESTMENTS (PVT.) LIMITED, MAURITIUS.

KKK Investments (Pvt.) Limited ("KKK") was incorporated as a private company limited by shares under the Companies Act, 2001 of the Republic of Mauritius vide Certificate of Incorporation No. C2/GBL-45441 dated 21st March 2003, with the main objective of carrying on the business of Stock Investments.

The registered office of KKK is situated at 4th Floor, Les Cascades Building, Edith Caveli Dt., Port Louis, Mauritius.

The Board of Directors of KKK are given below:

Name of the Director	Designation
Mr. Ashok Pamani	Director
Mrs. Kamini Pamani	Director

Shareholding pattern:

Name of shareholder	No. of shares held	% of share capital
Mr. Ashok Pamani	50	50.00
Mrs. Kamini Pamani	50	50.00
TOTAL	**100**	**100.00**

Facilities from Banks:
As per the certificate from International Management (Mauritius) Limited dated 18th April 2005, KKK had not availed any credit facility from any bank or financial institution as on the aforesaid date.

Brief Financial Performance:

$ / Rs. in million

Particulars	For the financial year ended 31st December					
	2002		2003		2004	
	$	Rs.	$	Rs.	$	Rs.
Investment Cost	-	-	1.3	59.28	1.50	65.69
Market Value - Investments	-	-	1.70	74.44	2.30	100.72
Unrealised Gain	-	-	0.40	17.52	0.80	35.03
Net Worth	-	-	1.30	56.93	1.50	65.69
NAV per Share	-	-	0.013	0.569	0.015	0.657

For Conversion rates refer to "Currency of Presentation" on page no [●] of this Draft Red Herring Prospectus.

KKK has not defaulted in meeting any statutory dues, institutional dues or bank dues. KKK has not defaulted in making any payments/refunds for debentures, fixed deposits and interest on debentures and fixed deposits.

There are no outstanding litigation, disputes pertaining to matters likely to affect operations and finances of KKK including disputed tax liabilities, prosecution under any enactment against KKK and other Companies/ firms promoted by them and there are no past cases in this regard in which the penalties were imposed by any authorities.

IV. K SERA SERA PRODUCTIONS INC.
K Sera Sera Productions Inc. ("KSS Inc.") was incorporated on 19th April 2004 under the New Jersey Business Corporation Act with the main objective of carrying on the business of movie distribution in USA. KSS Inc. has certified that it will not engage directly/ indirectly in any activity that will lead to conflict of business interest with our Company.

The registered office of KSS Inc. is situated at 101, Moonachie Ave, Moonachie, NJ 07074, USA.

The Board of Directors of KSS Inc. is given below:

Name of the Director	Designation
Mr. Ashok Pamani	Director

KSS Inc. is yet to start its commercial operations.

Shareholding pattern:
The entire shareholding of KSS Inc. is held by Mr. Ashok Pamani

Facilities from Banks:
As per the certificate from B. R. Pandit & Associates – Certified Public Accountants & Business Consultants dated 22nd August 2005 there are no loans or credit line issued to KSS Inc. from any banks or financial institutions.

KSS Inc. has not defaulted in meeting any statutory dues, institutional dues or bank dues. It has not defaulted in making any payments/refunds for debentures, fixed deposits and interest on debentures and fixed deposits.

There are no outstanding litigation, disputes pertaining to matters likely to affect operations and finances of KSS Inc. including disputed tax liabilities, prosecution under any enactment against them and other Companies/ firms promoted by them and there are no past cases in this regard in which the penalties were imposed by any authorities.

V. GENERATION MARKETING GROUP INC.

Generation Marketing Group Inc. ("Generation Marketing") was incorporated in New York on 27th September 1995 under the Business Corporation Law,in New York with the main objective of carrying on the business of wholesale of gift items.

The Board of Directors of Generation Marketing is given below:

Name of the Director	Designation
Mr. Ashok Pamani	Director

Shareholding pattern:

Name of the shareholder	No. of Shares	% Holding
Mr. Ashok Pamani	200	100.00
Total	**200**	**100.00**

Facilities from Banks:
As per the certificate from B. R. Pandit & Associates – Certified Public Accountants & Business Consultants dated 22nd August 2005, there are no loans or credit line issued to Generation Marketing from any banks or financial institutions.

Brief Financial Performance:

$/ Rs. in million

Particulars	For the financial year ended 31st December					
	2002		2003		2004	
	$	Rs.	$	Rs.	$	Rs.
Sales	1.03	45.10	0.04	1.62	0.00	0.03
PAT	0.03	1.14	(0.00)	(0.02)	(0.00)	(0.08)
Capital Stock	NIL	NIL	NIL	NIL	NIL	NIL
Additional paid in capital	0.01	0.44	0.01	0.44	0.01	0.44
Reserves (excluding revaluation reserves)	(0.00)	(0.12)	(0.00)	(0.14)	(0.00)	(0.21)
Networth	0.01	0.32	0.01	0.30	0.01	0.23
NAV per Share	NA	NA	NA	NA	NA	NA
EPS per Share	NA	NA	NA	NA	NA	NA

For Conversion rates refer to "Currency of Presentation" on page no [●] of this Draft Red Herring Prospectus.

Face Value of shares is USD 50

Generation Marketing has not defaulted in meeting any statutory dues, institutional dues or bank dues. It has not defaulted in making any payments/refunds for debentures, fixed deposits and interest on debentures and fixed deposits.

There are no outstanding litigation, disputes pertaining to matters likely to affect operations and finances of Generation Marketing including disputed tax liabilities, prosecution under any enactment against them and other Companies/ firms promoted by them and there are no past cases in this regard in which the penalties were imposed by any authorities.

VI. ASHRICK ENTERPRISES INC.

Ashrick Enterprises Inc. ("Ashrick") was incorporated on 19th January 1994 with the State of New York, with the main objective of carrying on the business of wholesale distribution of general merchandise.

The registered office of Ashrick is situated at 101, Moonachie Ave, Moonachie, NJ 07074, USA.

The Board of Directors of Ashrick is given below:

Name of the Director	Designation
Mr. Ramesh Pamani	President

Shareholding pattern:
The entire capital of Ashrick has been contributed by Mr. Ramesh Pamani.

Facilities from Banks:
As per the certificate from B. R. Pandit & Associates – Certified Public Accountants & Business Consultants dated 22nd August 2005 Ashrick has not availed any kind of credit facilities from any bank or lending institutions.

Brief Financial Performance:

$/ Rs. in million

Particulars	For the Financial Year ended December 31st					
	2002		2003		2004	
	$	Rs.	$	Rs.	$	Rs.
Sales	1.17	51.23	1.33	58.24	3.55	155.45
PAT	0.04	1.88	0.03	1.45	0.05	2.36
Common Stock	NIL	NIL	NIL	NIL	-	-
Additional paid in capital	0.06	2.41	0.06	2.41	0.06	NA
Reserves (excluding revaluation reserves)	0.05	2.19	0.08	3.50	0.14	6.13
Networth	0.11	4.60	0.14	6.09	0.19	8.45
NAV per Share	NA	NA	NA	NA	NA	NA
EPS per Share	NA	NA	NA	NA	NA	NA

For Conversion rates refer to "Currency of Presentation" on page no [●] of this Draft Red Herring Prospectus.

Ashrick has not defaulted in meeting any statutory dues, institutional dues or bank dues. It has not defaulted in making any payments/refunds for debentures, fixed deposits and interest on debentures and fixed deposits.

There are no outstanding litigation, disputes pertaining to matters likely to affect operations and finances of Ashrick including disputed tax liabilities, prosecution under any enactment against them and other Companies/ firms promoted by them and there are no past cases in this regard in which the penalties were imposed by any authorities.

VII. STYLE AMERICA INC.

Style America Inc. ("Style America") was incorporated under the General Corporation Law of California on 13th September 2003, with the main objective of carrying on the business of wholesale distribution of general merchandise.

The registered office of Style America is situated at 917 Mc Garry Street, Los Angeles, CA 90021.

The Board of Directors of Style America is given below:

Name of the Director	Designation
Mr. Ramesh Pamani	President

Shareholding pattern:
The entire capital of Style America has been contributed by Mr. Ramesh Pamani.

Facilities from Banks:
As per the certificate from B. R. Pandit & Associates – Certified Public Accountants & Business Consultants dated 22nd August 2005 Style America has not availed any kind of credit facilities from any bank or lending institutions.

Brief Financial Performance:

$ / Rs. in million

Particulars	Six months ended 30th June 2004	
	$	Rs.
Sales	1.80	78.82
PAT	0.03	1.18
Share Capital- Common Stock	NIL	NIL
Additional paid-up capital	0.51	22.33
Reserves (excluding revaluation reserves)	0.03	1.18
Networth	0.54	23.52
NAV per Share	NA	NA
EPS per Share	NA	NA

For Conversion rates refer to "Currency of Presentation" on page no [●] of this Draft Red Herring Prospectus.

Style America has not defaulted in meeting any statutory dues, institutional dues or bank dues. There are no litigations against Style America involving statutory regulations or any criminal offence.

There are no outstanding litigation, disputes pertaining to matters likely to affect operations and finances of Style America including disputed tax liabilities, prosecution under any enactment against them and other Companies/ firms promoted by them and there are no past cases in this regard in which the penalties were imposed by any authorities.

COMPANIES FOR WHICH AN APPLICATION HAS BEEN MADE FOR STRIKING OFF NAME

I. ASHLEY KAY INC.
Ashley Kay Inc. ("Ashley Kay") was incorporated on 18th December 2002 with the main objective of carrying on the business of wholesale of gift items.

The registered office of Ashley Kay was situated at 1810 Tonnelle Avenue, Hudson, NJ 07047.

Ashley Kay applied for dissolution with the State of New Jersey, Division of Taxation, Revenue Processing Center, Trenton, New Jersey by filing the final return on 9th March 2005.

The shareholders as on the date of application were Mr. Ashok Pamani & Mr. Kumar Hathiramani.

Brief Financial Performance:
The Financial performance during the last two years is as under:

$ / Rs. in million

Particulars	For the financial year ended 31st December			
	2003		2004	
	$	Rs.	$	Rs.

Particulars	For the financial year ended 31st December			
	2003		2004	
	$	Rs.	$	Rs.
Sales	0.02	0.68	NIL	NIL
PAT	(0.00)	(0.02)	NIL	NIL
Share Capital- Common Stock	NIL	NIL	NIL	NIL
Additional paid-up capital	0.00	0.00	0.00	0.00
Reserves (excluding revaluation reserves)	(0.00)	(0.02)	(0.00)	(0.02)
Networth	(0.00)	(0.02)	(0.00)	(0.02)

For Conversion rates refer to "Currency of Presentation" on page no [●] of this Draft Red Herring Prospectus.

II. MEHER PLASTICS PRIVATE LIMITED

Meher Plastics Private Limited ('Meher Plastics') was incorporated on 6th November 1990 vide Certificate of Incorporation No. 11- 58835 with the main objective of carrying on dealing in plastic moulded items

The registered office of Meher Plastics was situated at 40, Municipal Industrial Estate, Bapty Road, Mumbai - 400 008.

Meher Plastics made an application to the Registrar of Companies, Mumbai for striking off its name from the Register of Members on 18th March 2005.

The Directors of Meher Plastics filed an affidavit stating that no litigations are pending against or involving Meher Plastics as on 16th March 2005. Further they have signed an indemnity bond on 16th March 2005 to pay any lawful claims arising in future and to indemnify any person against any loss pursuant to striking off the name.

The Board of Directors of Meher Plastics as on date of application:

Name of the Director	Designation
Mr. Azam Khan	Director
Mr. Alam Khan	Director

Brief Financial Performance:

Rs. in million

Particulars	For the financial year ended		
	2002	2003	2004
Sales	NIL	NIL	NIL
PAT	(0.01)	(0.01)	(0.96)
Share Capital	1.20	1.20	1.20
Reserves (excluding revaluation reserves)	(0.24)	(0.24)	(1.20)
Networth	0.96	0.96	NIL
NAV per Share (Rs.)	80.33	79.82	NIL
EPS per Share (Rs.)	(1.18)	(0.50)	NIL

As on 8th March 2005, there were no assets or liabilities of Meher Plastics.

There are no other Companies/ firms / entities from which promoters have disassociated themselves during last 3 years.

CHANGES IN ACCOUNTING POLICIES DURING THE LAST THREE YEARS

1. **Change in accounting policies - Miscellaneous expenditure**

   Until March 31, 2004, the Company had treated share issue expenses as preliminary expenses, which was being amortised over a period of ten years. Further, during financial year ended March 31, 2004 unamortized balance relating to earlier years of miscellaneous expenditure was amortized in the books. During financial year ended March 31, 2005 the management of the Company decided to adjust share issue expenses against securities premium account and accordingly changed the policy and adjusted the entire balance of share issue expenses. For the purpose of this statement, the share issue expense has been adjusted against securities premium account in the respective year of it being incurred. Similarly, amortization of miscellaneous expenditure is also effected in the respective year to which it relates, for the purpose of this statement.

2. **Prior period adjustments**

   In the financial statements for the year ended March 31, 2005 and 2002, the Company had recognised/charged off certain amount of income and expense as prior period items. For the purpose of this statement, the said income/expense has been appropriately adjusted in the year that it relates to.

3. **Depreciation**

   The Company has changed the basis of charging depreciation on fixed assets during the year ending March 31, 2005. Previously the Company was charging depreciation at the rates prescribed under the Income-tax Act, 1961 which has now been changed to rates prescribed under Schedule XIV to the Companies Act, 1961. Consequent effect on account of such change is given in the respective years.

4. **Reserve on intellectual property rights**

   During financial year ended March 31, 2004, the Company had created reserve on intellectual property rights of Rs. 43.29 million against its rights in motion pictures with corresponding effect in deferred revenue expenditure, which was reversed during financial year ended March 31, 2005. Such reserve is reversed and adjusted in the restated statement of assets and liabilities in the concerned year.

5. **Qualification in auditor's report**

   The auditor's report for the financial year ended March 31, 2005 was qualified for non-provision of Rs. 10.88 million which appeared to be doubtful of recovery. Accordingly, adjustment is made in the statement of profit and loss, as restated to give effect to such qualification with corresponding effect in reserves and surplus and loans and advances.

6. **Investments**

   The investments as at March 31, 2003 included interest accrued of Rs. 0.12 million on investments made by the Company. This has been reclassified under loans and advances in the restated statement of assets and liabilities.

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 FY 2003, 2004 and 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 RSM & Co., Chartered Accountants dated 20th September 2005 in the section with the title 'Financial Information of our Company'.

OVERVIEW

Our Company was originally incorporated as 'Garnet Paper Mills Limited' on 6th September 1995 for carrying on the business in paper and paper products. For setting up an integrated paper plant Garnet Paper Mills made its maiden public issue of 6,600,000 equity shares at par in 1996 aggregating Rs.66 million, Rs.2.50/- payable on application and balance payable on allotment. However due to non receipt of allotment money, the Company could not implement its paper project.

The present management took over the Company in October 2002 and the object was altered to carry on the business in motion pictures, still pictures, films, T.V serials, advertisement films.

We are a content production house engaged in movie production and television content production and distribution of movies. In 2003 we entered into a MOU with Varma Corporation Limited, a production house of the renowned Hindi Movie Director, Mr. Ram Gopal Varma for joint production of movies for a period of three years which was subsequently amended to a period of six years. The first movie produced under this tie-up was 'Darna Mana Hai' which was released worldwide in August 2003. Our Company has so far produced and released nine movies:

- In the year 2003-04: Darna Mana Hai, Ab Tak Chappan and Ek Hasina Thi
- In the year 2004-05: Gayab, Vaastu Shastra and Naach
- In the year 2005-06: Sarkar, My Wife's Murder and James

We have entered into an agreement with Sahara on 31st December 2003 for assignment of Worldwide Satellite Telecast Rights in respect of ten movies for a total consideration of Rs.267.12 million. The first movie under this agreement was 'Ab Tak Chappan'.

We ventured into distribution of our own movie and entered into partnership with PVR Pictures Limited and Varma Corporation Limited for distribution of movies in Delhi, Uttar Pradesh and Uttaranchal. We also entered into a partnership agreement with Varma Corporation Limited for distribution of movies in the Mumbai territory in the name of RGV/KSS Distributors. We are now independently doing distribution of movies outside our banner like 'Tango Charlie', Kaal, 'Jo Bole So Nihaal', 'Nazar', 'D', 'Mangal Pandey-The Rising', 'Dus', 'No Entry' etc.

Our Company has also produced three serials; "Aao Bahen Chugli Kare" and "Kuch Love Kuch Masti" with Clapstem Productions for Sahara TV Channel and 'Kaashish' for Zee Television Channel. We incorporated a subsidiary i.e. "Twenty Twenty Television Company Limited" in October 2004 to carry on the business of producing of TV serials, soaps, chat shows etc.

SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL YEAR:

The following material developments have occurred after the balance sheet date:

- Our Company has obtained a sanction from Standard Chartered Bank vide their sanction letter dated 10th August 2005. Details of the loan are as under:

Facility	Limit (Rs. in Millions)	Rate of Interest	Terms of Loan

Facility	Limit (Rs. in Millions)	Rate of Interest	Terms of Loan
Invoice Discounting – For supply of television content/ software to Sony Entertainment, Star India Pvt. Ltd. and Zee Telefilms Limited for serials to be telecast on their channels	20.00	As negotiated from time to time	• Hypothecation of stocks and book debts (including motion picture IPR) • Lien on Cash/ FD's aggregating 15% of the facility amount
Working Capital Demand Loan		As negotiated from time to time payable monthly in arrears or at maturity, whichever is earlier. Rate of Interest is subject to change without prior notice at discretion of the bank.	• Hypothecation of stocks and book debts (including motion picture IPR) • Lien on Cash/ FD's aggregating 15% of the facility amount

Note: The company has not availed these facilities as on date.

- Our Company in the Board Meeting held on 6th August 2005, approved issue of not more than 20,000,000 redeemable cumulative non-convertible preference shares of Rs.10/- each to Strategic Investors/NRIs/Body Corporates and such other people as the Board of Directors may deem fit. The same has been approved by the shareholders at Annual General Meeting held on 29th September 2005.

- Authorised capital of the Company has been increased from Rs.300 million to Rs.500 million (comprising 25 million equity shares of Rs.10/- each and 25 million preference shares of Rs.10/- each) vide resolution passed in the Annual General Meeting held on 29th September 2005.

- During the year 2005-06 we have obtained an amount of Rs.50 million towards preference share application money which will be allotted in due course.

SIGNIFICANT ACCOUNTING POLICIES

Some of our accounting policies are particularly important to the portrayal of our financial position and results of operations and require the application of significant assumptions and estimates of our management. While we believe that all aspects of our financial statements should be studied and understood in assessing our current and expected financial condition and results, we believe that the following significant accounting policies warrant additional attention:

1. Accounting Convention – basis of preparation of financial statements

The financial statements are prepared under the historical cost convention, on accrual basis of accounting and in conformity with the accounting principles generally accepted in India. The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

2. Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation. Cost comprises of capital costs and incidental expenses attributable to bringing the asset to working condition for it's intended use. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized.

The Company recognizes/creates distribution rights in motion pictures as intangible asset in the form of Intellectual Property Rights (IPR's). The same is in consideration of the future economic benefits and availability of the aforesaid rights for redistribution after the expiry of initial period of distribution agreement. The creation/recognition of IPR's is made at a fixed proportion of its production cost depending on the date of release of the motion picture on the following basis:

- At 30% of the production cost of the motion picture in case the film is released within 90 days of the year end
- At 10% of the production cost of the motion picture in case the film is released before 90 days of the year end

3. Depreciation:

iii. Tangible assets

Depreciation on fixed assets is provided on Written Down Value method at the rates and the manner prescribed under Schedule XIV of the Companies Act, 1956.

iv. Intangible assets

The amortization of rights in motion pictures is made taking into consideration the following factors viz.:

- The date of release/sale of the respective motion picture i.e. before 90 days of the close of the year or otherwise as referred in paragraph (b) above;
- The tenure of the distribution agreement; and
- Matching principle of accounting.

Based on above, the amortization of Intellectual Property Rights is carried out on the following basis:

Particulars	Films released 90 days prior to year end	Films released within 90 days of year end
In the immediately succeeding year of release/sale	-	2/3rd
In the year of expiry of the distribution agreement	1/3rd	1/3rd

5. Revenue Recognition

In case of distribution rights of motion pictures, the revenue is recognized on the date of release/exhibition of the respective movie.

The overflow from the distributors is accounted for on receipt basis.

Revenue from other rights of motion pictures such as satellite rights, overseas rights, music rights, video rights, etc. is recognized on the date of execution of the agreement to assign these rights for exploitation.

Sale of motion pictures is accounted for on the date of agreement to assign the rights in the concerned motion picture.

Interest and other income are recognized on accrual basis.

6. Inventories:

Television serials/motion pictures under production are treated as inventory till the date of release in case of motion pictures and till the time final product is delivered to the respective channel in case of television serials. The same are valued, at cost and are shown as work-in-progress. Upon the release of motion picture, the copyrights for future years inherent in the motion pictures are created out of the production cost treating them as intangible assets and treatment as discussed in 'Fixed Assets' above is followed.

7. Contingencies

There were no contingencies as on 31st March 2005.

FACTORS THAT MAY AFFECT RESULTS OF OPERATION

Apart from the risks as disclosed in this Draft Red Herring Prospectus, there are no factors that may affect results of our operations.

Details of any encumbrance over the property of our Company and Guarantees given by Our Company to any other party:

Refer to the section 'Principal terms of Sanctioned Loans and assets charged as security' forming part of the Auditor's Report in this Draft Red Herring Prospectus.

Our Company has obtained sanction letter from Standard Chartered Bank for credit facility vide their sanction letter dated 10th August 2005. Details of the hypothecation are mentioned under 'Significant Developments subsequent to the last financial year'.

SUMMARY OF FINANCIAL RESULTS FOR THE PAST 3 YEARS CONTAINING SIGNIFICANT ITEMS OF INCOME & EXPENDITURE:

Rs. in millions

Particulars	Year ended 31st March		
	2003	2004	2005
Income from Operations	5.87	239.76	374.58
% Increase	NC	3984.50%	56.23%
Other Income	0.12	3.40	0.56
% Increase	NC	2733.33%	(83.53)%
Total Income	**5.99**	**243.16**	**375.14**
Production / Manufacturing Expenses	3.37	174.60	266.88
% to Income from Operations	57.41%	72.82%	71.25%
Salary & Wages	0.09	1.75	5.81
% to Income from Operations	1.53%	0.73%	1.55%
Other Operating Expenses	1.25	7.38	18.71
% to Income from Operations	21.29%	3.08%	4.99%
Financial charges	0.76	1.03	3.14
% to Income from Operations	12.95%	0.43%	0.84%
Depreciation	0.01	0.77	28.34
% to Income from Operations	0.17%	0.32%	7.57%
Profit before tax	**0.51**	**57.63**	**52.26**
Current Tax	0.04	6.30	19.05
Deferred Tax	-	15.62	(0.81)
Profit for the year	**0.47**	**35.71**	**34.02**
% Increase	NC	7497.87%	(4.73)%

% Increase in annualized figures where required
NC – Not Comparable

Reserves & Surplus
Reserves & Surplus during the years 2002-03, 2003-04 & 2004-2005 were as under:

Rs. in millions

Particulars	31st March 2003	31st March 2004	31st March 2005
Profit & Loss Account	(1.91)	20.16	41.84
Other Reserves	NIL	60.26	190.57
TOTAL	**(1.91)**	**80.42**	**232.41**

Investments
Investments mainly includes investment in associates; 'RGV/KSS Distributors', 'PVR Factory Distribution Network' and investment in subsidiary company 'Twenty Twenty Television Company Limited'. Investment stood at Rs.1.58 million as on 31st March 2005.

Liquidity & Capital Resources
The following table sets forth our cash flows from operating, investing and financing activities. This information should be read in conjunction with the Financial Statements included elsewhere in this Draft Red Herring Prospectus.

Rs. in million

Particulars	For the financial year ended 31st March		
	2003	2004	2005
CASH FROM OPERATING ACTIVITIES	**(82.54)**	**(95.89)**	**(51.60)**
CASH FROM INVESTING ACTIVITIES	**(19.15)**	**(15.30)**	**(35.51)**
CASH FROM FINANCING ACTIVITIES	**108.08**	**171.48**	**22.21**
Net change in Cash & Cash Equivalent	*6.39*	*60.29*	*(64.90)*
Cash & Cash Equivalent at the beginning of the year	**0.24**	**6.63**	**66.92**
Cash & Cash Equivalent at the end of the year	**6.63**	**66.92**	**2.02**

Cash flows from Operating Activities
Our net cash from operating activities reflects our net profit, adjustments for provision for tax and non-cash charges like depreciation and amortization of Deferred Revenue Expenditure. In addition, it reflects changes in our operating assets and liabilities including inventory, debtors, current liabilities and provisions. The net cash outflow from operating activities during 2002-03, 2003-04 & 2004-2005 was Rs. 82.54 million Rs.95.89 million & Rs. 51.60 million representing the cost of production of Movies and TV Serials.

Cash flows from Investing Activities
Our cash flow from investing activities mainly constitutes sale/purchase of fixed assets & investments. Cash outflow from investing activities during the years 2002-03, 2003-04 & 2004-2005 were Rs.19.27 million, Rs.15.30 million and Rs.35.51 million respectively.

Cash flows from Financing Activities
Cash flows from financing activities during the years 2002-03, 2003-04 and 2004-2005 was Rs.108.08 million, Rs.171.48 million and Rs.22.21 million respectively. In the year 2002-03, our Company took an ECB Loan of Rs.38.41 million from one of our Promoters which was converted into preference share capital in the year 2004-05. During the year 2003-04, our company made preferential allotment of 1,272,985 equity shares for Rs.55/-

each & 98,039 equity shares for Rs.51/- each to NRIs. During the year 2004-05, our company made a preferential allotment of 2,324,614 equity shares of Rs.10/- each @ Rs.55.25 per share and 354,021 equity shares of Rs.10/- each @ Rs.82.55 per share.

The Financial Data for the period ended 31st March 2003 & 31st March 2004 does not include the operations of our subsidiary "Twenty Twenty Television Company Limited". To see the Consolidated Financial Data, please refer to page no [•] of this Draft Red Herring Prospectus.

COMPARISON OF FISCAL 2005 VIS-À-VIS FISCAL YEAR 2004

During the year 2004-05 our Company produced and released three movies; 'Gayab', 'Vaastu Shastra' and 'Naach'. On assignment of right of these three movies to Sahara, we have earned an income of Rs.26.71 million per movie. Also we sold the rights of 'My Wife's Murder' to Devils Tooth Design Studio Pvt. Ltd. for all India release for a royalty vide agreement dated 27th February 05, however in light of agreement with Sahara the Company is yet to obtain a 'No Objection Certificate' for transfer of distribution rights. The film was released in August '05. Income from Operation increased from Rs.239.76 million in 2003-04 to Rs.374.58 million in 2004-05 registering a growth of 56.23%.

Other Income mainly includes income from our partnership firms; PVR Factory Distribution Network and RGV/KSS Distributors, which looks after the distribution of movies in Delhi, UP, Uttaranchal & Mumbai Area. Other Income during 2004-05 was Rs.0.56 million as against Rs.3.40 million in the year 2003-04, which included foreign exchange gain of Rs.2.57 million on conversion of ECB loan.

The Company ventured into distribution of movies of outside banner 'Tango Charlie' was first amongst them. The production expenses during the year ended 31st March 2005 include cost of production of movies, television content and purchase cost of distribution rights. The production expenses increased from Rs.174.60 million in 2003-04 to Rs.266.88 million in 2004-05.

The Net Profit after tax decreased from Rs.35.71 million to Rs.34.02 million.

COMPARISON OF FISCAL 2004 VIS-À-VIS FISCAL 2003

The year 2003-04 was the first year in which we produced and released our movies; hence the income during the year is not comparable with that of 2002-03 (which was our first year of commercial operations since change of object clause in October 2002 to carry on the present activities). Income during 2002-03 was on account of Stage show conducted for SET India. Other Income of Rs.3.40 million was on account of income from investments and foreign exchange gains as compared to the previous year figure of Rs.0.12 million.

In the year 2003-04 we released our first movie 'Darna Mana Hai' in association with Varma Corporation Limited, a production house of the renowned director Mr. Ram Gopal Varma. Other releases during the year were 'Ek Hasina Thi' and 'Ab Tak Chappan'. In this year we entered into an agreement with Sahara India Mass Communication Limited for assignment of Satellite Telecast Rights for ten movies for a consideration of Rs.26.71 million per movie. The first movie assigned under this agreement was 'Ab Tak Chappan'.

The total production expenses accounted for 72.82% of income from operations. Profit after tax and extra-ordinary items during the year 2003-04 was 35.71 million. The Reserves & Surplus on 31st March 2004 were 80.42 million.

We also ventured into television during this year. We entered into an agreement with Clampstem Productions, a production house of Mr. Girish Malik for co-producing television serials 'Aao Bahen Chugli Karen' and 'Kuch Love Kuch Masti' which were aired on Sahara Channel.

INFORMATION REQUIRED AS PER CLAUSE 6.10.5.5 OF THE SEBI GUIDELINES:

a. **Unusual or infrequent events or transactions**:
Except as stated elsewhere or in the Auditor's Report in this Draft Red Herring Prospectus, we are not aware of any unusual or infrequent transactions that have taken place.

b. **Significant Economic changes that materially affected or are likely to affect income from continuing operations**:
Except as stated elsewhere in this Draft Red Herring Prospectus there are no significant economics changes that materially affect or likely to affect income from continuing operations.

c. **Known trends or uncertainties to have impact on income from continuing operations**
Apart from the risks as disclosed in this Draft Red Herring Prospectus, there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income form continuing operations.

d. **Future relationship between costs and revenue**

1. **Production Costs**

The production expenses comprise payment to artists and technicians. The expenses are discretionary and depend upon the star casts, span of production etc. There are no known factors that will affect the future relationship between the costs and income or which will have an impact on the operations and finances of our Company.

2. Financial Expenses

Our Company has obtained loan from Punjab National Bank @13.75% and The Shamarao Vithal Co-operative Bank @14.75%. We have also obtained a sanction letter from Standard Chartered Bank for credit facility details entailed in 'Significant Developments subsequent to the last financial year' in this Draft Red Herring Prospectus.

Further we issued 5% Cumulative Preference Share capital during the year 2004-05. During the year 2005-06 we have obtained an amount of Rs.50 million towards preference share application money which will be allotted in due course.

These are likely to have effect on the financial expenses of our Company in future.

e. **Increase in sales due to introduction of new products.**

The business of our Company in any year is dependant on the movies released/distributed during the year. The revenue tends to rise/fall depending upon the number of movies released/distributed during the years.

f. **Total turn over of the Industry**

Refer to Industry Overview on page no [●] of this Draft Red Herring Prospectus.

g. **Status of any publicly announced new products or business segments**

Refer to Business Overview on page no [●] of this Draft Red Herring Prospectus.

h. **Seasonality of Business**

Though the box office performance tends to be higher in festival season, summer vacations etc, historically our business performance in the movie division has not been dependant on any of these factors. The income from movies is from distributors on sale of theatrical right, sharing of box office revenue and sale of Satellite Rights to the television channels. The agreement with Distributor may be entered into even prior to the release of the movie. Further the revenue from the distributor will depend upon the type of agreement. Thus to that extent the revenue in our business is not seasonal.

i. **Overdependence on a single or few suppliers or customers**

Major portion of the Income is derived from the movie business. The income from movies is derived from two ends – the Distributor/Exhibitor who releases our movies through out India and the television channels to which we assign the Satellite Telecast Rights of the movies. Until the MOU with Sahara is operative, our major customer shall continue to be Sahara as far is the movie division is concerned.

We financed Clapstem Productions (producers) for producing the serials 'Kuch Love Kuch Masti' and 'Aao Bahen Chugli Karen'. As per the agreement we received part of the revenue from these serials from Clapstem Productions. We have produced our third serial 'Kaashish' in association with Zee Telefilms. Thus our main customers for television division are the television producers & the channels.

In the year 2002-03 we had income only from the Stage Show conducted in association with MSFDC and SET Max. Our top customer in 2003-04 and 2004-2005 was Sahara and Devils Tooth Design Studio Pvt Ltd. respectively to whom we assigned the rights of our movies. Our other customers are the distributors.

Top Five Customers

Rs. in million

Sales	2002-03	2003-04	2004-05
Top Customers			
SET India Pvt. Ltd.	5.87	-	-

Sales	2002-03	2003-04	2004-05
Sahara India Mass Communication Ltd.	-	56.71	-
Devil's Tooth Pvt. Ltd.	-	-	85.00
% to Total Income	100%	23.32%	22.65%
Top Five Customers	5.87	126.08	259.81
% to Total Income	100%	51.85%	69.26%

j. **Competitive conditions**

The Industry in which we operate is highly competitive specially since there are no entry barriers. There are many producers in the industry producing different kind of movies. Our Company has been working towards improving our competitive position in the Industry.

We have tied-up with Varma Corporation Limited & Sahara for joint production of movies. We have also entered into partnership agreement with PVR & Varma Corporation Limited to facilitate distribution of movies in Delhi, UP and Uttaranchal and Mumbai Area respectively. We have also entered into agreement with Vishram Sawanth and M/s.Shobhana Desai Production Pvt. Ltd for producing/direction of movies and television content production.

ADVERSE EVENTS

There has been no adverse event affecting the operations of our Company occurring within one year prior to the date of filing of the Offer Document with the Registrar of Companies.

DEFAULTS

Our Company has not defaulted in meeting any statutory dues, institutional dues or bank dues. Our Company has not defaulted in making any payment/refunds for debentures, fixed deposits and interest on debentures and fixed deposits.

LEGAL AND OTHER INFORMATION

Except as stated herein, there is no outstanding or pending litigation, suit, criminal or civil prosecution, proceeding initiated for offence (irrespective of whether specified in paragraph (I) of Part I of Schedule XIII of the Act), or litigation for tax liabilities against the Company, its subsidiaries, promoters, or directors, and there are no defaults, non-payment or overdues of statutory dues, institutional or bank due, or dues towards holder of debentures, bonds and fixed deposits and arrears of preference shares, other than unclaimed liabilities of the Company or its subsidiaries and no disciplinary action has been taken by SEBI or any Stock Exchanges against the Company, its subsidiaries, promoters, or directors.

OUTSTANDING LITIGATIONS INVOLVING THE COMPANY

a. Claims against the Company

Civil Suit filed by People Interactive India Pvt. Ltd. (known as "MAUJ") has filed a Suit in the Bombay High Court being Suit No.1797 of 2005 against Varma Corporation Limited, K. Sera Sera Productions Limited, Super Cassette Industries Limited and Virtual Marketing Pvt. Ltd. (known as `Hungama Mobile Indiafm.com').

The Suit is filed for a declaration that MAUJ is the sole and exclusive holder of Telecom rights of film 'Sarkar', 'My Wife's Murder', 'Darna Zaroori Hai', and 'James'. In this suit, MAUJ took out a Notice of Motion (Interim Application) being Notice of Motion No.1917 of 2005. The Bombay High Court ordered an interim injunction restraining Super Cassette Industries Limited and Virtual Marketing Pvt. Ltd. from claiming, accepting, using, enjoying the Telecom Rings in respect of the films 'Sarkar', 'My Wife's Murder', 'Darna Jaroori Hai', and 'James' by its order of 12th July 2005. In the said order the court also ordered an injunction wherein Varma Corporation Limited, K. Sera Sera Productions Limited, Super Cassette Industries Limited and Virtual Marketing Pvt. Ltd. were restrained from marketing the said Telecom rights to the public either directly or indirectly.

Against the aforesaid Interim Order, Super Cassette Industries Ltd. preferred an appeal in the Bombay High Court which was dismissed on 14th September, 2005. As such, the injunction as stated hereinabove is in force and operation.

b. Outstanding litigations filed by the Company

K Sera Sera Productions Limited (the "Company") VS Maharashtra Film Stage And Cultural Development Corporation&Ors (the "accused") [Court of the Metropolitian Magistrate (Esplanade) (case no.290/S of 2003)]

The accused had entered into a contract with Set India Private Limited ("SET") whereunder SET has agreed to acquire exclusive rights in respect of 13 film-star studded shows/episiodes of 3 hours duration each to be produced and shot by the accused. SET had paid to accused a sum of Rs.3,00,00,000/- as an advance for the said shows. The accused being in need of some further funds approached the Company and requested the Company for loan/advance for the purpose of producing/shooting/organizing the said shows. According to the said agreement dated August 8th, 2002 entered into by the Company with the Accused , the Company will lend a total sum of Rs.900,00,000/-to the accused for production of 13 shows . The Company paid a sum of Rs. 3,00,00,000/- to accused for the purpose of production of the first 5 shows. Accordingly the Company paid a sum of Rs.1,50,00,000/- to accused and handed over a post dated cheque for Rs.1,50,00,000/- dated August 24th, 2002 towards payment of the remaining amount of Rs. 3,00,00,000/- . It was agreed between the parties in the agreement that the said post dated cheque will only be deposited by the accused in the event of final delivery of the first 5 shows to SET. Further in the event of repayment of the said amount of Rs.3,00,00,000/- ,an amount of Rs 35,00,000/-would be paid in addition as an interest . The accused had also requested SET to pay the said sum of Rs. 3,35,00,000/- directly to the Company on the delivery of the master tapes of 5 shows. Accused accordingly handed over three cheques for an amount of Rs 1,50,00,000/-, Rs 1,50,00,000/- & Rs 35,00,000/- dated November 8th,2002 to Garnet Paper Mills (now referred to as "K Sera Sera") as a security , which could only be encashed in the event of SET failing to pay the above mentioned amount to the Company .

In the event when SET makes the said payment, the Company shall return all the three post dated cheques back to the accused. However, the accused handed over only 1 show to SET instead of 5 shows. Since the accused did not deliver 5 shows, Company was therefore actually entitled to recover the previously lent amount to the Accused alongwith interest thereon. Towards which the SET made a payment of only Rs.60,00,000/-(Rs.58,74,000/- after deducting TDS of Rs.1,26,000/- to the Company and thereafter it made no further payments. So the Company deposited the cheque issued by the accused dated November 8th,2002,as per the terms of the said agreement. The outstanding amount of Rs 90,00,000 was thereon issued by a cheque dated December 15th,2002 in lieu of the earlier cheque of Rs 1,50,00,000/-towards the Company by the accused. On December 16th,2002 the Company presented the cheque already issued to it by the accused dated and banker of the Company returned the said cheque on December 18th,2002 with a remark "Payment stopped by drawee". The other cheques also were returned with the same remark as earlier. A demand notice dated December 30th,2002 was issued by the Company to all the accused demanding the payment of the sum of Rs 1,25,00,000/- being the amount of the aforesaid cheques within 15 days of the reciept of the notice by the accused. Therefore the Company has filed a complaint in the Court of the Metropolitan Magistrate under Section 138 r/w Section 141 of Negotiable Instruments Act. At present all proceedings are stayed pursuant to the stay order dated Feburary 2nd 2005 of the High Court of Judicature, Appellate Side, Bombay.

Since Maharashtra Film Stage and Cultural Development Corporation is unable to pay its debts to the Company, the Company has also filed a petition for winding up in accordance with the Section 434 of the Companies Act, 1956 in the High Court of Judicature, at Bombay and the same is pending for hearing. (Company Petition no. 181 of 2003)

b. **OUTSTANDING LITIGATION INVOLVING OUR PROMOTERS AND DIRECTORS.**

Director- Mr. Mithilesh Kumar Sinha

BSEL Information Systems Limited, Hardware Division ("BSEL") has filed 10 different criminal complaints in the Court of Judicial Magistrate First Class, Vashi , at CBD Navi Mumbai (the "Court") against Microcity (India) Limited & others ("Microcity") including Mr. Mithilesh Kumar Sinha, in the capacity of its Director. Pursuant to the complaint filed, Microcity have purchased 40 quantity of MS OFFICE STD.2000 CUP for of Rs.402,629.20 ("said amount') from BSEL . Microcit failed and neglected to pay the above mentioned amount. Cheques issued by Microcity for the payment got dishonoured when the same was presented to BSEL's bankers. Microcity ingored the legal notice sent on June 17th, 2002. Since the payment was not made by Microcity in spite of legal notices being sent, Bsel has filed, complaints against it under section 138 of Negotiable Instruments Act. Mr. Mithilesh Kumar Sinha who was also made party to the complaints submitted in his reply that he did not commit any offence under Section 138 of the Negotiable Instruments Act as the Complainants failed to fasten any liability as required under section 141 of the Negotiable Instruments Act. Since Mr. Mithilesh Kumar Sinha resigned on February 26th, 2001 before the offence was committed, he has made an application to the Court for discharge from the above mentioned cases.

c. The details of the past cases in which penalties were imposed by the concerned authorities on the issuer Company or its Directors.

UNDER SECURITY EXCHANGE BOARD OF INDIA

A show cause notice was received by Garnet Paper Mills Limited (now referred as K Sera Sera Productions Limited) from SEBI on August 6th 2002 & August 12th 2002 alleging the contravention of Regulation 6 (2) and 6(4) for the year 1997 and Regulation 8(2) and 8 (3) for the years 1998,1999,2000,2001 & 2002 of SEBI (Substantial Acquisition and Takeover) Regulations 1997 (the "Takeover Regulations") pertaining to the disclosures of shareholding and control in a listed company. K Sera Sera Productions Limited replied on August 19th 2002 to SEBI stating that the mistake was on account of ignorance of law and not intentional. In response SEBI vide a letter dated August 22nd 2002 intimated our Company regarding the adjudicating proceedings in the matter were held on August 30th 2002. The Adjudication proceedings were attended by company officers and accordingly on September 2nd 2002, details of Shareholding pattern of promoters and addresses of promoters and directors were enclosed for record of SEBI. Bombay Stock Exchange Limited vide its letter dated November 26th, 2002 informed the Company about the SEBI Regularization Scheme, 2002 (the "Scheme") for non-compliance

with regulations 6 and 8 of the SEBI ((Substantial Acquisition and Takeover) Regulations 1997. The Scheme enabled the company to comply with the requirements of regulations 6 and 8 of the SEBI ((Substantial Acquisition and Takeover) Regulations 1997. Our Company vide its letter dated December 10th 2002 made the necessary disclosures and also made payment of lump-sum amount of Rs. 10,000/- for each such non-compliance aggregating to Rs. 1,40,000/-. After filing the necessary disclosures under Regularisation Scheme, there was no further communication from SEBI in respect of the aforesaid matter.

d. OUTSTANDING LITIGATIONS INVOLVING THE COMPANY'S SUBSIDIARIES

NONE

E. OUTSTANDING LITIGATIONS INVOLVING THE PROMOTER COMPANIES / GROUP COMPANIES

1) TWENTY TWENTY TELEVISION COMPANY LIMITED
OUTSTANDING LITIGATION
NIL

2) STYLE ASIA INC. – USA
OUTSTANDING LITIGATION
NIL

3) SGA INVESTMENTS LLC
OUTSTANDING LITIGATION
NIL

4) KKK INVESTMENTS (PVT.) LIMITED
OUTSTANDING LITIGATION
NIL

5) K SERA SERA PRODUCTIONS INC.
OUTSTANDING LITIGATION
NIL

6) GENERATION MARKETING GROUP INC.
OUTSTANDING LITIGATION
NIL

7) ASHRICK ENTERPRISES INC.
OUTSTANDING LITIGATION
NIL

8) STYLE AMERICA INC.
OUTSTANDING LITIGATION
NIL

2. **RBI DEFAULT LIST**

The names of the following Directors/ Promoters of our Company appear in the website of Credit Information and Bureau of India (CIBIL), details are as under:

Sr. No.	Name of Director	Suit filed by	Suit filed against	Comments
1.	Dr. M.K. Sinha	State Bank of India	Gilt Pack Limited	Gilt Pack Limited has certified that a suit was filed in the debt recovery tribunal on 13th october 2001. Dr. M.K.Sinha resigned as Director of Gilt Pack Limited in 23rd June 2001

		State Bank of India	Prag Bosimi Synthetics Limited	Prag Bosimi Synthetics Limited has confirmed that the suit (2378 of 1998) against it stands withdrawn

DETAILS OF MATERIAL DEVELOPMENTS AFTER THE DATE OF LAST BALANCE SHEET:
The following material developments have occurred after the balance sheet date:

- Our Company has obtained a sanction towards from Standard Chartered Bank vide their sanction letter dated 10th August 2005. Details of the loan are as under:

Facility	Limit (Rs. in Millions)	Rate of Interest	Terms of Loan
Invoice Discounting – For supply of television content/ software to Sony Entertainment, Star India Pvt. Ltd. and Zee Telefilms Limited for serials to be telecast on their channels	20.00	As negotiated from time to time	• Hypothecation of stocks and book debts (including motion picture IPR) • Lien on Cash/ FD's aggregating 15% of the facility amount
Working Capital Demand Loan		As negotiated from time to time payable monthly in arrears or at maturity, whichever is earlier. Rate of Interest is subject to change without prior notice at discretion of the bank.	• Hypothecation of stocks and book debts (including motion picture IPR) • Lien on Cash/ FD's aggregating 15% of the facility amount

Note: K Sera Sera Productions Limited has not availed these facilities as on date.

- Our Company in the Board Meeting held on 6th August 2005, approved issue of not more than 20,000,000 redeemable cumulative non-convertible preference shares of Rs.10/- each to Strategic Investors/NRIs/Body Corporates and such other people as the Board of Directors may deem fit. The same has been approved by the shareholders in Annual General Meeting held on 29th September 2005.

- Authorised capital of the Company has increased from Rs.300 million to Rs.500 million (comprising 25 million equity shares of Rs.10/- each and 25 million preference shares of Rs.10/- each) vide resolution passed in the Annual General Meeting held on 29th September 2005.

- During the year 2005-06 we have obtained an amount of Rs.50 million towards preference share application money which will be allotted in due course.

GOVERNMENT AND OTHER STATUTORY APPROVALS

In view of the approvals listed below, we can undertake this offer and our current business activities and no further material approvals from any government authority are required to continue such activities.

Our Company will take steps in compliance with applicable laws to obtain any other governmental licenses or permissions if required to undertake any of its proposed activities.

Our Company has received the following Government approvals/licenses/permissions:

Incorporation and other statutory compliances

1. Certificate of incorporation No. 11-92438 dated 6th September 1995 issued by RoC, Mumbai to Garnet Paper Mills Limited. Certificate of commencement of business dated on 14th September 1995 issued by RoC, Mumbai to Garnet Paper Mills Limited.
2. Certificate for change in object clause vide special resolution passed in the EGM held on 12th October 2002.
3. Fresh Certificate of Incorporation dated 23rd October 2002 consequent to change of name from "Garnet Paper Mills Limited " to "K Sera Sera Productions Limited"
4. Market Participation and Investor Database No. 100283622 issued in the name of K Sera Sera Productions Limited by NSDL on behalf of SEBI.
5. Registration No. KW-II/011443 granted to K Sera Sera Productions Limited under Bombay Shops and Establishments Act 1948 dated 1st February 2005 for carrying on the commercial operation of production of films & TV serials.
6. Professional Tax Registration No. PT/R/1/1/29/24968 dated 24th May 2005 issued by the Profession Tax Officer, Mumbai.
7. Registration under the Employees' Provident Fund and Miscellaneous Provisions Act, Registration No. MH/PF/APP/93683/EnfVIII/491 vide letter dated 23rd June 2005 issued by the Provident Fund Commissioner, Mumbai.
8. Certificate of Registration of ISO 9001: 2000 dated 6th May 2005 assuring the quality management system of the Company issued by the Chief Executive, NQAQSR Certification Private Limited.

Income Tax:

1. Permanent Account No. AAACG 5103 D dated 6th September 1995 issued by the Director of Income Tax Systems), Income Tax Department
2. Tax Deduction Account Number MUMK10568F dated 26th May 2003 issued by DCIT (TDS), Mumbai.

Service Tax:

1. Certificate of Registration no. ST/MUM/DIV IV/TRP/56/REG/2005 under section 69 of the Finance Act, 1994 for TV or Radio Programme Production Service issued by the Superintendent Service Tax, Mumbai

FIPB Approval:

1. FCGPR-FIBP ex-post facto approval from the Government of India, Ministry of Finance, FIPB dated 10th December 2004 for 2,633,646 Equity Shares acquired through off-market purchase, 2,488,186 preferential allotment of fresh shares and purchase of 885,823 shares under PIS route allocated to NRIs i.e. Mr. K. H. Pamani, Mr. Virendra Khurana, Mr. Bhagwandas Chandiramani, Mr.Ashok Pamani, Mrs. Kamini Pamani, Mr. R. S. Motwani and Mr. R. K. Sabnani.

Membership of Distribution Associations

1. Membership Enrolment No. 1622 with Motion Picture Association, an apex body of film distribution & exhibitors of Delhi & Uttar Pradesh dated July 17th, 2004.
2. Membership Enrolment No. 40/29404/O/RGKS/164-646 with the Indian Motion Picture Distributors Association dated May 13th, 2004 with effect from april 1st, 2004.
3. Certificate of Enrolment no. B-27/2005 with Central Circuit Cine Association, Bhusawal dated 7th May 2005

APPROVALS APPLIED FOR:

Registration Applied for	Authority	Date on which application made
Registration under Trade Marks Act	The Registrar of Trademarks	15th September 2005

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

Our Company can undertake all the present and proposed activities in view of the present approvals and no further approvals from any statutory body are required by our Company to undertake the present and proposed activities.

OTHER REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE PRESENT ISSUE

Pursuant to Section 81(1A) of the Companies Act, 1956, present Issue of Equity Shareshas been authorized vide resolution passed at the Annual General Meeting of our Company held on 7th July 2004.

PROHIBITION BY SEBI

Our Company, our directors, any of our Associates or Group Companies, and Companies with which the directors of issuer are associated, as directors or promoters, have not been prohibited from accessing the capital market under any order or directions passed by SEBI.

ELIGIBILITY FOR THE ISSUE:

Our Company is eligible to access the capital market through Public Issue of Equity Shares as per Clause 2.3.1 of the SEBI Guidelines as explained in the following manner:

i. The Aggregate of the proposed Issue in terms of size shall not exceed 5 times the pre-Issue net worth:
Net Worth as per 31-03-2005 (excluding preference share capital): Rs. 377.37 million
Five times Pre-Issue Net Worth: Rs. 1,886.85 million
Proposed Issue Size: Rs. [•] million

ii. There was no change in name of our Company during the last one year.

DISCLAIMER CLAUSES

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 DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. BOOK RUNNING LEAD MANAGER, UTI SECURITIES LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE 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 MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, UTI SECURITIES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED [•] IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS 1992 WHICH READS AS FOLLOWS:

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

(II) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE

JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY

WE CONFIRM THAT:

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

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

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

D BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID.

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

THE FILING OF DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 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 MANAGER ANY IRREGULARITIES OR LAPSES IN OFFER DOCUMENT.

DISCLAIMER FROM THE ISSUER AND THE BOOK RUNNING LEAD MANAGER.

We, our Directors, the BRLM(s)and the CBRLM accept no responsibility for statements made other than in this Draft Red Herring Prospectus or in the advertisement or any other material issued by or at the instance of the Issuer and that any one placing reliance on any other source of information would do so at his/her own risk.

All information will be made available by us, the BRLM(s) and CBRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.

CAUTION

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

JURISDICTION

This Issue is made in India to persons resident in India (including Indian nationals resident in India who are majors, HUF, 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), trust registered under the societies registration act, 1860, or any other trust law and who are authorized their constitution to hold and invest in shares) and to NRIs and FIIs as defined under Indian laws. This prospectus does not, however, constitute an offer 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 offer or invitation to such jurisdiction. Any person into whose possession this offer document comes is

required to inform him about and to observe any such restrictions. Any disputes arising out of this offer will be subject to the jurisdiction of appropriate courts. 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 prospectus has been submitted for approval and has been filed with SEBI. Accordingly, the Equity Sharesrepresented thereby may not be offered or sold, directly or indirectly, and this prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this prospectus nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of K Sera Sera Productions Limited since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DISCLAIMER CLAUSE OF BOMBAY STOCK EXCHANGE LIMITED

As required, a copy of this prospectus has been submitted to the BSE (the Designated Stock Exchange). Bombay Stock Exchange Limited("the Exchange") has given vide its letter dated [•], permission to this Company to use the Exchange's name in this offer document as one of the Stock Exchange on which the Companies securities are proposed to be listed. The Exchange has scrutinised this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. BSE does not in any manner:

I. Warrant, certify or endorse the correctness or completeness of any of the contents of this, offer document; or
II. Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
III. Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

LISTING

Listing applications have been made to BSE (Designated Stock Exchange) for permission to list the Equity Shares and for an official quotation of the Equity Shares of our Company.

In case, the permission for listing and or dealing and official quotation of the Equity Sharesis not granted by any of the above mentioned Stock Exchange, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus. If such money is not repaid within 8 days after the day from which the Issuer becomes liable to repay it, then our Company and every director of our Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay that money with interest as prescribed under Section 73 of the Companies Act, 1956.

Our Company had made an application to National Stock Exchange of India Limited (NSE) on 17th August 2004 for listing of its shares, however NSE vide its letter dated 1st September 2004 conveyed its inability to consider the request, due to non-fulfillment of the 3- year dividend track record/ Net Worth criterion.

CONSENTS

Necessary Consents for the Issue have been obtained from the following

1. Directors of our Company
2. Bankers to the Company
3. Auditors to the Company
4. Legal Advisors to the Issue
5. Book Running Lead Managers to the Issue
6. Registrar to the Issue
7. Bankers to the Issue
8. Syndicate Members

9. Escrow Collecting Bankers

EXPERT OPINION

Our Company has not obtained any expert opinions related to the present Issue, except that of M/s Crawford Bayley & Co, as Legal Advisors to the Issue and RSM & Co., Chartered Accountants who have given the tax benefits certificate.

ISSUE EXPENSES

SNo.	Expenses	Approximate Amount (Rs. in million)	% of Issue Size
1.	Management Fees, Underwriting, Commission and Brokerage	[•]	[•]
2.	Marketing & Advertising Expenses	[•]	[•]
3.	Stationary, Printing & Registrar Expenses	[•]	[•]
4.	Legal Fees, Listing fees, Book Building charges, Audit Fees etc.	[•]	[•]
5.	Miscellaneous	[•]	[•]
	TOTAL	[•]	[•]

PREVIOUS PUBLIC OR RIGHTS ISSUES (During the last five years)

The erstwhile company, Garnet Paper Mills Limited made its maiden Issue in September 1996. There has been no public or rights issue after that.

ISSUE OF SHARES OTHERWISE THAN FOR CASH

K Sera Sera Productions Limited has not issued any Equity Shares for consideration other than cash.

COMMISSION OR BROKERAGE ON PREVIOUS ISSUES

Commission / Brokerage was paid in the previous issue in 1996, the same forms part of this Public Issue expenses.

DETAILS OF CAPITAL ISSUES MADE DURING LAST THREE YEARS IN REGARD TO THE ISSUER COMPANY AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING OF SECTION 370(1)(B) OF THE COMPANIES ACT, 1956.

There are no listed companies under the same management.

PROMISE VIS-À-VIS PERFORMANCE

Garnet Paper Mills Limited made its maiden issue in September 1996 of 6,600,000 Equity Sharesof Rs.10/- each at par, Rs.2.50 being payable at application and Rs.7.50 payable at allotment, aggregating to Rs.66 million.

The purpose of the Issue was to set up an integrated paper plant for the manufacture of 30TPD paper duplex board through hi-tech former method. Of the total cost of Rs.109.45 million, Rs.66 million was to be financed through the public Issue. 8,756,700 Equity Shares (including Promoter's contribution) were allotted in this Issue. However, due to non-receipt of the balance allotment money the project was shelved. No projections were made in the offer document.

LISTED VENTURES OF PROMOTERS - PROMISE VIS-À-VIS PERFORMANCE

There are no listed ventures of Promoters.

OUTSTANDING DEBENTURES OR BONDS AND REDEEMABLE PREFERENCE SHARES AND OTHER INSTRUMENTS ISSUED AND OUTSTANDING AS ON THE DATE OF THE PROSPECTUS AND TERMS OF ISSUE

Our Company made an issue of 3,840,524 5% Redeemable Cumulative Non-convertible Preference Shares of Rs.10/- each to our Promoter, Mr. Ashok Pamani on 29th October 2004.

STOCK MARKET DATA

a) High and Low Market Price during the last three years

Period	High			Low		
	Date	Price (Rs.)	Volume	Date	Price (Rs.)	Volume
2002	31st Dec 02	39.95	19,900	10th Oct 02	8.00	100
2003	22nd Sept 03	66.40	2,745	9th Jan 03	37.90	7,034
2004	28th Oct 04	164.00	150,529	17th Mar 04	49.00	4,820

b) Monthly High & Low during the last six months

Period	High			Low		
	Date	Price (Rs.)	Volume	Date	Price (Rs.)	Volume
March 2005	9th Mar 05	112.90	180,721	29th Mar 05	77.00	132,240
April 2005	28th April 05	96.50	53,575	29th April 05	69.05	39,684
May 2005	24th May 05	97.50	239,284	10th May 05	67.50	66,911
June 2005	27th June 05	94.90	2,718,536	15th June 05	69.20	152,404
July 2005	1st July 05	94.85	2,220,803	29th July 05	69.00	51,725
August 2005	31st Aug 05	101.45	102,294	1st Aug 05	69.85	102,294

c) Market Price immediately after the date on which board resolution authorizing the Issue was made:
The Company passed the resolution in its AGM held on 7th July 2004. The Market Price of shares on 8th July 2004 was Rs.110.55.

d) Volume traded during the last six months and last three years

Particulars	Average Price (Rs.)	No. of shares traded	Total Turnover (Rs. in million)
2002	23.98	732,260	24.75
2003	52.15	7,592,325	384.64
2004	106.50	26,900,058	3,244.13
March 2005	94.95	2,955,056	279.41
April 2005	82.78	1,504,261	125.66
May 2005	82.50	1,539,544	121.50
June 2005	82.05	13,054,977	1,053.56
July 2005	81.92	6,728,781	573.23
August 2005	85.65	5,820,368	490.89

Source: www.bseindia.com

INVESTORS' GRIEVANCES REDRESSAL MECHANISM

Our Company has constituted a Shareholders Grievance Committee that looks into the redressal of shareholder/ investor complaints such as Issue of duplicate/split/consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/transmission of shares and debentures, complaints for non receipt of dividends etc. To expedite the process of share transfer, our Company has appointed Bigshare Services Private Limited as the Share Transfer Agents of our Company vide MoU dated 15th January 2003. Details included under the head 'Corporate Governance' in this Draft Red Herring Prospectus.

The Registrar to the Issue i.e., Bigshare Services Private Limited will handle investors' grievances pertaining to this Issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. Our Company would also be coordinating with the Registrars to the Issue in attending to the grievances of the investors. Our Company assures that the Registrars, in respect of the complaints, if any, to be received shall adhere to the following schedules-

Sr. No	Nature of the Complaint	Time Taken
1.	Non-receipt of the refund	Within 7 days of receipt of complaint, subject to production of satisfactory evidence.
2.	Change of Address notification	Within 7 days of receipt of information.
3.	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details.

Our Company has appointed Ms. Armuta Paranjape as Compliance Officer who would directly liaise with SEBI with respect to implementation/compliance of various laws, rules, regulations and other directives issued by SEBI and matters related to investor complaints. The investors may contact the Compliance Officer in case of any pre Issue/post Issue related problems. The Compliance Officer will be available at the Registered Office of Our Company.

CHANGES IN AUDITORS DURING THE LAST THREE YEARS AND REASONS THEREOF

There has been a change in auditors of our Company during the last 3 years details of changes are as under:

Name of Auditor	Date of Appointment	Date of Resignation	Reason
Navin Nishar & Associates	30-08-2000	30-07-2002	Vacation of office at conclusion of the AGM
Tiwari Samani & Associates	30-07-2002	03-03-2005	Resigned
Malpani & Associates	07-07-2004	18-09-2005	Resigned
RSM & Co.	30-04-2005	-	Appointment as Joint Auditor

CAPITALISATION OF RESERVES OR PROFITS DURING LAST FIVE YEARS

There has not been any capitalisation of reserves or profits during the last five years, except as stated in the notes to capital structure.

REVALUATION OF ASSETS DURING THE LAST FIVE YEARS

There has not been any revaluation of Assets during the last five years, except as stated in the notes to capital structure.

OFFERING INFORMATION

Terms of Issue

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles of the Company, the terms of this Draft Red Herring 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 Advice, and other documents/certificates that may be executed in respect of the Issue. The Equity Shares bshall also be subject to laws, guidelines, notifications and regulations relating to the Issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

Further Issue of Equity Shares has been authorized vide resolution passed at the Annual General Meeting of our Company held on 7th July 2004 pursuant to Section 81(1A) of the Companies Act, 1956.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of our Memorandum and Articles and shall rank *pari passu* in all respects with the other existing shares of the Company including rights in respect of dividend, except the lock-in provisions applicable as per SEBI Guidelines in respect of existing Equity Shares as mentioned in the "Notes to Capital structure". The Allottees /Transferees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by the Company after the date of allotment by the Company. In respect of the Equity Shares transferred under the Issue, the dividend, if any, for the entire year shall be paid by the Company to the transferees.

Mode of payment of dividend

Our Company declared a 10% dividend for the year 2003-04. The Company has paid the dividend in cash and intends to continue the same policy.

Face value and Issue Price per share

The Equity Shares with a face value of Rs.10 each are being offered in terms of this Draft Red Herring Prospectus at the Price Band of Rs. [•] to Rs. [•] per share. At any given point of time, there shall be only one denomination for the Equity Shares of the Company, subject to applicable laws.

Compliance with SEBI Guidelines

The Company shall comply with all requirements of the SEBI (Disclosure and Investor Protection) guidelines, 2000 as amended from time to time.

Rights of THE EQUITY Shareholders

- Right to receive dividend, if declared ;
- Right to attend general meetings and exercise voting rights, unless prohibited by law ;
- Right to vote on a poll either personally or by proxy ;
- Right to receive offer for rights shares and be allotted bonus shares, if announced ;
- Right to receive surplus on liquidation and
- Such other rights, as may be available to a shareholder of a Listed Public Company under the Companies Act, 1956 and Memorandum and Articles of Association of the Company.

For further details on the main provisions of the Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see "Description of Equity Shares and Terms of Articles of Association".

Market lot

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialised form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialised form for all investors.

Since trading of our Equity Shares is in dematerialised form/mode, the tradable lot shall be one equity share. Allocation and allotment in this Issue will be done only in electronic form in multiples of [●] Equity Shares to the successful bidders.

NOMINATION FACILITY TO INVESTOR

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidders, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares transferred /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.

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 dematerialised mode, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require to change the nomination, they are requested to inform their respective depository participant.

MINIMUM SUBSCRIPTION:

"If the Company does not receive the minimum subscription of 90% of the net offer to public including devolvement of Underwriters within 60 days from the date of closure of the Issue, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the Company becomes liable to pay the amount, the Company shall pay interest prescribed under Section 73 of the Companies Act 1956."

ARRANGEMENTS FOR DISPOSAL OF ODD LOTS:

The Company's shares will be traded in dematerialized form only and therefore the marketable lot is 1 (ONE) share. Therefore, there is no possibility of any odd lots.

RESRICTIONS, IF ANY ON TRANSFER AND TRANSMISSION OF SHARES/DEBENTURES AND ON THEIR CONSOLIDATION / SPLITTING

Refer to the main provisions of Articles of Association of the Company on page no [●] of this Draft Prospectus.

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building process wherein up to 50% of the 'Net Issue to Public' shall be allocated on a proportionate basis to Qualified Institutional Buyers (including 5% for the Mutual Funds). 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 '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. Our Permanent Employees would be allotted maximum 250,000 equity shares, under reserved category on competitive basis, subject to valid bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the members of the Syndicate. Our Company, in consultation with the BRLMs, reserves the right to reject any Bid procured by any or all members of the Syndicate without assigning any reasons there for in case of QIBs. In case of Non Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialized form.

Bid cum Application Form

Bidders shall only use the Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. The 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 authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed color of the Bid cum Application Form for various categories is as follows:

Category	Color of Bid cum Application Form
Indian Public or NRIs applying on a non-repatriation basis	White
Non-residents including NRIs, FIIs, Foreign Venture Capital Fund/Multilateral and Bilateral Development Financial Institutions applying on repatriation basis	Blue

The Bid cum Application Form for our employees will be marked as 'Employees'

Who Can Bid

1. Indian nationals resident in India who are majors, in single or joint names (not more than three);
2. Minors, acting through their natural/legal guardians;
3. Hindu undivided families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
4. Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in Equity Shares;
5. Indian mutual funds registered with SEBI;
6. Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission, as applicable);
7. Venture capital funds registered with SEBI;
8. State Industrial Development Corporations;
9. Insurance companies registered with Insurance Regulatory and Development Authority;
10. Provident funds with minimum corpus of Rs 250 Million who are authorized under their constitution to hold and invest in Equity Shares;
11. Pension funds with minimum corpus of Rs 250 Million;

12. Trusts/Societies registered under the Indian Trust Act, 1882/Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/Society and who are authorised under their constitution to hold and invest in Equity Shares;
13. Scientific and/ or industrial research organisations authorised to invest in Equity Shares

Note: The BRLMs and the Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

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 laws, rules, regulations, guidelines and approvals.
As per the current regulations, the following restrictions are applicable for investments by mutual funds:

- No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments by index funds or sector or industry specific funds. No mutual fund under its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

- No single FII can hold more than 10% of the post-Issue paid up capital of our Company. In respect of an FII investing in Equity Shares of our Company on behalf of its sub-accounts shall not exceed 10% of the total issued capital of our Company. As of now, the 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 prescribe investment restrictions on venture capital funds registered with SEBI. Accordingly, the holding by any individual venture capital fund registered with SEBI should not exceed 25% of its corpus.

The above information is given for the benefit of the Bidders. The information provided above is based on the provisions of applicable law as on the date of this Draft Red Herring Prospectus. The Company, BRLMs are not liable for any amendments or modifications or changes in applicable laws or regulations, which may happen after the date of filing of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

For Retail Individual Bidders
The Bid must be for a minimum of [●] number of Equity Shares and in multiples of [●] Equity Shares thereafter, such that the Bid Amount does not exceed Rs. 100,000/-. In case of revision of Bids, the Retail Bidders have to ensure that the revised Bid Amount does not exceed Rs.100,000/-. In case the maximum Bid amount is more than Rs.100,000/- then the same would be considered for allocation under the Non- Institutional Bidders category. In case the Bid Amount is over Rs. 100,000 due to revision or on exercise of Cut-off option, the Bid would be considered for allocation 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 (Non-Institutional and QIB Bidders)
The Bid must be for a minimum of such number of Equity Shares and in multiples of [●] Equity Shares thereafter, such that the Bid Amount exceeds Rs.100,000/-. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under existing SEBI guidelines, a QIB Bidder cannot withdraw its bid after the Bid/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.100,000/-. In case the Bid Amount reduces to Rs.100,000/- or less due to a revision in Bids, the same would be considered for allocation under the Retail Portion. *Non-Institutional Bidders and QIBs are not allowed to bid at cut off.*

For Employees under Reserved Category

The Bid must be for a minimum [●] number of Equity Sharesand in multiples of [●] Equity Shares thereafter. However, the maximum Bid by an employee, should not exceed 250,000 equity shares (being the maximum reservation possible). Bidders in the Employee Reservation Portion applying for a maximum bid in any of the Bidding Options not exceeding Rs. 100,000/- may bid at "cut-off".

Information for the Bidders:

1. Our Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.
2. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.
3. Any investor who would like to obtain the Red Herring Prospectus and/or the Bid cum Application Form can obtain the same from our corporate office or from BRLMs or Syndicate Members.
4. Investors who are interested in subscribing to our Company's Equity Shares may approach any of the members of the Syndicate or their authorised agent(s) to register their Bid.
5. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms that do not bear the stamp of the members of the Syndicate are liable to be rejected.

Method and Process of Bidding

1. Our Company, BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band in the Red Herring Prospectus filed with the RoC and publish the same in two national newspapers (one each in English and Hindi) and a regional newspaper (Marathi). This advertisement shall contain the salient features of the Red Herring Prospectus as specified under Form 2A of the Companies Act, the method and process of bidding and the names and addresses of the BRLMs and their bidding centres. The BRLMs and Syndicate Members shall accept Bids from the Bidders during the Issue Period.
2. The Bidding Period shall be open for at least 3 working days and not more than 7 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 shall be extended for a further period of three working days, subject to the total Bidding Period not exceeding ten working days.
3. During the Bidding Period, the Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the bids.
4. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (*for details refer to the following paragraph titled "Bids at Different Price Levels"*) within the Price Band and specify the demand (i.e., the number of Equity Shares bid for). The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the bid price, will become automatically invalid.
5. The Bidder cannot bid on another Bid cum Application Form after 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 bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph "Build up of the Book and Revision of Bids" on page no [●] of the Red Herring Prospectus.
6. The Syndicate Members 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. **It is the responsibility of the Bidder to obtain the TRS from the Syndicate Member.**

7. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment and Payment into the Escrow Account" on page [•] of the Red Herring Prospectus.

Bids at Different Price Levels

1. The Price Band has been fixed at Rs.[•] to Rs.[•] per Equity Share, Rs.[•] being the floor of the Price Band and Rs.[•] being the cap of the Price Band. The Bidders can bid at any price within the Price Band, in multiples of Re.1.
2. Our Company in consultation with the BRLMs can 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 cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.
3. Any revision in the Price Band 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 and the terminals of the members of the Syndicate.
4. Our Company in consultation with the BRLMs can finalise the Issue Price within the Price Band 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 may bid at "Cut-off". However, bidding at "Cut-off" is prohibited for QIB and Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected.**

   Retail Individual bidders who bid at the Cut-off agree that they shall purchase the Equity Sharesat the Issue Price, as finally determined which will be a price within the Price Band. **Retail Individual Bidders bidding at Cut-off shall deposit in the Escrow Account the Bid Amount based on cap of the Price Band.** 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 Sharesallocated in the Issue multiplied by the Issue Price), Retail Individual Bidders shall receive the refund of the excess amounts from the Escrow Account.

   In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-off could either (i) revise their bid or (ii) make additional payment based on the Cap of the Revised Price Band, with the member of the Syndicate to whom the original bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 100,000/-, the bid will be considered for allocation under the Non-Institutional category in terms of the Red Herring Prospectus. If, however, the bidder does not either revise the bid or make additional payment and the Issue Price is higher than the Cap of the Price Band prior to revision, the number of shares bid for shall be adjusted for the purpose of allocation, such that the no additional payment would be required from the bidder and the bidder is deemed to have approved such revised bid at cut off.

   In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off could either revise their bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.

Escrow Mechanism

Our Company 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 of the Issue. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account of the Issue 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 Issue as per the terms of the Escrow Agreement with the Company.

The Escrow Collection Banks, as per the terms of the Escrow Agreement and the Red Herring Prospectus, if any, shall also make payment of refund, from the Escrow Account. The Bidders shall note that the escrow mechanism

is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), the Company, the Registrar to the Issue, the BRLMs, and the Syndicate Members to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Account

Each Bidder shall, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of the Bid in favor of the Escrow Account of the Escrow Collection Bank (for details refer to the paragraph "Payment Instructions" on page no. [•] of the Red Herring Prospectus) and submit the same to the member of the Syndicate with whom the Bid is being deposited. 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. The Escrow Collection Bank will hold all monies collected for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank shall transfer the funds in respect of those Bidders whose Bids have been accepted from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account. The balance amounts after the transfer to the Public Issue Account, lying credited with the Escrow Collection Banks shall be held for the benefit of the Bidders who are entitled to a refund. 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 adjustment for allocation, to the Bidders.

Each category of Bidders (i.e., QIBs, Non Institutional Bidders and Retail Individual Bidders) would be required to pay their applicable Margin Amount (i.e. 10%) at the time of the submission of the Bid-cum- Application Form. The 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 Syndicate Members by the BRLMs. If the payment is not made favoring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled.
Where the Bidder has been allocated lesser number of Equity Shares than they had bid 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/Issue Closing Date, failing which we shall pay interest at 15% per annum for any delay beyond the period mentioned above.

Electronic Registration of Bids

1. The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one NSE/BSE on-line connectivity in each city where a Stock Exchange Centre is located in India, and where Bids are accepted.
2. NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding 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 upload the off-line data file into the on-line facilities for book building on a half-hourly basis. On the Bid Closing Date, the members of the syndicate shall upload the Bids until such time as permitted by the Stock Exchanges.
3. The aggregate demand and price for Bids registered on the electronic facility of NSE and BSE will be uploaded on a half hourly basis, consolidated and displayed on-line at all bidding centres. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding Period.
4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
   - Name of the investor; (the Investor must ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the demat account of the investor is held. In case, the Bid cum Application Form is submitted in joint names, Investors must ensure that the demat account is also held in the 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 Funds, etc.;
   - Numbers of Equity Sharesbid for;
   - Bid price;
   - Bid cum Application Form number;

- Whether payment is made upon submission of Bid cum Application Form; and
- Depository Participant Identification number and Client Identification number of the Demat Account of the Bidder.

5. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options**. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate**. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or the Company.
6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
7. The members of the Syndicate have the right to vet the bid. Consequently, the members of the Syndicate also have the right to accept the bid or reject it without assigning any reason in case of QIBs. In case of non-institutional Bidders, Retail Individual Bidders and Employees under Reserved Category, Bids would not be rejected except on the technical grounds listed in this section of the Red Herring Prospectus.
8. It is to be distinctly understood that the permission given by BSE and NSE to use their network and software of the online IPO system should not in any way be deemed or construed that the compliance with various statutory and other requirements by our Company, BRLMs are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, Promoters, Promoter Companies, Management or project of our Company.
9. It is also to be distinctly understood that the approval given by BSE and NSE should not in any way be deemed or construed that the 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 the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on BSE.

Build Up of the Book and Revision of Bids

1. Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to BSE and NSE mainframe on half-hourly basis. Data would be uploaded on a half hourly basis.
2. The Price Band can be revised 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 cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus
3. Any revision in the Price Band 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 and the terminals of the members of the Syndicate.
4. During the Bidding Period, any Bidder who has registered an interest in the Equity Shares at a particular price level is free to revise the Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
5. Revisions can be made in both the desired number of Equity Shares and the Bid Price by using the Revision Form. The Bidder must complete the details of all the options in the Bid cum Application Form or earlier Revision Form and revisions for all the options as per the Bid cum Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid cum Application Form or the earlier Revision Form and is changing only one of the options in the Revision Form, the Bidder must still complete the details of the other two options that are not being revised in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
6. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the earlier Bid, the Bidders will have to use the services of the same member of the Syndicate through whom the original Bid was placed. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must only be made on that Revision Form.
7. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the 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 Bidder.
8. When a Bidder revises a Bid, the Bidder shall surrender the earlier TRS and get a revised TRS from the member of the Syndicate**. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of having revised the Bid.**

9. In case of discrepancy of data between the electronic book and the physical book, the decision of the BRLMs based on the physical records of the Bid cum Application Form shall be final and binding on all concerned.

Price Discovery and Allocation

1. After the Bid/Issue Closing Date, the BRLMs shall analyse the demand generated at various price levels and discuss pricing strategy with our Company.
2. We in consultation with the BRLMs shall finalize the Issue Price and the number of Equity Shares to be allocated and the allocation to successful QIB Bidders. The allocation to QIBs will be decided based on the quality of the QIB Bidder determined broadly by the size, price and date of the Bid.
3. The allocation to QIBs of up to 50% of the 'Net Issue to Public' would be proportionate (including 5% for Mutual Funds). The allocation to Non Institutional Bidders and Retail Bidders of not less than 15% and 35% respectively would be on a proportionate basis, in consultation with the Designated Stock Exchange and subject to valid bids being received at or above the Issue Price. The allocation to our Permanent Employees of not exceeding 250,000 of the total Issue size, would be on a proportionate basis, in consultation with the Designated Stock Exchange and subject to valid bids being received at or above the Issue Price.
4. Under-subscription, if any, in any category, would be allowed to be met with spill over from any of the other categories, at the sole discretion of the Company, in consultation with the BRLMs.
5. Under-subscription, if any, in the reserved category for permanent employees will be added back to the Net Offer to the Public.
6. The BRLMs and the Company, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders where the full Bid Amount has not been collected from the Bidders.
7. **Our Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before allotment without assigning any reason therefore.**
8. In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their bid after the Bid Closing Date/ Issue Closing Date.

Signing of Underwriting Agreement and RoC Filing

(a) We, the BRLM, Co-BRM 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, we would update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

Filing of Draft Red Herring Prospectus

A copy of the Draft Red Herring Prospectus has been filed with SEBI, Mumbai. A copy of the Draft Red Herring Prospectus alongwith the material contracts and documents to be filed under Section 60 & Section 60B of the Companies Act has been be delivered to the RoC, Mumbai, Maharashtra on [●] 2005.

Pre-Issue advertisement

We will Issue a statutory advertisement after filing of Red Herring Prospectus with the RoC. This advertisement in addition to the information that has to be set out in the statutory advertisement shall indicate the Issue Price along with a table showing the number of Equity Shares and the amount payable by an investor. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note

1. The BRLM/Co-BRLM/Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated/ allotted Equity Shares in the Issue.
2. The Members of the Syndicate would then send the CAN/ Allotment advice to their Bidders who have been allocated Equity Shares in the Issue. The despatch of a CAN/ Allotment advice 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 full Bid Amount into the Escrow Account on or prior to the time of bidding shall pay the full amount into the Escrow Account on or prior to the Pay-in Date specified in the CAN.
3. Bidders who have been allocated Equity Shares and who have already paid the full 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 their cheque or demand draft paid into the Escrow Account. The despatch of a

CAN/ Allotment advice shall be a deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allotted/transferred to such Bidder.

Designated Date and Transfer of Funds to Public Issue Account

After the funds are transferred from the Escrow Account of the Company to the Issue Account on the Designated Date, we would ensure allotment and transfer the Equity Shares to the allottees within two days of the finalisation of the basis of allotment. Successful Bidders will receive credit for the Equity Shares directly in their depository account. **Equity Shares will be allotted/transferred only in the dematerialised form to the allottees/transferees**. Successful Bidders will have the option to re-materialise the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act. Our Company will ensure the allotment/transfer of Equity Shares within 15 days of the Bid/ Issue Closing Date and also ensure that credit is given to the Successful Bidders' depository accounts within two working days from the date of allotment.

GENERAL INSTRUCTIONS

Do's:

- Check whether you are eligible to apply;
- 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) or Bid cum Application Form for the employees (forms marked for employees), as the case may be;
- Ensure that you Bid only in the Price Band;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as there will be no allotment of Equity Shares in physical form;
- Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- Ensure that you have collected a TRS for all your Bid options; and
- Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS.

Don'ts:

- Do not bid for lower than the minimum Bid size;
- Do not bid/revise the Bid to a price that is less than the floor of the Price Band or higher than the cap of the Price Band;
- Do not bid on another Bid cum Application Form after you have submitted the Bid to the members of the Syndicate;
- Do not pay the Bid Amount in cash;
- Do not send Bid cum Application Forms by post; instead hand them over to a member of the Syndicate only;
- Do not bid at Cut-off price (for Non Institutional bidders and QIB bidders);
- 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 applicable law.

Instructions for Completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and / or Revision Forms from the members of the Syndicate.

Bids and Revision of Bids

Bids and revision of Bids must be:

1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white color for Resident Indians and NRIs applying on non-repatriation basis, blue color for NRIs or FIIs applying on repatriation basis and forms specifically marked for employees .
2. 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.
3. For Retail Individual Bidders, the Bids must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of Rs. 1,00,000/-.
4. For Non Institutional and QIB Bidders, Bids must be for such number of Equity Shares and in multiples of [●] Equity Shares thereafter such that the bid amount is more than Rs. 100,000/-. Bids cannot be made for more than the size of the 'Net Issue to Public'. Bidders are advised to ensure that a single Bid from them should not

exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.

5. For Employees, the bid must be for a minimum of [●] Equity Shares and shall be in multiples of [●] Equity Shares thereafter. The Allotment in the Employee Reservation will be on a proportionate basis. However, in case of an over-subscription in this category Portion, the maximum Allotment to any Employee will be capped at 5% of the total Issue Size.
6. In single name or in joint names (not more than three) **and in the same order in as their Depository Participant details**.
7. Thumb impressions and signatures other than in the languages specified in the Eight Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bid by Employees

For the sake of clarity, the term "Employees" shall mean all or any of the following:

i. Permanent Employees of K Sera Sera Productions Limited, working in India; and
ii. Executive Director of K Sera Sera Productions Limited,

All of whom are Indian Nationals, based in India and are physically present in India on the date of submission of the Bid cum Application Form.

1. Bids by Employees of K Sera Sera Productions Limited shall be made only in the prescribed Bid cum Application Form or Revision Form which is specifically marked for the employees
2. Employees should mention their Employee Number at the relevant place in the Bid cum Application Form.
3. The Sole/First Bidder should be an Employee as defined above. 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 **in the same sequence in which they appear in the Bid cum Application Form**.
4. Only Employees on the rolls of our Company as on 1(one) day prior to the Bid/Issue opening date would be eligible to apply in this Offer under reservation for Employees on a competitive basis.
5. Employees will have to Bid like any other Bidder. Only those Bids, which are received at or above the Offer Price, would be considered for allotment under this category.
6. If the aggregate demand in this category is less than or equal to 250,000 of the Issue Size at or above the Offer Price, full allocation shall be made to the Employees to the extent of their demand. Any under subscription in Equity Shares reserved for Employees would be treated as part of the Net Offer and Allotment in accordance with the description in "Basis of Allocation" on page no. [●] of the Red Herring Prospectus.
7. If the aggregate demand in this category is greater than 250,000 of the total Issue Size at or above the Issue Price, the allocation shall be made on a proportionate basis subject to maximum Allotment to any Employee of 250,000 of the total Issue Size.
8. **Bidding at Cut-off is allowed only for Employees whose Bid Amount is less than or equal to Rs. 100,000/-.**

Bidder's Bank Details

The name of the sole or first Bidder's bank, branch, type of account and account numbers must be mandatorily completed in the Bid cum Application Form. This is required for the Bidder's own safety so that these details can be printed on the refund orders. These bank account details should be the same as those mentioned in the Bidder's depository account, as those details will be printed on the refund orders. Bid cum Application Forms without these details are liable to be rejected. It is the Bidder's responsibility to ensure that the details of the Bidder's depository account are correct.

Bidders Depository Account Details

Equity Shares shall be allotted/transferred only in dematerialised form. All Bidders should mention their Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number in the Bid cum Application Form**. Please ensure that in case of joint names, the names stated in the Bid cum Application Form should be in the same order as the names stated in the Bidders' depository account**.

Bids under Power of Attorney

In case Bids are made pursuant to a Power of Attorney or by limited companies, corporate bodies, registered societies etc. a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or bye laws must be submitted with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

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 the certified copy of their SEBI Registration Certificate must be submitted with the Bid-cum-Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

We, in absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Bid-cum-Application Form, subject to such terms and conditions as may deem fit.

Bids by NRIs/ FIIs on Repatriable basis

NRI/FIIs applying on repatriable basis must comply with the following:

(a) Individual bidders can obtain the Bid-cum-Application Forms (blue in color) from our registered office or from the members of the Syndicate or the Registrar to the Issue

(b) 10 Copies of the Red Herring Prospectus together with 1000 application forms will also be despatched in advance of the Issue opening date to Adviser (NRI), Indian Investment Centre, Jeevan Vihar Bldg., Sansad Marg, New Delhi – 110 001.

(c) NRI bidders may please note that only such Bids as are accompanied by payment through Non Resident External (NRE) / Foreign Currency Non Resident (FCNR) accounts or through cheques / drafts sent from abroad and drawn on convertible rupee accounts in India shall be considered for payment and payment through NRO Accounts will not be permitted. NRIs who intend to make payment through NRO accounts should use Bid-cum-Application Form available for Residents (white form).

Bids by NRIs, FIIs or Non-Residents on Non-repatriation basis

Bids and revision to Bids must be made:

1. On the Bid-cum-Application Form or Revision Form (white in color), as applicable, and completed in full in BLOCK LETTERS in ENGLISH in accordance with information contained therein.
2. In a single or joint names (not exceeding three)
3. **By NRIs** -Bids for a Bid Amount of up to Rs.100,000/- would be considered under the Retail Individual Bidders Portion for the purposes of allocation and bids for a Bid Amount of more than Rs.100,000/- would be considered under Non Institutional Bidder Portion for the purposes of allocation; **By FIIs** – for a minimum of [•] number of Equity Shares and in multiples of [•] thereafter. For further details see "Issue Procedure - Maximum and Minimum Bid Size" on page no [•] of this Draft Red Herring Prospectus.
4. In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals or their nominees.
5. Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Eligible NRIs and FIIs. All Eligible NRIs and FIIs will be treated on the same basis with other categories for the purpose of allocation.

Payment Instruction

We shall open an Escrow Account with the Escrow Collecting Bank(s) for the collection of Bid Amounts payable upon submission of the Bid-cum-Application Form and for the amounts payable pursuant to the allocation in this 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:

i. 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 the 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 BRLM.

ii. The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of:
(a) In case of Resident Bidders: "**Escrow Account – KSS Issue**"
(b) In case of Non Resident Bidders (on Repatriable Basis): "**Escrow Account – KSS Issue -NR**"

iii. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Non Resident External (NRE) / Foreign Currency Non Resident (FCNR) accounts maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or through cheques / drafts sent from abroad and drawn on convertible rupee accounts in India. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.

iv. Payment will not be accepted out of a Non-Resident Ordinary (NRO) Account of a Non-Resident bidder bidding on a repatriation basis.

v. 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.

vi. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Account of the Company.

vii. The monies deposited in the Escrow Account of the Company will be held for the benefit of the Bidders till the Designated Date.

viii. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of the Company as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.

ix. No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall refund all amounts payable to unsuccessful bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders

Payments should be made by cheque or demand draft drawn on any bank (including a Co-operative bank), which is situated at and is a member of, or sub-member of the bankers clearing house, located at the centre where the Bid-cum-Application Form is submitted. Outstation cheques/bank drafts on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques/bank drafts are liable to be rejected. Cash/money orders/ postal orders will not be accepted.

Payment by stock invest

In terms of the Reserve Bank of India, Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of bid money has been withdrawn.

SUBMISSION OF BID CUM APPLICATION FORM

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid cum Application Form. The BRLM/Co-BRLM/members of the Syndicate may at their discretion can waive the requirement of payment at the time of submission of the Bid cum Application Form and Revision Form. The collection center 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. No separate receipts shall be issued for the money paid on the submission of Bid cum Application Form or Revision Form.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made by individuals in single or joint names (not more than three). In the case of joint Bids, all refund amounts will be made only 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 despatched 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. Applications made by AMCs or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which the application is being made.

Bids made by Employees both under the Employee reservation portion as well as the in the Net Issue to the Public category shall not be treated as Multiple Bids.

We/BRLMs reserves the right to reject, in our absolute discretion, all or any multiple Bids in all or any categories.

Permanent Account Number or PAN
Where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000 or more, i.e., the actual numbers of Equity Shares Bid for multiplied by the Bid Price is Rs. 50,000 or more, the Bidder or, in the case of a Bid in joint names, each of the Bidders should mention his or her Permanent Account Number (PAN) allotted under the Income Tax Act, 1961. **A copy of the PAN Card or PAN allotment letter is required to be submitted along 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 the Bidders shall not submit the GIR number instead of 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 the Sole/First Bidder and Joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid-cum-Application Form. Further where the Sole/First Bidder and Joint Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a PAN 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 tax in respect of Rule 114B),as may be, duly filed 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 Electricity Bill or Telephone Bill showing residential address
(f) Any document or communication issued by any authority of Central Government, State Government or local bodies showing residential address
(g) Any other documentary evidence in support of residential address**.**

It may be noted that Form 60 & 61 have been amended vide notification issued on 1st December 2004 by the Ministry of Finance, Department of Revenue, CBDT. All bidders are requested to furnish, where applicable, the revised Form 60/61 as the case may be.

OUR RIGHT TO REJECT BIDS
Our Company, BRLMs reserve the right to reject any Bid without assigning any reason therefore in case of QIBs. In case of Non Institutional Bidders, Retail Individual Bidders and Employees under Reserved Category, our Company has the right to reject Bids only 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 Rejection
Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:
1. Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
2. Age of First Bidder not given;
3. **In case of partnership firms, shares may be registered in the names of Individual Partners and no firm as such shall be entitled to apply;**
4. **Bid by person incompetent to contract under the Indian Contract Act, 1872, including minor, insane person;**
5. PAN not given if Bid is for Rs. 50,000 or more or GIR Number given instead of PAN;

6. Bids for Equity Share slower than the minimum bid size specified for the category of investor;
7. Bids at a price less than the floor of the Price Band;
8. Bids at a price higher than the cap of the Price Band;
9. Bids at "cut-off price" by a QIB or a Non Institutional Bidder and Bids at Cut-off Price by Employees under the reserved category where the Bid Amount is more than Rs. 100,000/-;
10. Bids for number of Equity Shares, which are not multiples of [•];
11. Category not ticked;
12. Multiple Bids as defined in this Draft Red Herring Prospectus;
13. In case of Bid under power of attorney or by limited companies, corporate, trust, etc., if relevant documents not submitted;
14. Bids accompanied by Stock Invest/ money order/postal order/cash;
15. Signature of sole/joint applicant missing
16. Bid cum Application Form does not have the stamp of the BRLMs or other members of the Syndicate;
17. Bid cum Application Form does not have the 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 Forms;
19. In case no corresponding records are available with the Depositories that matches three parameters namely, name of the Bidder (including names of Joint Holders), the DP ID and the Beneficiary's identity;
20. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations see the details regarding the same on page no. [•] of this Draft Red Herring Prospectus;
21. Bids by OCBs;
22. Bank account details (for refund) are not given;

Equity Shares in Dematerialised Form with NSDL and CDSL

In terms of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted/transferred only in dematerialized form (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode).

In this context, two tripartite agreement have been signed between the Registrar to the Issue, the Depositories and the Company:

- An agreement dated 21st August 2002 among NSDL, the Company and Bigshare Services Private Limited;
- An agreement dated 26th March 2001 among CDSL, the Company and Bigshare Services Private Limited;

Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

(a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
(b) The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.
(c) Equity Shares allotted/transferred to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
(d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidder(s).
(e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form.
(f) The Bidder is responsible for the correctness of his or her demographic details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
(g) 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 our Equity Shares are proposed to be listed are connected to NSDL and CDSL.
(h) The trading of our Equity Shares would only be in dematerialized form for all investors.

Communications

All future communications in connection with Bids made in the Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, 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.

Disposal of Application and Application Money
We shall ensure dispatch of allotment advice or refund orders and giving of benefit to the Beneficiary Account with Depository Participants and submission of the allotment and listing documents to the Stock Exchanges within two working days of finalisation of the basis of allotment of Equity Shares. Our Company shall ensure the dispatch of refund orders, if any, of value up to Rs. 1,500, "Under Certificate of Posting", and dispatch of refund orders above Rs. 1,500, if any, by Registered Post or Speed Post at the sole or First Bidder's sole risk.

We shall use our best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the stock exchanges and SEBI Guidelines, our Company, further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form within 15 days of the Bid/Issue Closing Date;
- Our Company would ensure despatch of refund orders within 15 days of 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/transfer is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.

Our Company will provide adequate funds required to the Registrar to the Issue for dispatch of refund orders or allotment advice. Refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by us as a refund banker and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:
(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or
(b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."

Interest on Refund of excess Bid Amount
Our Company agrees that allotment of securities offered to the public shall be made not later than 15 days of the closure of this Issue. Our Company further agrees that it shall pay interest @15% per annum if the allotment letters/ refund orders have not been despatched to the applicants within 15 days from the date of the closure of this Issue.

BASIS OF ALLOTMENT

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Retail Individual Bidders will be made at the Issue Price.
- The 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 1,662,500 Equity Shares (being 35% of the net offer to public) 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 1,662,500 Equity Shares (being 35% of the net offer to the public) at or above the Issue Price, the allocation shall be made on a proportionate basis subject to minimum allocation being equal to the minimum bid/application size. For the method of proportionate basis of allocation, refer below.

- Any under subscription in the reservation of Equity Shares for permanent employees would be added to this category.

B. For Non Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to Retail Individual Bidders and QIBs 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 712,500 Equity Shares (being 15% of net offer to the public) 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 712,500 Equity Shares (being 15% of the net offer to public) at or above the Issue Price, allocation shall be made on a proportionate basis subject to minimum allocation being equal to the minimum bid/application size. For the method of proportionate basis of allocation refer below.

C. For QIB Bidders

- Bids received from QIBs at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all successful QIBs will be made at the Issue Price.
- The Issue size less allocation to Retail Individual Bidders and Non-institutional Bidders shall be available for allocation to QIBs who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- Out of the portion available for allocation to QIB, 5% will be available proportionately for allocation to Mutual Funds. All eligible bids by Mutual Funds will be considered for allocation in the aforesaid mentioned 5% as well as in the balance available for QIBs. In the event of inadequate response from the Mutual Funds, the shares will be made available to QIBs other than Mutual Funds.
- Mutual Funds shall also be eligible for proportionate allocation under the balance available for QIBs.
  The aggregate allocation to QIB Bidders shall not be more than 50% of the net offer to the public.

D. For Employees

- Bids received from Employees under Reserved Category at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all successful Employees under Reserved Category will be made at the Issue Price.
- If the aggregate demand in this category is less than or equal to 250,000 Equity Shares at or above the Issue Price, full allocation shall be made to Employees under Reserved Category to the extent of their demand.
- In case the aggregate demand in this category is greater than 250,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis of allotment of Equity Shares subject to a minimum of [•] Equity Shares. For the method of proportionate basis of allotment refer below.

Method of Proportional Allotment

The Executive Director/Managing Director of the Designated Stock Exchange along with the post Issue Lead Merchant Banker and the Registrars to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner.

The allotment shall be made in marketable lots, on a proportional basis as explained below:

Bidders will be categorized according to the number of Equity Shares applied for:

(a) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

(b) Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio, in that category subject to a minimum allotment of [•] Equity Shares. The allotment lot shall be the same as the minimum application lot irrespective of any revisions to the price band.

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; and
- The successful Bidders out of the total Bidders for a categ,ory shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.

If the proportionate Allotment to a Bidder is a number that is more than [•] but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If the decimal is less than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.

If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Despatch of Refund Orders:
Our Company shall ensure dispatch of refund orders of value up to Rs.1,500/- by 'Under Certificate of Posting' and refund orders over the value of Rs.1,500/- by Registered Post only. Our Company would make available adequate funds to the Registrars to the Issue for this purpose.

UNDERTAKING BY THE COMPANY:

K Sera Sera Productions Limited undertakes:

i. That the complaints received in respect of the Issue shall be attended to by the issuer company expeditiously and satisfactorily;
ii. That all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed are taken within seven working days of finalisation of basis of allotment;
iii. That the funds required for despatch of refund orders/ allotment letters/ certificates by registered post shall be made available to the Registrar to the Issue by K Sera Sera Productions Limited;
iv. That the certificates of the securities/ refund orders to the non-resident Indians shall be despatched within specified time;
v. That no further Issue of securities shall be made till the securities offered through this prospectus are listed or till the application moneys are refunded on account of non-listing, undersubscription, etc.

UTILISATION OF ISSUE PROCEEDS

The Board of Directors of the Company certifies that:

i. all monies received out of Issue of shares or debentures to public shall be transferred to separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act, 1956;
ii. details of all monies utilised out of the Issue referred to in sub-item(i) shall be disclosed under an appropriate separate head in the balance sheet of our company indicating the purpose for which such monies had been utilised; and
iii. details of all unutilised monies out of the Issue of shares or debentures, if any, referred to in sub-item (i) shall be disclosed under an appropriate separate head in the balance sheet of our company indicating the form in which such unutilised monies have been invested.

DESCRIPTION OF EQUITY SHARESAND TERMS OF ARTICLES OF ASSOCIATION

The Authorised capital of K Sera Sera Productions Limited is Rs. 500 million divided into 25,000,000 Equity Shares of Rs.10/- each and 25,000,000 preference shares of Rs.10/- each.

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association of K Sera Sera are detailed below:

SHARE CAPITAL	
Authorised Capital	3. The Authorised share capital of the Company is as per clause V of the Memorandum of Association of the Company.
Increase in capital	4. The Company in General Meeting may, from time to time, increase the Capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into share 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 attached 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, and with a right of voting at General Meetings of the Company. 5. Except so far as otherwise provided by the conditions of Issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the existing capital and shall be subject to the provisions herein contained
Issue of preference shares	6 Subject to the provisions of Section 80 of the Act, the Company shall have the power to Issue preference shares which are liable to be redeemed and the resolution authorising such Issue shall prescribe the manner, terms and conditions of redemption.
Further Issue of shares	7. When the Company proposes to increase its subscribed capital by the allotment of further shares, it shall comply with the provisions of Section 81 of the Act.
Reduction of share capital	8 The Company may from time to time by Special Resolution, reduce its Capital and any Capital Redemption Account or Premium Account in any manner for the time being authorised by law and in particular, capital may be paid on the footing that it may be called upon again or otherwise.
Consolidation, division, sub-division and cancellation of shares	9. Subject to the provision of Section 94 of the Act, the Company in General Meeting, may from time to time sub-divide or consolidate its shares or any of them and the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others or other. Subject 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.

	10 Whenever the Capital, by reason of the Issue of preference shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may subject to the provisions of Sections 106 and 107 of the Act be modified, commuted, affected or abrogated, or dealt with by agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is ratified in writing by holders of at least 3/4ths in nominal value of the issued shares of the class or is confirmed, by a special resolution passed at a separate General Meeting of the holders of shares of that class.
	i. SHARES AND SHARE CERTIFICATES
Register & Index of Members	11. The Company shall cause to be kept a Register and Index of Members in accordance with Section 150 and 151 of the Act. The Company shall be entitled to keep in any State or country outside India a branch Register of Members resident in that State or country.
	12. The shares in the capital shall be numbered consecutively according to their several denominations, and except in the manner hereinbefore mentioned no shares shall be subdivided, Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.
Restriction on allotment of shares	13. The Board of directors shall observe the restriction as to allotment of shares to the public contained in Section 69 and 70 of the Act, and shall cause to be made the return as to allotment provided for in Section 75 of the Act.
Further Issue of shares	14. (1) Where it is proposed to increase the subscribed capital of the Company by allotment of further shares whether out of un-issued share capital or out of increased share capital, then: (a) Such further shares shall be offered to the persons, who, at the date of the offer are holders of the Equity Sharesof the Company in proportion, as nearly as circumstances admit, to the capital paid-up, on those shares, at that date,- (b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined, - (c) The offer aforesaid shall t>e deemed to include a right exercisable by the persons concerned to renounce the shares offered to them in favor of any other person and the notice referred to in sub-clause (b) hereof shall contain a statement of this right, - (d) After the expiry of the time specified .in the aforesaid *-notice, or on receipt of earlier intimation from the persons to whom such notice is given that he declines to accept the shares offered, the Board of Directors may "dispose them of in such manner as they may think most '"beneficial to the Company, (2) Notwithstanding- anything contained in sub-clause (1) hereof, of further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) sub-clause (1) hereof in any manner whatsoever: - (a) If a special resolution to that effect is passed by the Company in general meeting; or

	(b) Where no such special resolution is passed, if the votes cast (whether on a show of hands, or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that: general meeting { including the casting vote if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.
Increase in subscribed capital	15. Subject to the provisions of Section 81 of the Act, the Company may increase its subscribed capital by allotment of further shares whether out of un-issued share capital or out of increased share capital. The Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered Co such person (whether member or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount, as such General Meeting shall determine and with full power to give any person [whether a member or not) the option to call for or be allotted shares of any class of the Company either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such time and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision' whatsoever for the issue, allotment or disposal of any shares.
Application of premium received on shares	16. (1) Where the Company issues Shares at a premium, whether for cash or otherwise, a sum equal' to the aggregate amount or value of the premium on these shares shall be transferred to an account; to be called. "SHARE premium ACCOUNT" and the provisions pf the Act relating to the reduction of the share capital of the Company shall, except as provided . in this article, _ apply as if the share premium account were paid up share capital of the Company. (2)The Share Premium Account may, notwithstanding anything in clause (1) hereof be applied by the Company: (a) In paying up un-issued shares of the Company, to be issued to the members of the Company, as, fully paid Bonus Shares; (b) In writing off the preliminary expenses of the Company; (c) In writing off the expenses of or the commission paid or discount allowed, on any Issue of shares or debentures of the Company.
Shares at discount	17. The company may Issue at a discount shares in the Company of a class already issued if the following conditions are fulfilled, namely; (1) The Issue of the shares at a discount is authorised by a resolution passed by the Company in general meeting and sanctioned by the Company law Board ; (2) The resolution specifying the maximum rate of discount (not exceeding 10 % or such higher percentage as the Central Government may permit in any special case) at which the shares are to issued; and (3) The shares to be issued at a discount are issued within two months after the date on which the Issue is sanctioned by the Company Law Board or within such extended time as the Company Law Board may allow.
Shares under control of directors	18. Subject to the provisions of these Articles and of the Act, the shares shall be under the control of the Directors; who may allot or otherwise dispose of the

	same to such persons in such proportion on such terms and conditions and at such times as the Directors think fit and subject to the sanction of the Company in General Meeting with full power, to give any person the option to call for or be allotted shares of any class of the Company either (subject to the provisions of Section 78 & 79 of the Act) at a premium or at par or at a discount and such option being exercisable for such time and for such consideration as the Directors think fit.
Acceptance of shares	19. Any application signed by or on behalf of an applicant for shares in the Company followed by 'an allotment of any share therein shall be an acceptance of shares within the meaning of- these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register shall, for the purposes of these-Articles, be a member.
Deposit and call etc. to be debt payable	20. The money [if any} which the Board shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them shall immediately on the insertion of the name of the allottee in the Register of Members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.
Liability of members	21. Every member, or his heirs, executors or administrators, shall pay to the Company the portion of the Capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company' s regulations, re or fix for the payment thereof,
Share Certificates	22 (a) Every member or allottee of shares shall be entitled, without payment, to receive one or more certificates in marketable lots for all the shares of the same class registered in his name. Every share certificate shall specify the name of the person in whose favor it is issued, the share certificate number and the distinctive number(s) to which it relates and the amount paid up thereon. Such certificate shall be issued only in conformity with the provisions of the Companies tIssue of Share Certificates) Rules, 1960 in pursuance of a Resolution passed by the Board and on surrender to the Company of its Letter of Allotment or its fractional coupons of requisite value, save in cases where letters of allotment have not been issued or of issues against letters of acceptance or of renunciation or in cases of Issue of Bonus Shares. PROVIDED THAT if the letter of allotment is lost or destroyed the Board may impose such reasonable terms, if any, as it thinks fit, as to evidence and indemnity and the payment of out -of- pocket expenses incurred by the Company in investigating the evidence. The certificate of title shall be issued, under the seal of the Company and shall be signed in conformity with the provisions of Companies (Issue Of Share Certificates) Rules, 1960 or any statutory modification or re-enactment thereof for the time being in force. Printing of blank forms to be used for Issue of share certificates and maintenance of books and documents relating; to Issue of Share Certificates shall be completed and kept ready for delivery within three months after the allotment and within one month after the application for the registration of the transfer of any such shares. (b) Any two or more joint allottees of a share -shall, for the purpose of this Article be 'treated as a single member, and the Certificate of any share, which may be subject of joint ownership, may be delivered to any one of such joint owners on behalf of .all of them. For any further certificate the Board shall be

	entitled, but shall not be bound to prescribe a charge not exceeding Rs. 2. The Company shall comply with the provisions of Section 113 of the Act.
Renewal of share certificates & new certificates	23. (a) No certificate or any share or shares shall be issued either in exchange for those which are sub-divided or are consolidated or in replacement o^ those which are defaced, torn or old decrepit worn out, or the cages on the reverse for recording transfers have been fully utilised, unless the letter of allotment or such shares or the certificate in lieu of which it is issued is surrendered to the Company. (b) When a new share certificate has been issued in pursuance of clause (a) of this Article it shall state on the face of it and against the stub or counter foil to the effect that it is "issued in lieu of share certificate No.-- sub-divided/replaced/ on consolidation of shares". (c) If a share certificate is lost or destroyed, a new certificate in lieu thereof shall be issued only with the prior consent of the Board or of the person authorised by the Board to Issue such certificate and on such terms, if any, as to evidence and indemnity and as to the payment of out-of pocket expenses incurred by the Company in investigating evidence, as the Board thinks fit. (d) When a new share certificate has been issued in pursuance of clause (c) of this Article, it shall state on the face of it and against the stub or counter-foil to the effect that it is '"Duplicate issued in lieu of share certificate No" The word "Duplicate" shall be stamped or punched in bold letters across the face of the share certificate. (e) When a new share certificate has been issued in pursuance of clause (a) or clause (c) of this Article particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate certificates indicating against the names of the persons to whom the certificate is issued, the number and date of Issue in lieu of, which the new certificate is issued, and the necessary , changes indicated in the Register of Members by suitable cross reference-in the "Remarks" column. (f) All blank forms to be issued for Issue of share certificates shall be printed and the printing shall be done only on the authority of a resolution of the Board. The blank forms shall be consecutively machine-numbered and the forms and the blocks, engraving, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or such other person as the Board may appoint for the purpose; and the Secretary or the person aforesaid shall be responsible for rendering an account of these forms to the Board. (g)The Managing Director of the Company for the time being or if the Company has no Managing Director, every Director of the Company shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the Issue of share certificates except the blank forms of share certificates referred to in clause (f) hereinabove. (h) All books referred to in' clause (g) hereinabove shall be preserved in good order permanently.
The First name of joint Holders deemed Sole Holders	24. If any share stands in the names of two or more persons, the person first named in the Register shall as regards receipt of dividends or bonus or service of notices and all or any Other matter connected with the Company, except

	voting at meetings, and the transfer of the shares, be deemed the sole holder thereof but the joint - holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share.
Company not bound to recognize any interest in share other than registered holders Trust not recognised	25. (1) Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise any equitable contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof, but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons but not exceeding 3 persons or the survivors of them. (2) Save as in the Act or in these Articles otherwise provided, the Company shall be entitled -to treat the persons, whose name appears on the Register of members as the holders of any share, as, the absolute owner thereof and accordingly shall not (except as - ordered; by a Court of competent Jurisdiction or as by 'law required) be bound" to recognise and benami, trust or equitable, contingent, future or partial or other claim or claims or right to or interest in such share on the part of any other person whether or not it shall have express or limited notice thereof. The provisions of Section 153 of the Act shall apply, (3) Shares may be registered in the name of an incorporated Company or other body corporate but not in the name of a minor {except in case where they are fully paid} or in the name of a person of unsound mind or in the name of any firm or partnership.
CALLS	
Calls	29. The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment by a resolution passed at a meeting of the Board (and not by circular resolution) make such call as it thinks fit upon the members in respect of all moneys unpaid on the shares' held '-by them respectively and each member shall pay the amount of every call so made on him to the person or persons and-at the time and places appointed by the Board. A call may be made payable in installments,
Notice of calls	30. Not less than fourteen days notice in writing - of any call shall be given by the Company specifying the time and place of payment and the person or persons to whom such call shall be paid,
Calls to date from resolution	31. A call shall be deemed to have been made at the time when the resolution authorizing such call was passed at a meeting of the Board. A call may be revoked or postponed at discretion of the Board,
Directors may extend time	32. The Board may, from time to time at its discretion, extend the time fixed for payment of any call, and may extend such time as to all or any of the members who from residence at a distance or other cause, the Board may deem fairly entitled to such extension but no member shall be entitled to such extension save as a matter of grace and favour.
Where interest on call or installment payable	33. If any member fails to pay any call or installment of any call due from him on or before the day appointed for payment thereof, or any such extension thereof as

	aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board not exceeding ib per cent per annum; but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.
Amount payable at fixed time or by installments to be treated as calls	34. Any sum, which by the terms of Issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of Issue the same becomes payable, and in case of non-payment all the relevant provisions of these Articles as to payment and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
Evidence in actions by company against shareholders	35. On the trial or hearing of any action or suit brought by the Company against any, member or his representatives for the recovery of any money claimed to be due to the Company in respect of his share, it shall be sufficient to prove that the name of the member in respect -of whose share the money is sought to be recovered, appears entered on the Register of Members as the holder, at or subsequent to the date at which the money sought :.to be recovered is alleged to have become due on the shares in respect of which" such money is sought to be recovered that the resolution making the call-is duly recorded in the Minutes Book; and that notice of such call was duly given to the member or his representatives in pursuance of these articles and that it shall not be necessary to prove that appointment of the Directors who made such call nor that a quorum of Directors was pr-'sent at the Board at which any call was made, not that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.
Payment in anticipation of calls may carry interest	36 (a) The Board may, if he thinks fit agree to and receive from any member willing to advance the same all or any part of the amounts of his respective shares beyond the sums, actually called up and upon the moneys so paid in advance, or upon so much thereof, from time to time and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made the Board may pay or allow interest at such rate as the member paying the sum in advance and the Board may agree upon. The Board may agree to repay at any time an amount so advanced or may at any time repay the same upon giving to the member three months notice in writing; PROVIDED that moneys paid in advance of calls or any shares may carry interest but shall not confer a right to dividend or to participate in profits. (b) No member paying any such sum in advance shall be entitled to voting right in respect of the money to be paid by him until the same would but for such payment become presently payable,
LIEN	
Company to have Lien on shares	37. The Company shall have a first and paramount lien upon all the shares (other than fully paid-up shares) registered in the name of each member [whether solely or jointly with others) and upon the proceeding of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest in any shares shall be created

	except upon the footing and upon the condition that Article 21 hereof is to have full effect. Any such lien shall extend to all dividends from time to time declared in respect: of such shares. Unless otherwise, agreed; the registration of a transfer shall operate as a waiver of the Company's lien, if any, on such shares.
As to enforcing lien by sale	38. For the purpose of enforcing such lien, the Board may sell the-shares subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and authorise one of their members to execute a transfer thereof on behalf of and in name of such member. No sale shall be made unless a sum in respect of which the lien exists is presently payable and until the expiry of a period of fourteen days of a notice demanding such payment and until notice in writing of the intention to sell shall have been served on such member or his representative and default shall have been made by him or them in payment, fulfillment of; discharge of such debts, liabilities or engagements for fourteen days after such notice.
Application of proceeds of sale	39. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the persons entitled to the shares at the date of the sale.
FORFEITURE OF SHARES	
If money payable on. share not paid notice to be given	40. If any member fails to pay any call or installment of a call on or before the date appointed for the payment of the same or 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	41. The notice shall name a day (not being less than 14 days from the date of the notice) and the place or places on and at which such call or installment and such interest thereon at such rate not exceeding 18% per annum as the Directors shall determine from the date 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 he call was made or installment is payable will be liable to be forfeited
In default of payment shares to be forfeited	42. If the requirements -of- any-.such-notice as aforesaid, shall not be complied with every or any share in respect of which such notice has been, given, at any time thereafter before payment of all calls or installment, 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 moneys payable in respect of the forfeited shares and not: actually paid before the forfeiture.
Notice of forfeiture to member	43. 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 notice or to make any such entry as aforesaid.
Forfeited shares Co be the property of the company and may be sold etc.	44. Any share bo forfeited, shall be deemed to be the property of the Company, and may be sold, re-allotted or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit.
Member still liable to pay money owing at the time of forfeiture and interest	45. Any member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand, all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon, from the time of the forfeiture until payment, at such rate not exceeding 18% per annum as the Board may determine and the Board may enforce the payment thereof, if it thinks fit.
Effects of Forfeiture	46. The forfeiture of a share shall involve extinction, at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share except only such of those rights as by these Articles are expressly saved.
Declaration of Forfeiture	47. A declaration in writing that the declarant is a Director or Secretary of the Company and that a share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares, 48. Upon any sale after, forfeiture or enforcing a lien on purported exercise of the powers hereinbefore given, the Board-:may appoint some" persons to"-execute an instrument of transfer of the shares sold and cause the purchasers name to be entered in the Register in respect of the shares sold, and the purchaser shall not be "bound to see to the regularity of the proceedings, or the applications 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 shall be in damages on and against the Company exclusively. 49. 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 on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the directors shall be entitled to Issue a duplicate certificate or certificates in respect of the said shares to the person or persons entitled thereto.
Power to annul forfeiture	50. The Board may at any time before any share bo forfeited shall have been sold, re-allotted or otherwise disposed of, annual the forfeiture thereof upon such conditions as it thinks fit.
Surrender of shares	51. The Directors may, subject to the provisions of the Act, accept a surrender of any share from or any member desirous of surrendering on such terms as they think fit.

TRANSFER AND TRANSMISSION OF SHARES	
Transfer & Transmission of shares	52. The Company shall keep a "-Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share.
Form, Application, Execution of transfer	53. Shares in the Company may be transferred by an instrument in writing in the prescribed form duly stamped and delivered to the Company within the prescribed period. The Instrument of transfer shall be accompanied by such evidence as the Board may require to prove the title of the transferor and his right to transfer the shares and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board. The transferor shall be deemed to be the holder of such shares until the name of the transferee shall have been entered in the Register of members in respect thereof. Before the registration of a transfer the certificate or certificates of the shares must be, delivered to the Company. L
Register of members etc. when, closed	54. The Board shall have power on giving not less than 42 days' previous notice. By advertisement in some newspaper circulating in .the district,- in which, the office of the Company is situate to close the transfer Books, the Register of Members or Register, of Debenture-holders at such time or times "and for such period or periods, not exceeding 30 days .at a time and not exceeding in the aggregate 45 days in each year,
Directors may refuse to register-transfers.	55. Subject to the provisions of Section ill of the Act, the Board may decline to register or acknowledge any transfer of shares, whether fully paid or not (notwithstanding that the proposed transferee be already a member); provided registration of transfer shall not: be refused on the ground that the transferor alone or jointly with any other person or persons is indebted to the Company on any account whatsoever.
Death of one or more joint holders of shares	56. Subject to Article 25 hereof in the case of the death of any one or more of the persons named in the Register of Members as the joint - holders of any shares, the survivor or survivors shall be the only persons recognized by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on any shares held by him jointly with any other person.
Titles to shares of deceased member	57 The executors or administrators or holders of a Succession Certificate or the legal representatives of a deceased member (not being one or two of 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 recognise such executors or administrators or holders of a Succession Certificate or the legal representative unless such executors or administrators or legal representatives shall have first obtained Probate or Letters of Administration or Succession Certificate, as the case may be, from a duly constituted Court in the Union of India; provided that in any case where the Board in its absolute discretion thinks fit, the Board may dispense with production of Probate or Letters of Administration or Succession Certificate, upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and under Article 54 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.

No transfers to certain persons	58. No share shall in any circumstances be transferred to any minor, infant, insolvent or person of unsound mind.
Transmission clause	59. Subject to the provisions of the Act and Articles 57 and 58 any person becoming entitled to; shares 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,, upon producing such evidence that the 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 person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an Instrument of transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the shares.
Person entitled may receive dividend without being registered as member	60. A person entitled to a share by transmission shall, subject to the right of the Directors to retain. such dividends or money as hereinafter provided be entitled to receive, and may give a discharge for, any dividends or other moneys payable in respect of the share,
Fee for transfer or transmission	61. There shall be paid to the Company in respect of the transfer or of any number of shares such fee, if any, as the Directors may require, subject to the rules, regulations of Stock Exchange or the Statue concerned. No fees shall be charge for transmission of shares.
The Company not liable for disregard of a notice prohibiting registration of a transfer	62. The Company shall incur no liability! or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such . notice or referred thereto, in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it , of equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think-fit.
SHARE WARRANT	
Power to Issue share warrant	63. The Company may Issue share warrants subject to and in accordance with the provisions of Section 114 & 115, accordingly the Board may in its discretion, with respect to any share which is the person registered as holder of the share, and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the person signing the application and on receiving the certificate (if any) of the share, and the amount of the stamp duty on the warrant and such fees as the Board may, from time to time, required, Issue a share warrant.

Deposit of share warrant	64. (1) The bearer of a share warrant may, at any time, deposit the warrant at the office of the Company, and sc long as the warrant stays so deposited, the depositor shall have the same right of signing a requisition for railing a meeting of the Company, of attending and voting and exercising other privileges of the member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the share included in the deposited warrant. (2) Not more than one person shall be recognised as depositor of the share warrant. (3) The Company shall, on two days written notice, return the deposited share warrant to the depositor.
Privileges and disabilities of the holders of share warrant	65. (1) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend or vote or exercise any privileges of a member at a meeting of the Company, or be entitled to receive any notice from the Company. (2) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the shares included in the warrant, and he shall be a member of the Company.
Issue of new share warrant of coupon	66. The Board may- from time to time, make bye-laws as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal -in case of defacement, loss or destruction.
DIRECTORS	
Maximum number of directors	102. Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be lees than three nor more than twelve (including the " Nominee Director(s)", if any, appointed under Article 106), 103. The following persons shall be the First Directors of the Company: 1.Mr. Kishan Kumar Jugalkishore Kedia 2.Mr. Arun Kishankumar Kedia 3.Mr. Sanjay Kishankumar Kedia
Limit of numbers of retiring directors	104. (1) The Directors may elect one of their body to the office of the Chairman of the Board of Directors and determine the period for which he is to hold office. (2) Not less than 2/3 rd of the total number of Directors for the time being shall be those whose period of office is liable for determination to retirement by rotation; and their appointment shall, save as otherwise expressly provided in these presents, be by the Company in General Meeting, (3) All Directors other than the non-retiring Director shall be elected by shareholders of the Company in General Meeting. At every Annual General Meeting of the Company, one-third of such o£ the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third shall retire from office - The non-retiring Directors and Debenture Directors, if any, shall not be subject to retirement under this clause and shall not be taken into account in determining the retirement by rotation of the number of Directors to retire.

Nominee Directors	105. (1) Subject to the provisions of Section 255 of the Act, whenever the Directors enter into a contract with any Government, Central, State, or local, or any person or persons for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or for underwriting or enter into any other arrangement whatsoever, the Directors shall' have, subject to the provisions of Section 255 of the Act, the power to agree that such Government, person or persons shall have the right to appoint or nominate by a notice in writing addressed to the Company one or such conditions as may be mentioned in the Agreement and that such Director or Directors may not be liable to retire nor be required to hold any qualification shares- The Directors may also agree that any such Director or Directors may be removed from time to time by the Government, person or persons entitled to appoint or nominate them and such person or persons may appoint other or others in his or their place and also fill in any vacancy, which may occur as a result of any such Director or Directors ceasing to hold that office for any reason whatever. The Directors so appointed or nominated shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the Directors of the Company including the payment of remuneration and traveling expenses to such Director or Directors as may be agreed by the Company with such person or persons aforesaid. (2) If it is provided by the Trust' Deed, securing or other-wise, in connection with any Issue of debentures of the Company, that any person or persons shall have power to nominate a Director of the Company, then in the case of any and every such Issue of debentures, the person or persons having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as "Debenture Director". A Debenture Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he is appointed and another Director may be appointed in his place. A Debenture Director shall not be bound to hold any qualification shares.
Alternate Directors	106. The Board may appoint an Alternate Director to act for a Director (hereinafter called "the Original Director") during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. An Alternate Director appointed under this Article shall not be required to acquire and hold qualification shares and shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to that State. If the term of office of the Original Director is determined before he so returns to that State, any provisions in the Act or in these Articles for the automatic re - appointment of retiring Directors in default of another appointment shall apply to the Original Director and not to the Alternate Director.
Additional Directors	107. Subject to the provisions of Sections 260 and 264, the Board shall have the power at any time and from time to time to appoint any other qualified person to be an additional Director, but so that the total number of Directors shall not at any time -exceed the maximum fixed under Article 84. Any such additional Director shall hold office only up to the date of the next Annual General Meeting.
Qualification	108. A Director whether retiring or non-retiring shall not be required to hold any qualification shares.

Remuneration	109. Subject to the provisions of the Act, a Director, who is neither in the whole time employment of the company nor a Managing Director, may be paid remuneration either: (i) by way of monthly; quarterly or annual payment with the approval of the central Government; or (ii) by way of commission if the Company by a Special Resolution authorises such payment. (iii) by way of sitting fees, not exceeding the maximum amount as may be specified in the Act from time to time, for each meeting of the Board as well as for each meeting of a Committee of the Board attended by him.
Traveling expensed incurred by Directors on Companies business	110. The Board may allow and pay to an/ Director, who is not a bonafide resident of the place where the meetings of the Board are ordinarily held and who shall come to such place for the purpose of attending any meeting, such sum as prescribed by law as prescribed by law and as the Board may consider fair compensation for traveling, boarding, lodging and other expenses, in addition to his fee for act ending such meeting as above specified; and if any Director be called upon to go or reside out of the ordinary place of his residence on the Company's business, he shall be entitled to be repaid and reimbursed an> traveling or other expenses incurred in connection with business of the Company.
Directors may act notwithstanding vacancy.	111. The continuing Directors may act notwithstanding any vacancy in their body but if, and so long as their number is reduced below the minimum number fixed by Article 103 hereof the continuing Directors not being less than two may act for the purpose of increasing the number of Directors to that number, or of summoning a General Meeting, but for no other purpose.
Disclosure of interest by Director	112. (1) Every Director of the Company who is in any way whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement, entered into or to be entered into, by or on behalf of the Company, shall disclose the nature of his concern ort interest at a meeting of the Board of Directors in the manner provided in Section 299(2) of the Act. (2) (a) In case of a proposed contract or arrangement, the disclosure required to be made by a Director under Sub-clause (1) shall be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, or if the Director was not, at the date of the meeting concerned or interested in the proposed contract or arrangement, at the first meeting of the Board held after he be so concerned or interested; (a) In the case of any other contract or arrangement, the required disclosure shall be made at the first (b) of the Board held after the Director becomes concerned or interested in the contract or arrangement. (3) (a) For the purpose of Sub-clause (1).and (2) a general notice given to the Board by a Director, the effect that he is Director or a member of a specified body corporate or is a member of a specified firm and is^ to be regarded as concerned „ or interested in any contract or arrangement which may, after the date of the notice, be entered into ,with that body corporate or firm, shall be deemed to be sufficient disclosure of concern of interest in relation to nay contract or arrangement so made (b) Any such general notice shall expire at the end of the financial year in

	which it is given, but may be renewed for further period of one financial year at a time by a fresh notice given in the last month of the financial year in which it would otherwise expire, (c) No such general notice, and no renewal thereof, shall be of effect unless either it is given at a meeting of the Board, or the Directors concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given; (d) Nothing in this Article shall apply to any contract or arrangement entered into or to be entered into between the Company and any other company where any one or more of the Directors of the Company together holds or hold not more than two percent of the paid up share capital in the other Company,
Consent to act as director	113 A person other than a Director re-appointed after retirement by rotation or immediately on the expiry of his term of office, or an Additional or Alternate Director, or a person filling a casual vacancy in the office of a Director under Section 262 of the Act, appointed as a Director or re-appointed as an Additional or Alternate Director; immediately on the expiry of his term of office, shall not act as a Director of the Company, unless he has within thirty days of his appointment signed and filed with the Registrar his consent in writing to act as such Director.
Notice for candidature for office of Director	114. (a) Every Director including a person deemed to be a Director by virtue of the Explanation to sub-section (1) of Section 303 of the Act, Managing Director, Manager or Secretary of the Company shall within 20 days of his appointment to any of the above offices in, any other body corporate, disclose to the Company the particulars relating to his office in the other body corporate which are required to be specified under sub-section (i) of Section 303 of the Act. (b) Every Director and every person deemed to be a Director of the Company by virtue of Sub-section (10) of Section 307 of the Act shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that section
Managing Director	115. Subject to the provisions of the Act, the Board of Directors shall have power to appoint from time to time one or more of its members as Managing / Whole-time Director/s of the Company for such term not exceeding five years at a time as they may think fit to manage the affairs and business of the Company. 116. A Managing Director shall ipso facto and immediately cease to be a Managing Director if he ceases to hold the office of a Director.
PROCEEDINGS OF THE BOARD OF DIRECTORS AND COMMON SEAL	
Management	126. The Company may appoint or employ at the same time more than one of the following categories of managerial personnel, namely; 1. Managing Director and 2. Manager
The Seal	129. The Board shall1 provide a Common Seal for the purposes, of the Company, and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof, and the Board shall provide for the safe custody of

	the Seal for the time being, and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given, 130. Every deed or other instrument, to which the Seal of the Company is required to be affixed, shall, unless the same is executed by a duly constituted attorney, be signed by two Directors or one Director and the Secretary or some other person appointed by the Board for the purpose provided that in respect of the Share Certificate the Seal shall be affixed in accordance with Article 23 (a)
DIVIDENDS	
The company in general meeting may declare dividends	131. The Company in General Meeting may declare dividends to be paid to members according to their respective rights, but no dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may 'declare a smaller dividend. The Company may declare additional dividend to that declared at the Annual General Meeting, in relation to any year by an Extra-ordinary general meeting. 132. The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles, shall be divisible among the members in proportion to the amount of capital paid-up or credited as paid-up and to the period during the year for which the capital is paid up on the shares held by them respectively.
Dividend out of profit only	133. No dividend shall be declared or paid otherwise by the Company for any financial year out of profits for that year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act except after the transfer to the reserves of the Company of such percentage of profits for that year as may be prescribed-
Interim Dividend	134. 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	135. Where Capital is paid in advance of calls, such capital may carry interest but shall not in respect hereof confer a right to dividend or participate in profits.
Dividend in proportion to amount paid up.	136. Ail dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that: it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly,
Effect of transfer of share	137, Subject to the provisions of Section 205A of the Act the Board may retain the dividends payable upon shares in respect of which any person is under Article 53 entitled or which any person under that Article is entitled to transfer, until such person shall become a Member, in respect of such shares or shall duly transfer the same.
Dividend to joint holders	138. Any one of several persons who are registered as the joint-holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends or bonus or other moneys payable in respect of such

	shares. 139. No member shall be entitled to receive payment of any interest on dividend in respect of his share or shares, or otherwise howsoever, either alone or jointly with any other person or persons, while he is indebted to the Company and the Board may deduct from the interest or dividend payable to any member all sums of moneys so due from time to the Company. 140. A transfer shall not pass on the right to any dividend declared thereon before the registration of the transfer.]
Dividend how remitted	141. Unless otherwise directed any dividend may be paid by cheque or warrant or by a payslip 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 shall be made payable to the order of the person to whom in is sent. The Company shall not be liable or responsible for any cheque or warrant or payslip 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 payslip or receipt or the fraudulent recovery of the dividend by any other means.
No interest on dividend	142. Subject to the provisions of Section 205A of the Act no unpaid dividend shall bear interest as against the Company.
Capitalisation of Profits.	144. (a) The Company in General meeting may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the Reserve Fund, or any Capital Redemption Reserve Account, or in the hands of the Company and available for dividend (or representing premium received on the Issue of shares and standing to the credit of the Share Premium Account) be ealization and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such ealization 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 share or debentures or debenture-stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any unissued shares or debentures or debenture-stock and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said ealization sum; Provided that a Share Premium Account and a Capital Redemption Reserve Account may, for the purposes of this Article only be applied in the paying of any unissued shares to be issued to members of the Company as fully paid bonus shares. ' (c) A General Meeting may resolve that any surplus moneys arising from the ealization of any capital assets of the Company, or any investments 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.
WINDING UP	
Winding up	149. The Liquidator on any winding-up (whether voluntary, under supervision or compulsory J may, with the sanction of a Special Resolution, but subject to

	the rights attached to any preference share capital, divide among the contributories in specie any part of the assets of the Company and may with the like sanction, vest any part of the Company in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit.
Distribution of Assets	150. If the company shall be wound up, and the assets available for distribution among the members as such shall be insufficient to repay the whole o£ the paid up capital, such assets shall be borne by the members in the proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up, on the shares held by them respectively, and if in a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of\the shares issued upon special terms and conditions.
Rights of shareholders in case of sales.	151. A special resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 of the Act may subject to the provisions of the Act in' like manner as aforesaid determine that any shares or other consideration receivable by the Liquidator be distributed amongst the members otherwise than in accordance with their existing rights and any such determination/ shall be binding upon all the members subject to the rights of dissent and consequential rights conferred by the said sanction.
Indemnity and Responsibility	152. Every Director, officer or Agent for the time being of the Company shall be indemnified out of the assets of the Company against all liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favor or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.
Director, Officer not responsible for acts of others	153. Subject to the provisions of Section 201 of the Act no Director, Auditor or other officer of the Company shall be liable for the acts, receipts, neglects, or defaults of any other Director or officer or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damages arising from the insolvency or tortuous act of any person, firm, or company to whom or to which whom any moneys, securities or effects shall be entrusted or deposited or any loss occasioned by any error of judgment, omission, default or oversight on his part or for any other loss, damages or misfortune whatever shall happen in relation to execution of the duties of his office or in relation thereto unless the same happen through his own dishonesty,
Secrecy Clause	154. (a) Every Director, Manager, Auditor, Treasurer, Trustee, member of a committee, officer, servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions and affaire of the company with the

	customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained, (b) No member shall be entitled to visit or inspect any works of the Company, 'without the permission of the Directors or to require 'discovery of or any information respecting any details of the Company's business or nature of a trade secret, mystery of trade- secret activity , or any matter which is or may be in the process or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.
Dematerialization of securities	155. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its securities in dematerialized from pursuant to the Depository Act, 1996.
Option for investors	Every persons subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository. If permitted by the law, in respect of any security in the manner provided by the Depository Act, and the Company shall, in the manner and within the time prescribed, Issue to the beneficial owner the required certificates of securities. If a person opts to hold his security with a depository, the Company shall intimate such depository the details of the allotment of the security and on receipt of the information the depository shall enter in its record the name of the allottee as the beneficial owner of the security.
Securities in depositories to be in fungible form	All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Section 153, 153A, 153B, 167C and 372A of the Act, shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.
Transfer of securities	Nothing contained in section 106 of the Act, or these Articles, shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.
Register and Index of beneficial owners	The Register and Index of beneficial maintained by a depository under Depositories Act, 1996 shall be deemed to the register and Index of members and security holders for the purposes of these Articles.
Nomination	156. (1) Every holder(s) in and/or debentures of the Company, so entitled under the Act and Rules framed there under, may at any time, nominate, in the manner prescribed under the Act, a person to whom his share(s) in and/or debentures of the Company shall vest in the event of his death. (2) Where the share's) in and/or debenture(s) of the Company are held by more than one person jointly, the joint-holders, so entitled under the Act and Rules frames there under, may together nominate, in the manner prescribed under the Act, a person to whom all the rights in the share's) in and/or debenture's) of the Company, as the case may be, shall vest in the event of death of all joint holders.

	(3) Notwithstanding anything contained in any other law for the time being in force or in these Articles or in any disposition, whether testamentary or otherwise, in respect of share(s) in and/or debenture's) of the Company, where a nomination made in the manner prescribed under the Act, purports to confer on any person the right to vest the share(s) in and/or debenture's) of the Company, nominee shall, on the death of the shareholders and/or debenture holders concerned or on the death of joint-holder, as the case may be, become entitled to all the rights in relation to such share's) and/or debenture's), to the exclusion of all other person, unless the nomination in varied or cancelled in the manner prescribed under the Act. (4) Where the nominee is a minor, the holder of the share's) in and/or debenture's) of the Company can make a nomination in the manner prescribed under the Act to appoint any person to become entitled to the share(s) in and/or debenture's) of the Company, in the event of his death, during the minority.
Transmission in case of nomination	157. (1) Notwithstanding anything contained in these Articles, any person who becomes a nominee by virtue of the provisions of these Articles, upon production of such evidence as may be required by the board and subject as hereinafter provided elect, either a. to be registered as the holder of share's) and/or debenture(s), as the case may be, or b. to make such transfer of share's) and/or debenture's), as the case may be, as the deceased shareholder and/or debenture holder concerned or deceased joint-holder, as the case may be, could have made. (2) If the person being a nominee, so becoming entitled, elects himself to be registered as holder of share's) and/or debenture's), as the case may be, he shall deliver or send to the Company, a notice in writing duly signed by him stating the nominee concerned so elects and such notice shall be accompanied with the death certificate of the deceased shareholder / debenture holder / joint holder, as the case may be, (3) All the limitations, restrictions and provisions of these Articles, relating to the right to transfer and the registration of transfer of share(s) and/or debenture(s), shall be applicable to any such notice or transfer as aforesaid as if death of the shareholder/debenture holder had occurred and the notices or transfers were signed by that shareholder and/or debenture holder or joint holder, as the case may be.
	(4) A person being a nominee, becoming entitled to share(s) and/or debenture(s) by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of share(s) and/or debenture(s) be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company. Provided that the board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share(s) and/or debenture(s); and if the notice is not complied with, within 90 days, the board may thereafter withhold payments of all dividends, bonuses or other money payable or rights accruing in respect of the share(s) and/or debenture(s), until the requirements of the notice have been complied with,"

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered in the ordinary course of business carried on by our Company or entered into more than two years before the date of the Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which have been attached to the copy of this Prospectus delivered to the Registrar of Companies, Maharashtra located at Mumbai for registration and also the documents for inspection referred to hereunder, may be inspected at the Corporate Office situated at Versova Shree Darshan Co-operative Housing Society Limited, Ground Floor, Plot No.15, R.D.P – 2, Sardar Vallabhbhai Patel Nagar, Near Versova Telephone Exchange, Andheri (West), Mumbai – 400 053 between 10.00 a.m. to 4.00 p.m. on any working days, excluding Saturday and Sunday, from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

MATERIAL CONTRACTS

1. Memorandum of Understanding dated 7th April 2005 with UTI Securities Limited, appointing them BRLM to the Issue.
2. Memorandum of Understanding dated 27th September 2005 with Enam Financial Consultants Private Limited and UTI Securities Limited appointing them BRLMs to the Issue.
3. Inter-se allocation of responsibilities between BRLMs vide agreement dated 27th September 2005.
4. Memorandum of Understanding dated 31st March 2005 signed with Bigshare Services Pvt. Limited appointing them as Registrar to the Issue.
5. Engagement Letter dated 15th April 2005 appointing M/s. Crawford Bayley & Co. as Legal Advisor to the Issue.
6. Escrow Agreement executed between our Company, BRLM, Co-BRLM, Syndicate Members, Escrow Collecting Banks_____dated [●]
7. Underwriting agreement executed between our Company and Members of the Syndicate _____dated [●]
8. Syndicate Agreement executed between our Company and the BRLMs, and Syndicate Members _____ dated [●]

DOCUMENTS FOR INSPECTION

1. Our Memorandum and Articles of Association of Limited.
2. Original Certificate of Incorporation of the company dated 6th September 1995.
3. New Certificate of Incorporation of the company dated 23rd October 2002 consequent upon change of name.
4. New Certificate consequent upon change of object clause dated 22th October 2002.
5. Certificate of Commencement of business dated 14th September 1995.
6. Copy of resolution passed under Section 81(1A) of the Act authorizing the present Issue, at the Extra Ordinary General Meeting of the Company held on 7th July 2004.
7. Consent Letters of BRLMs, Syndicate Members, Legal Advisors, Directors, Company Secretary & Compliance Officer, Registrars, Bankers to the Issue, Bankers to the Company, Escrow Collecting Bankers, Auditors as referred thereto, in their respective capacities.
8. Certificate dated 20th September 2005, from RSM & Co., Auditors of the Company detailing tax benefits.
9. Copy of Auditor's report dated 20th September 2005_included in the Draft Red Herring Prospectus.
10. Copy of Auditors certificate dated 26th September 2005 for deployment of funds.
11. Copy of Listing Application filed with Bombay Stock Exchange Limited on [●].
12. Copies of the Resolution dated 25th June 2003 appointing Mr. Parag Sanghavi as the Managing Director.
13. Copy of Power of Attorney from Directors, CEO to sign the Red Herring Prospectus on their behalf.

14. Copy in-principle listing approval received from Bombay Stock Exchange Limited dated [•]
15. Due Diligence Certificate dated [•] to SEBI from UTI Securities Limited
16. SEBI Observation letter No. [•] dated [•].
17. Tripartite Agreement dated 21st August 2002 between the Company, Bigshare Services Private Limited and NSDL.
18. Tripartite Agreement dated 26th March 2001 between Garnet Paper Mills Limited (our erstwhile company), Bigshare Services Private Limited and CDSL.
19. Lease Agreement dated 30th January 2003 between the Company and R P Anand & Sons for NAAZ Office at Lamington Road, Mumbai and Renewal letter dated 23rd December 2004 extending the leave & license agreement for a further period of 11 months up to 30th November 2005.
20. MoU between K Sera Sera Productions Limited and Varma Corporation Limited dated 23rd July 2003 to provide sharing of office premises for a period of 36 months and for further extension of 24 months from the date of the agreement
21. Leave and License Agreement dated 4th April 2005 between the Company and Mr. Shakeel Abdul Rehman for Bhusawal Office (Distribution Office) for the period ended 31st March 2006
22. Leave and License Agreement dated 30th December 2004 between the Company and Anchor Nirman Limited for Abhishek Building (for Subsidiary Company) for a period of 33 months ended 30th September 2007
23. Memorandum of Understanding between the company and Varma Corporation Limited dated 3rd February 2003 and its addendum dated 23rd May, 2005.
24. Memorandum of Understanding between the company, Sahara Mass India Communication Limited and Varma Corporation Limited dated 31st December 2003 and its addendum dated 5th January 2004 and Share Subscription Agreement dated 31st December 2003
25. Partnership Deed for 'Ram Gopal Varma/ K Sera Sera Distributors' between our Company and Varma Corporation Limited dated 17th February 2004.
26. Partnership Deed for 'PVR Factory Distribution Network' between our Company, PVR and Varma Corporation Limited dated 19th February 2004.
27. Shareholders agreement between Mantra Trading Company Private Limited, Vajra Trading Company Private Limited, Mr. Ashok Pamani and Mr. Parag Sanghavi dated 19th August 2004.
28. Agreement dated 5th June 2002 entered into between Mr. Arun Kumar Kedia and Monalisa Mouldings Private Limited (now known as Mantra Trading Company Limited) for transfer of 1,632,350 shares of face value Rs.10/- per shares @Re.1/- per share.
29. Agreement dated 5th June 2002 entered into between Mrs. Kusuma Devi Kedia and Monalisa Mouldings Private Limited (now known as Mantra Trading Company Limited) for transfer of 200,100 shares of face value Rs.10/- per shares @Re.1/- per share.
30. Agreement dated 5th June 2002 entered into between Mr. Kishan Kumar Kedia and Azam Plastics Private Limited (now known as Vajra Trading Company Limited) for transfer of 200,100 shares of face value Rs.10/- per shares @Re.1/- per share.
31. Agreement dated 5th June 2002 entered into between Mr. Sanjay Kumar Kedia and Azam Plastics Private Limited (now known as Vajra Trading Company Limited) for transfer of 225,300 shares of face value Rs.10/- per shares @Re.1/- per share.

DECLARATION

All the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the said Acts or Rules made there under. We further certify that all statements in this Draft Red Herring Prospectus are true and fair.

SIGNED BY THE DIRECTORS

Mr. Ashok Pamani

Mr. Parag Sanghavi

Mr. Ramesh Pamani

Mr. Raj Sital Das Motwani

Mr. Ashok Gulabrai Gangwani

Mr. Vijay B. Chandra

Mr. A P Naidu

Mr. Prakashkumar H Shah

Mr. M K Sinha

Ms. Kacon Sethi - CHIEF EXECUTIVE OFFICER

Mr. Amar Panghal - CHIEF FINANCIAL OFFICER

Place: Mumbai
Date: 29th September 2005

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