DRAFT RED HERRING PROSPECTUS
Dated December 10, 2010
Please read Section 60B of the Companies Act, 1956
(This Draft Red Herring Prospectus will be updated upon filing with the RoC)
100% Book Built Issue

VRL LOGISTICS LIMITED

(The Company was originally incorporated as a private limited company under the name of "Vijayanand Roadlines Private Limited" on March 31, 1983 at Bangalore in the State of Karnataka under the Companies Act, 1956, as amended (**"Companies Act"**). The Company became a deemed public limited company with effect from July 1, 1994. Pursuant to a special resolution passed by the shareholders in an Extraordinary General Meeting held on February 14, 1997, the status of the Company was changed from a deemed public limited company to a public limited company. The name of the Company was changed to "VRL Logistics Limited" and a fresh certificate of incorporation consequent to the change of name was issued by the Registrar of Companies, Karnataka on August 25, 2006. For changes in the Company's name and registered office see "History and Certain Corporate Matters" on page 112 of this Draft Red Herring Prospectus).

Registered Office: R.S. No. 351/1, NH-4, Bangalore Road, Varur, Hubli 581 207, Karnataka, India **Telephone**: +91 836 2237 607 **Facsimile**: +91 836 2237 614
Corporate Office: Giriraj Annexe, Circuit House Road, Hubli 580 029, Karnataka, India **Telephone**: +91 836 2237 511 **Facsimile**: +91 836 2256 612
Contact Person and Compliance Officer: Mr. Aniruddha Phadnavis **Email**: investors@vrllogistics.com **Website**: www.vrlgroup.in

THE PROMOTERS OF THE COMPANY: MR. VIJAY SANKESHWAR AND MR. ANAND SANKESHWAR.

PUBLIC ISSUE OF 23,566,667 EQUITY SHARES OF FACE VALUE OF RS. 10 EACH ("EQUITY SHARES") OF VRL LOGISTICS LIMITED ("VRL" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF RS. [•] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF Rs. [•] PER EQUITY SHARE) AGGREGATING UPTO RS. [•] MILLION (THE "ISSUE"). THE ISSUE WILL CONSTITUTE 25% OF THE FULLY DILUTED POST-ISSUE PAID-UP SHARE CAPITAL OF THE COMPANY.

THE FACE VALUE OF THE EQUITY SHARES IS RS. 10 EACH.

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

In case of revision in the Price Band, the Bidding Period shall be extended for three additional Working Days after revision of the price band, 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 the Self Certified Syndicate Banks ("SCSBs"), the Bombay Stock Exchange Limited (the "BSE") and the National Stock Exchange of India Limited (the "NSE"), by issuing a press release and also by indicating the change on the website of the Book Running Lead Manager ("BRLM"), and at the terminals of each of the Syndicate Members.

In terms of Rule 19(2)(b) of the Securities Contracts Regulations Rules, 1957, as amended ("SCRR"), this is an Issue for 25% of the post-Issue capital. If the Issue does not constitute 25% of the post-Issue capital, then the entire application money shall be refunded. The Issue is being made through a 100% Book Building Process wherein not more than 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), provided that the Company may allocate, in consultation with the Book Running Lead Manager, up to 30% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("ICDR Regulations"). One-third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the remaining QIB Portion ("Net QIB Portion"). Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. All Bidders other than Anchor Investors may participate in this Issue through an Application Supported by Blocked Amount ("ASBA") process. For details, please see the section "Issue Procedure" beginning on page 315 of this Draft Red Herring Prospectus.

RISKS IN RELATION TO FIRST ISSUE

This being the first public issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs. 10 per Equity Share and the Floor Price is [•] times the face value and the Cap Price is [•] times the face value. The Issue Price (as determined and justified by the Company and the Book Running Lead Manager, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process and as stated in the section "Basis for Issue Price" beginning on page 38 of this Draft Red Herring Prospectus) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

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

COMPANY'S ABSOLUTE RESPONSIBILITY

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

IPO GRADING

The Issue has been graded by [•] and assigned the "IPO Grade [•]" indicating [•] fundamentals, through its letter dated [•]. The IPO grading is assigned on a scale of 1 to 5, with "IPO Grade 5/5" indicating strong fundamentals and "IPO Grade 1/5" indicating poor fundamentals. The Issue has not been graded by any other rating agency. For details regarding the grading of the Issue, please see the section "General Information" beginning on page 9 of this Draft Red Herring Prospectus.

LISTING

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

BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE

SBI Capital Markets Limited 202, Maker Tower 'E', Cuffe Parade, Mumbai 400 005 Maharashtra India Tel: +91 22 2217 8300 Fax: +91 22 2218 8332 Email: vrl.ipo@sbicaps.com Investor Grievance Email: investor.relations@sbicaps.com Contact Person: : Mr. Anish Shrimankar / Ms.Abhilasha Kamath Website: www.sbicaps.com SEBI Registration Number: INM000003531	**Bigshare Services Private Limited** E/2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai 400 072 Maharastra India Tel: +91 22 404 30 200 Fax: +91 22 2847 5207 Investor Grievance Email:vrl.ipo@bigshareonline.com Contact Person: Mr. Ashok Shetty Website: www.bigshareonline.com SEBI Registration Number: INR000001385

BID/ISSUE PERIOD[1]			
BID/ISSUE OPENS ON	[•]	**BID/ISSUE CLOSES ON (FOR QIB BIDDERS)**	[•]
		BID/ISSUE CLOSES ON (FOR NON QIB BIDDERS)	[•]

[1] *The Company may consider participation by Anchor Investors in accordance with applicable ICDR Regulations on the Anchor Investor Bid/Issue Date, i.e., one day prior to the Bid/Issue Opening Date.*

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or requires, the following terms in this Draft Red Herring Prospectus have the meanings given below.

Company Related Terms

Term	Description
The "Company" or the "Issuer"	VRL Logistics Limited, a public limited company incorporated under the Companies Act.
"we" or "us" or "our"	Where the context requires, the Company.
Articles or Articles of Association	The Articles of Association of the Company, as amended.
Auditors	The joint statutory auditors of our Company, being H. K. Veerbhaddrappa & Co., Hubli and Walker, Chandiok & Co, Mumbai.
Board of Directors or Board	The board of directors of the Company or a committee constituted thereof.
Director(s)	The director(s) of the Company.
Equity Shares	Equity shares of the Company of face value Rs. 10 each.
Group Companies of our Promoters or Group Companies	Includes companies, firms and ventures promoted by the Promoters of the Company irrespective of whether such entities are covered under Section 370(IB) of the Companies Act. For details, please see the section "Our Promoters and Group Companies of our Promoters" beginning on page 132 of this Draft Red Herring Prospectus.
Memorandum or Memorandum of Association	The memorandum of association of the Company, as amended.
Promoters	Mr. Vijay Sankeshwar and Mr. Anand Sankeshwar.
Promoter Group	The individuals, companies and other entities specified in the section "Capital Structure" beginning on page 19 of this Draft Red Herring Prospectus.
Registered Office	The registered office of the Company, located at R.S. No. 351/1, NH-4, Bangalore Road, Varur, Hubli 581 207, Karnataka, India.

Issue Related Terms

Term	Description
Allot, Allotment, Allotted, allot, allotment, allotted	The issue and allotment of Equity Shares pursuant to the Issue.
Allotment Advice	The advice or intimation of Allotment of the Equity Shares sent to the Bidders who are to be Allotted the Equity Shares after discovery of the Issue Price in accordance with the Book Building Process, including any revision thereof.
Allottee	A successful Bidder to whom Equity Shares are Allotted.
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor category, who has Bid for the Equity Shares for an amount of at least Rs. 100 million.
Anchor Investor Bid/Issue Date	The date one day prior to the Bid/Issue Opening Date. Bidding by Anchor Investors shall open and shall also be completed on such date.
Anchor Investor Issue Price	The price at which the Equity Shares are allotted to the Anchor Investors under the Anchor Investor Portion in terms of the Red Herring Prospectus and the Prospectus, which is Rs. [●] per Equity Share.
Anchor Investor Portion	The portion of the Issue being up to 30% of the QIB Portion consisting of up to 3,535,000 Equity Shares to be allocated to Anchor Investors on a discretionary basis in accordance with the ICDR Regulations.

Term	Description
Application Supported by Blocked Amount or ASBA	An application, whether physical or electronic, used by an ASBA Bidder to make a Bid authorizing an SCSB to block the Bid Amount in a specified bank account maintained with such SCSB.
ASBA Bid-cum-Application Form	The form, whether physical or electronic, used by an ASBA Bidder to make a Bid, which will be considered as the application for Allotment pursuant to the terms of the Red Herring Prospectus and the Prospectus.
ASBA Bidder	Any Bidder who intends to apply in the Issue through the ASBA and is applying through blocking of funds in a bank account with an SCSB.
ASBA Revision Form	The form used by the ASBA Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Bid-cum-Application Forms or any previous ASBA Revision Form(s).
Banker(s) to the Issue	The bank(s) that is a clearing member and registered with the SEBI as a banker to the issue, in this case being [●].
Bid	An indication to make an offer during the Bidding Period by a prospective investor (and on the Anchor Investor Bid/Issue Date by an Anchor Investor) to subscribe for or purchase the Company's Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and in case of ASBA Bidders the ASBA Bid-cum-Application Form, and payable by the Bidder upon submission of the Bid.
Bid-cum-Application Form	The form in terms of which the Bidder (other than the ASBA Bidder) shall make an offer to subscribe for or purchase the Equity Shares and which will be considered as the application for Allotment pursuant to the terms of the Red Herring Prospectus and the Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid-cum-Application Form or the ASBA Bid-cum-Application Form (in case of an ASBA Bidder).
Bidding Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date (inclusive of both days) and during which prospective Bidders (other than Anchor Investors) can submit their Bids.
Bid/Issue Closing Date	The date after which the members of the Syndicate or SCSBs (in case of ASBA Bidders) will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper, a widely circulated Hindi national newspaper and a widely circulated Kannada newspaper.
Bid/Issue Opening Date	The date on which the members of the Syndicate or SCSBs (in case of ASBA Bidders) shall start accepting Bids for the Issue, which shall be notified in a widely circulated English national newspaper, a widely circulated Hindi national newspaper and a widely circulated Kannada newspaper.
Book Building Process	The book building process as described in Schedule XI to the ICDR Regulations, in terms of which the Issue is being made.
BRLM or Book Running Lead Manager	SBI Capital Markets Limited, being the book running lead manager to the Issue.
BSE	The Bombay Stock Exchange Limited.
CAN or Confirmation of Allocation Note	In relation to Anchor Investors, the note or advice or intimation of allocation of the Equity Shares sent to the successful Anchor Investors who have been allocated Equity Shares on the Anchor Investor Bid/Issue Date at the Anchor Investor Issue Price, including any revisions thereof.
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted, including any revision thereto.
CDSL	Central Depository Services (India) Limited.
Controlling Branches	Such branches of the SCSBs which coordinate with the BRLM, the Registrar to the Issue and the Stock Exchanges and a list of which is available at http://www.sebi.gov.in/pmd/scsb.pdf.
Cut-off Price	Any price within the Price Band finalized by the Company in consultation with the

Term	Description
	BRLM. A Bid submitted at Cut-off Price by a Retail Individual Bidder is a valid Bid. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price for a Bid Amount not exceeding Rs. 200,000. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price.
Depositories	NSDL and CDSL.
Depositories Act	The Depositories Act, 1996, as amended.
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended.
Depository Participant or DP	A depository participant as defined under the Depositories Act.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Bid-cum-Application Forms used by ASBA Bidders and a list of which is available at http://www.sebi.gov.in/pmd/scsb.pdf.
Designated Date	The date on which the Escrow Collection Banks transfer the funds from the Escrow Account to the Public Issue Account or the amount blocked by the SCSBs is transferred from the bank account specified by the ASBA Bidders to the Public Issue Account, as the case may be, after the Prospectus is filed with the RoC, following which the Board approves the Allotment of the Equity Shares constituting the Issue.
Designated Stock Exchange	[●].
DRHP or Draft Red Herring Prospectus	This draft red herring prospectus, filed with SEBI and issued in accordance with the ICDR Regulations, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue.
Eligible NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe for or purchase the Equity Shares offered thereby.
Escrow Account	An account opened with an Escrow Collection Bank(s) and in whose favour the Bidder (excluding the ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount.
Escrow Agreement	An agreement dated [●] to be entered into among the Company, the Registrar, the Escrow Collection Bank(s), the BRLM, and the Syndicate Members for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders (excluding the ASBA Bidders) on the terms and conditions thereof.
Escrow Collection Bank(s)	The banks that are clearing members and registered with SEBI as bankers to the issue with whom the Escrow Accounts will be opened, comprising [●].
FIIs	Foreign Institutional Investors (as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI.
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form or the ASBA Bid-cum-Application Form or ASBA Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted, subject to any revision thereto.
FVCIs	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended) registered with SEBI.
GIR Number	General Index Registry Number.
ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.
Indian GAAP	Generally Accepted Accounting Principles in India.
IPO Grading Agency	[●], a credit rating agency registered with the SEBI, appointed by the Company for grading this Issue.
Issue	The public issue of an aggregate of 23,566,667 Equity Shares at the Issue Price, aggregating Rs. [●] million.
Issue Agreement	The agreement dated December 9, 2010, among the Company and the BRLM in

Term	Description
	relation to the Issue.
Issue Price	The final price at which Equity Shares will be Allotted in the Issue, as determined by the Company, in consultation with the BRLM, on the Pricing Date, provided however, for purposes of the Anchor Investors, this price shall be the Anchor Investor Issue Price.
Mutual Fund Portion	5% of the Net QIB Portion, equal to a minimum of 412,417 Equity Shares, available for allocation to Mutual Funds.
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended.
Net Proceeds of the Issue	Proceeds of the Issue less Issue related expenses.
Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares allocated to Anchor Investors, being a minimum of 8,248,332 Equity Shared to be allocated to QIBs on a proportionate basis.
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for an amount more than Rs. 200,000.
Non-Institutional Portion	The portion of the Issue being not less than 15% of the Issue consisting of 3,535,001 Equity Shares, available for allocation to Non-Institutional Bidders on a proportionate basis, subject to valid Bids being received at or above the Issue Price.
Non-Residents	All eligible Bidders that are persons resident outside India, as defined under FEMA, including Eligible NRIs and FIIs.
NRI or Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, such term as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended.
NSDL	National Securities Depository Limited.
NSE	The National Stock Exchange of India Limited.
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under the FEMA. OCBs are not permitted to invest in the Issue.
Pay-in Period	The period commencing on the Bid/Issue Opening Date and extending until the Bid/Issue Closing Date; provided however, for Anchor Investors, the Pay-in Period shall mean the period from the Anchor Investor Bid/Issue Date until the last date specified in the CAN which shall not be later than two days after the Bid/ Issue Closing Date.
Price Band	The price band with a minimum price (Floor Price) per Equity Share and the maximum price (Cap Price) per Equity Share to be decided by the Company, in consultation with the BRLM, and advertised in a widely circulated English national newspaper, a widely circulated Hindi national newspaper and a widely circulated Kannada newspaper, at least two (2) Working Days prior to the Bid/Issue Opening Date, including any revisions thereof as permitted under the ICDR Regulations. The advertisement on the Price Band will appear in the same newspapers as the Bid/ Issue Opening Date and Bid/ Issue Closing Date.
Pricing Date	The date on which the Issue Price is finalized by the Company, in consultation with the BRLM.
Prospectus	The prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act after the Pricing Date containing, *inter alia*, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information.
Public Issue Account	The account opened with the Banker(s) to the Issue pursuant to Section 73 of the Companies Act to receive money from the Escrow Account on the Designated Date.

Term	Description
QIBs or Qualified Institutional Buyers	As defined under the ICDR Regulations and includes public financial institutions (defined under Section 4A of the Companies Act), FIIs and sub-accounts registered with SEBI (other than a sub-account which is a foreign corporate or foreign individual), scheduled commercial banks, Mutual Funds, multilateral and bilateral development financial institutions, VCFs, FVCIs, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of Rs. 250 million, pension funds with a minimum corpus of Rs. 250 million, the National Investment Fund set up by resolution number F.No.2/3/2005-DDII dated November 23, 2005 of the Government of India, insurance funds set up and managed by the army, navy and/or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India.
Qualified Institutional Portion or QIB Portion	The portion of the Issue being not more than 50% of the Issue consisting of 11,783,332 Equity Shares, to be allotted to QIBs on a proportionate basis; provided that the Company may allocate up to 30% of the QIB Portion consisting of up to 3,535,000 Equity Shares to Anchor Investors on a discretionary basis in accordance with the ICDR Regulations.
Refund Account	An account opened with the Refund Bank, from which refunds (excluding refunds to the ASBA Bidders) of the whole or part of the Bid Amount, if any, shall be made.
Refund Bank	[●].
Registrar or Registrar to the Issue	Big Share Services Private Limited.
Restated Financial Statements or restated financial statements	Restated financial statements of assets and liabilities of the Company as at March 31, 2006, 2007, 2008, 2009 and 2010, and the six-month period ended September 30, 2010, and profits and losses and cash flows of the Company for each of the years ended March 31, 2006, 2007, 2008, 2009 and 2010, and the six-month period ended September 30, 2010 as well as certain other financial information as more fully described in the Auditors' report for such years included in this Draft Red Herring Prospectus.
Retail Individual Bidders	Bidders (including HUFs) who have Bid for Equity Shares of an amount less than or equal to Rs. 200,000.
Retail Portion	The portion of the Issue being not less than 35% of the Issue consisting of 8,248,334 Equity Shares, available for allocation to Retail Individual Bidder(s) on a proportionate basis, subject to valid Bids being received at or above the Issue Price.
Revision Form	The form used by the Bidders (excluding ASBA Bidders) to modify the quantity of Equity Shares or the Bid Amount in any of their Bid-cum-Application Forms or any previous Revision Form(s).
RHP or Red Herring Prospectus	The red herring prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will become the Prospectus after filing with the RoC after the Pricing Date.
RoC	The Registrar of Companies, Karnataka, located at Bangalore.
RTGS	Real Time Gross Settlement.
SCRA	The Securities Contracts (Regulation) Act, 1956, as amended.
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended.
SCSBs or Self Certified Syndicate Banks	The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, as amended, and offer services of ASBA, including blocking of funds in bank accounts, are recognized as such by the SEBI and a list of which is available at http://www.sebi.gov.in/pmd/scsb.pdf.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended.

Term	Description
Stock Exchanges	The BSE and the NSE.
Syndicate Agreement	The agreement dated [•] to be entered into among the Company and the Syndicate, in relation to the collection of Bids in the Issue (excluding Bids from the ASBA Bidders).
Syndicate Members	[•].
Syndicate or members of the Syndicate	The BRLM and the Syndicate Members.
TRS or Transaction Registration Slip	The slip or document issued by any of the members of the Syndicate or an SCSB (only on demand) to a Bidder as proof of registration of the Bid.
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America.
Underwriters	The BRLM and the Syndicate Members.
Underwriting Agreement	The agreement dated [•] among the Underwriters and the Company to be entered into on finalization of the Issue Price.
VCFs	Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as amended) registered with SEBI.
Working Day	All days other than a Sunday or a bank holiday (except in reference to announcement of Price Band and Bidding Period, where a working day means all days other than a Saturday, Sunday or a public holiday), on which commercial banks in Mumbai are open for business.

Industry Related Terms

Term	Description
AWB	Air Way Bill
BPKM	Billion passenger kilometres
BPO	Business Process Outsourcing
BTKM	Billion tonne kilometres
CCEC	Commissioner of Central Excise and Customs
CDM	Clean Development Mechanism
CEA	Central Electricity Authority
CER	Carbon Emission Reductions
CERC	Central Electricity Regulatory Commission
CO_2	Carbon Dioxide
C-WET	Centre for Wind Energy Technology
DCDR	District Consumer Disputes Redressal
DGCA	Directorate General of Civil Aviation
FTL	Full Truck Load
GPS	Global Positioning System
GoK	Government of Karnataka
HESCOM	Hubli Electricity Supply Company Limited
HCVs	Heavy Commercial Vehicles
IIP	Index of Industrial Production
IREDA	Indian Renewable Energy Development Agency
JNNURM	Jawaharlal Nehru National Urban Renewal Mission
KSRTC	Karnataka State Road Transport Corporation
KW	Kilo Watt
KWH	Kilo Watt Hour
LCVs	Light Commercial Vehicles
LFO	Large Fleet Operator
LR	Lorry Receipt
LTL	Less-than Truck Load
MCVs	Medium Commercial Vehicles

MFO	Medium Fleet Operator
MHCVs	Medium Heavy Commercial Vehicles
MNES	Ministry of Non-Conventional Energy Sources
MSRTC	Maharashtra State Road Transport Corporation
MNRE	Ministry of New and Renewable Energy
MOU	Memorandum Of Understanding
MPC	Maruti Parcel Carriers
MT	Metric Tonne
MW	Mega Watts
NEP	National Electricity Policy
NHAI	National Highways Authority of India
NHDP	National Highways Development Project
PLF	Plant Load Factor
REC	Renewable Energy Certificate
RPO	Renewable Purchase Obligation
SEB	State Electricity Boards
SERC	State Electricity Regulatory Commission
SFO	Small Fleet Operator
SRTU	State Regulatory Transport Undertaking
STUs	State Transport Undertakings
NOC	No Objection Certificate
UNFCCC	United Nations Framework Convention on Climate Change
VAT	Value Added Tax
VER	Verified Emission Reductions
WTGs	Wind Turbine Generators
XPS	Express Parcel Service

General Terms/Abbreviations

Term	Description
A/c	Account
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
CAGR	Compounded annual growth rate
Companies Act	The Companies Act, 1956, as amended
Customs Act	The Customs Act, 1962, as amended
DIN	Director Identification Number
DIPP	The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
EBITDA	Earnings before interest, taxation, depreciation and amortization
EGM	Extraordinary general meeting
EPS	Earnings per share
FCNR Account	Foreign Currency Non-Resident Account
FDI	Foreign Direct Investment, as understood under applicable Indian laws, regulations and policies
FEMA	The Foreign Exchange Management Act, 1999, as amended, and the regulations framed there under
FIPB	The Foreign Investment Promotion Board of the Government of India
Fiscal or Financial Year or FY	Unless otherwise stated, a period of twelve months ended March 31 of that particular year
FYP	Five year plans issued by the Planning Commission of India
GDP	Gross Domestic Product
GoI or Government	Government of India

Term	Description
HUF	Hindu Undivided Family
HY	Unless otherwise stated, a period of six months ended March 31 or September 30 of that particular year
Industrial Policy	The policy and guidelines relating to industrial activity in India issued by the Ministry of Commerce and Industry, Government of India, as updated, modified or amended from time to time
IPO	Initial Public Offering
IT	Information Technology
I.T. Act	The Income Tax Act, 1961, as amended
I.T. Rules	The Income Tax Rules, 1962, as amended
MICR	Magnetic Ink Character Recognition.
NAV	Net asset value
NECS	National Electronic Clearing System.
NRE Account	Non-Resident External Account
NRO Account	Non-Resident Ordinary Account
p.a.	Per annum
PAN	Permanent Account Number
P/E Ratio	Price/Earnings Ratio
PIS	Portfolio Investment Scheme
PLR	Prime Lending Rate
RBI	The Reserve Bank of India
RoNW	Return on Net Worth
Rs.	Indian Rupees
SICA	The Sick Industries Companies (Special Provisions) Act, 1985, as amended
Takeover Code	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Unless otherwise specified or if the context otherwise requires, all references to "India" in this Draft Red Herring Prospectus are to the Republic of India, together with its territories and possessions, all references to the "US" or the "USA" or the "United States" or the "U.S." are to the United States of America, together with its territories and possessions.

Financial Data

Unless indicated otherwise, the financial data in this Draft Red Herring Prospectus has been derived from the Company's audited financial statements, as of and for the fiscal years ended March 31, 2006, 2007, 2008, 2009 and 2010 and the six month period ended September 30, 2010, prepared in accordance with Indian GAAP and the Companies Act, and restated in accordance with the ICDR Regulations, as stated in the report of our Auditors, H. K. Veerbhaddrappa & Co and Walker, Chandiok & Co.

Our Company's fiscal year commences on April 1 and ends on March 31, and unless otherwise specified or the context otherwise requires, all references to a particular fiscal year are to the twelve-month period ended March 31 of that year. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed therein are due to rounding-off.

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

Currency of Presentation

All references to "Rupees" or "Rs." or "INR" are to Indian Rupees, the official currency of the Republic of India. All references to "$", "US$", "USD", "U.S.$", "U.S. Dollar(s)" or "US Dollar(s)" are to United States Dollars.

Any currency translation should not be construed as a representation that such Indian Rupee or US Dollar or other currencies could have been, or could be, converted into Indian Rupees, as the case may be, at any particular rate or at all. In this Draft Red Herring Prospectus, the Company has presented certain numerical information in "million" units. One million represents 1,000,000.

Industry and Market Data

Unless stated otherwise, industry data used in this Draft Red Herring Prospectus has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes that the industry data used in this Draft Red Herring Prospectus is reliable, it has not been verified by any independent source. In this Draft Red Herring Prospectus, we have used market and industry data prepared by consultants and government organizations, some of whom we have also retained or may retain and compensate for various engagements in the ordinary course of business.

In accordance with the ICDR Regulations, we have included in the section titled "Basis for Issue Price" in this Draft Red Herring Prospectus, information relating to our peer group companies. Such information has been derived from publicly available sources and the Company has not independently verified such information.

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

FORWARD-LOOKING STATEMENTS

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

Important factors that could cause actual results to differ materially from our expectations include, among others:

- the competitive nature of the transportation industry;
- price of fuel;
- competition for, and attraction and retention of, drivers;
- any change in government policies resulting in increases in taxes payable by us;
- our ability to retain our key managements persons and other employees;
- our reliance on third party contractors and suppliers for vehicles and equipment;
- changes in the interest rates;
- changes in laws and regulations that apply to the industries in which we operate, such as age of vehicles plying on the road and vehicle emission norms;
- our ability to offer the level and type of services that we currently provide to our customers;
- our ability to grow our business;
- prices for and availability of transportation equipment;
- the effects of claims related to accidents, loss and damage to goods transported, property damage, personal injury, workers' compensation and general liability;
- our ability to make interest and principal payments on our existing debt obligations and satisfy the other covenants contained in our existing debt agreements;
- general economic, political and other risks that are out of our control; and
- concentration of ownership among our Promoters.

For a further discussion of factors that could cause our actual results to differ, please see the sections "Risk Factors", "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages xii, 74 and 226, respectively, 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.

Forward-looking statements speak only as of the date of this Draft Red Herring Prospectus. Neither the Company nor its Directors and officers, any Underwriter, nor any of their respective affiliates or associates has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. The Company and the BRLM will ensure that investors in India are informed of material developments until the Allotment of Equity Shares in the Issue.

SECTION II: RISK FACTORS

RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. You should carefully consider all of the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. Any potential investor in, and purchaser of, the Equity Shares should pay particular attention to the fact that we are governed in India by a legal and regulatory environment which in some material respects may be different from that which prevails in the other countries. If any or some combination of the following risks occur, our business, prospects, financial condition and results of operations could suffer, the trading price of the Equity Shares could decline, and you may lose all or part of your investment.

We have described the risks and uncertainties that our management believes are material, but these risks and uncertainties may not be the only ones we face. Additional risks and uncertainties, including those we are not aware of or deem immaterial, may also result in decreased revenues, increased expenses or other events that could result in a decline in the value of the Equity Shares. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. The risk factors have been numbered for convenience purposes.

This DRHP also contains forward looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward looking statements as a result of certain factors, including considerations described below and in the section titled 'Forward Looking Statements'.

INTERNAL RISK FACTORS

1. **There are outstanding criminal proceedings against our Promoter and Company, which, if finally determined against us, could adversely affect our business.**

   Certain criminal proceedings have been filed against the Company and by and against our Promoter. These proceedings are pending at different levels of adjudication before various courts. The criminal proceedings by and against our Promoter include, four defamation proceedings initiated by and against our Promoter, Mr. Vijay Sankeshwar, in his capacity as the erstwhile printer and publisher of the Kannada daily, Vijay Karnataka. The criminal proceedings against our Company relate to contraventions of the Tamil Nadu Schedule Commodities (Regulation and Distribution by Card System) Order, 1982, the Essential Commodities Act, 1955, criminal breach of trust and cheating. See also, the section "Outstanding Litigation and Material Developments" beginning on page 266 of this Draft Red Herring Prospectus. An adverse outcome in any of these proceedings could adversely affect our reputation and the reputation of our Promoter, and may have an adverse effect on our business, prospects and the trading price of the Equity Shares.

2. **There are outstanding legal proceedings involving our Company, Directors and Promoters, which, if finally determined against us, could adversely affect our business.**

   There are outstanding legal proceedings involving our Company, our Directors and Promoters. These proceedings are currently being adjudicated before various courts, tribunals and other authorities. The following table sets out brief details of such outstanding proceedings:

Nature of cases	Number of cases	Approximate total amount involved as of September 30, 2010 (Rs. in millions)
<u>*Proceedings involving our Promoters (Mr. Vijay Sankeshwar)*</u>		

Criminal	4	0.00
Civil	7	11.79
Proceedings involving our Promoters (Mr. Anand Sankeshwar)		
Civil	1	0.05
Proceedings against the Company		
Criminal	2	0.00
Civil	913	546.44
Labor	4	1.20
Consumer Forum Cases	19	1.67
Consumer Forum Appeals	2	0.54
Tax	8	663.72
Proceedings by the Company		
Criminal (20 cases under Negotiable Instrument Act)	23	7.57
Civil	46	25.00
Tax	0	0.00
Labor	0	0.00
Consumer Forum Appeals	2	0.10
Proceedings against our Directors		
Civil	1	0.25
Total	1,032	1,258.33

Note: (i) The amounts indicated in the column above are approximate amounts, wherever quantifiable.
(ii) Subsequent to September 30, 2010, the Company has received a petition from Mr. Ramesh Chandra Toshnival claiming compensation of Rs. 28.21 million before the Motor Accidents Claim Tribunal, Chittorgarh. For further details, please refer to the section "Outstanding Litigation and Material Developments" beginning on page 266 of this Draft Red Herring Prospectus.

There can be no assurance that any of these matters will be settled in our favour or in favour of our Directors or our Promoters or that no additional liability will arise out of these proceedings. An adverse outcome in any of these proceedings could have a material adverse effect on the Company, our Directors and/or our Promoters, as well as on our business, prospects, financial condition and results of operations and/or that of our Promoters. See also, the section "Outstanding Litigation and Material Developments" beginning on page 266 of this Draft Red Herring Prospectus.

3. **There are tax proceedings pending against us, which, if finally determined against us, may have an adverse effect on our business.**

We are involved in three proceedings in relation to income tax matters, one proceeding in relation to excise matters, one proceeding in relation to customs matters, and three proceedings in relation to service tax matters. See also, the section "Outstanding Litigation and Material Developments" beginning on page 266 of this Draft Red Herring Prospectus. The total liability, including interest, in relation to these proceedings is Rs. 663.72 million as September 30, 2010. In the event that any or all of these proceedings are finally determined against us and we are required to pay the determined amounts to the tax authorities together with any other applicable penalties or levies, it will have an adverse effect on our cash flows and our results of operations.

4. **An upward trend in the price of the fuel, limitations on our ability to pass on the cost of fuel to our customers or our inability to buy fuel may adversely affect our results of operations.**

Fuel costs form a major component of our operating cost. In the six-month period ended September 30, 2010, fuel cost comprised 33.21% of the total operating costs. Thus, our results of operation and financial condition depend substantially on the price of fuel.

We may also be adversely affected by the timing and degree of fluctuations in fuel prices. The price of fuel depends on several factors which are beyond our control, including, international prices of crude oil and petroleum products, global and regional demand and supply conditions, geopolitical uncertainties, import cost of crude oil, Central and State government policies and regulations concerning pricing, subsidies, price and availability of alternative fuels, and technologies. The price of crude oil and petroleum products has risen significantly over the years. Fuel prices reached historically high levels in 2008 and continue to be volatile and difficult to predict. Although, we attempt to pass on some or all of the cost of fuel to our customers through fuel surcharges or increases in our base freight rate, our results of operations may be adversely affected to the extent we are not successful in recovering the cost of the fuel. Further, although historically we have been able to obtain fuel from various sources and in the desired quantities, there can be no assurance that we will continue to obtain fuel from various sources in the desired quantities.

We may not be able to accurately gauge or predict the volatility and trends in fuel price movements. Our competitiveness would also suffer if we are not able to raise our base freight rate due to rise in fuel costs. If fuel surcharge, increase in our base freight rate or other cost-recovery mechanisms do not offset our exposure to fluctuating fuel costs, our business plans and prospects, financial condition and results of operations could be adversely affected.

5. **Our Company has received a show cause notice dated August 17, 2010 from the Registrar of Companies at Karnataka seeking explanation as to the payment of excess managerial remuneration for Fiscal 2006. Our Company may incur penalties or liabilities for this past violation of the Companies Act.**

The Registrar of Companies at Karnataka sent our Company a letter dated October 26, 2007 alleging violation of Schedule XIII and the Sections 269 and 198 of the Companies Act. The allegations contained in the letter in this respect are that:

(a) our Company crossed the limit prescribed vis-à-vis its “effective capital” in respect of payment of remuneration to the two managing directors;

(b) our Company did not have a remuneration committee; and

(c) our Company having appointed its managing directors for the period of five years instead of maximum permissible period of 3 years.

Our Company responded to this letter on November 5, 2007 stating that our Company did not cross the limits prescribed under Schedule XIII of the Companies Act vis-a-vis “effective capital” in respect of payment of remuneration to the two managing directors since as on the relevant date for calculation of “effective capital” our Company was authorised to pay revised remuneration to its managing directors. Even though the AGM resolution passed on August 30, 2005 states that the managing director’s remuneration would be restricted to Rs. 500,000 per month, the actual remuneration paid to the managing directors’ for the financial year 2005-2006 was less than Rs. 4.66 million or less than Rs. 400,000 per month, which is within the limits prescribed under Schedule XIII of the Companies Act. Further, as our Company constituted its remuneration committee on May 28, 2007, it did not have the said committee in existence in August 2005 when the members approved the appointment of our managing directors. Our Company regretted this lapse caused by inadvertence.

Subsequently, the Company received a show cause notice dated August 17, 2010 from the Registrar of Companies at Karnataka alleging contravention of Sections 309 and 198 of the Companies Act as the Company paid remuneration to its directors in excess of 10% of the profits for the year ended for March 31, 2006. The Company has replied to the show cause notice vide letter dated August 27, 2010 stating that it regrets the lapse, and has subsequently rectified the non-compliance by effecting recovery of the excess managerial reumeration of Rs. 3.73 million paid to the managing directors. Our Company may incur penalties or liabilities for these past contraventions.

6. **Our auditors have made a qualification in their audit report for Fiscal 2009 in relation to a contravention of the Companies Act.**

During Fiscal 2009, we paid managerial remuneration in excess of the limits prescribed under Schedule XIII of the Companies Act. Our auditors have therefore made a qualification to their audit report for Fiscal 2009. This qualification to our audit report for Fiscal 2009 has been disclosed in notes to accounts forming part of our Restated Financial Statements on page 144 of this Draft Red Herring Prospectus. The amount of excess managerial remuneration paid that Fiscal 2009 was Rs. 6.74 million. In Fiscal 2010, the Company rectified this non-compliance by recovering the excess managerial remuneration that was paid. We may incur potential liabilities under the Companies Act for this past violation. Even though this past contravention of the Companies Act has been rectified, there can be no assurance that we will be able to rectify future contraventions, if any.

7. **Our success depends on our ability to maintain our costs at sufficiently low levels, and generate sufficient freight volumes and passenger loads to achieve acceptable profit margins or avoid losses.**

Our business is characterised by high fixed costs, principally due to the ownership of goods and passenger transportation vehicles. These high fixed costs do not vary significantly with variations in freight volumes or the number of passengers carried, and a relatively small change in freight volumes, passenger loads, freight rates or the price paid per ticket can have a significant effect on operating and financial results. In the goods transportation business, we seek to maximize revenue per operating vehicle using our Hub-and-Spoke operating model that optimizes Less than Truckload ("LTL") and Full Truckload ("FTL") freight. In the passenger transportation business, we seek to maximize revenue from ticket sales by attempting to achieve the best possible ticket price while filling as many seats as possible. However, difficulties with internal processes or other external adverse influences could lead to shortfalls in revenue. As a result, the success of our business depends on our ability to successfully control and reduce costs in addition to optimising freight volumes, passenger loads and revenues. If we are unable to succeed sufficiently at any of these tasks, we may not be able to cover the fixed costs of our operations or achieve acceptable operating or net profit margins, and our business, results of operations and financial condition could be adversely affected.

8. **Our goods and passenger transportation businesses are subject to various taxes, which may significantly affect our profits.**

We are exposed to various taxes imposed by local authorities, the State Government and the Central Government which include road tax for all vehicles, and inter-state transportation tax for buses operating between two States. The rates of some of these taxes have steadily increased in the past three years. For example, the road tax which is payable by a private transport operator has increased by 56.67% for sleeper buses from Rs. 83,160 per quarter in Fiscal 2007 to Rs. 1,30,285 per quarter in Fiscal 2010 and by 33.33% for seater buses from Rs. 40,425 in Fiscal 2007 to Rs. 53,900 per quarter in Fiscal 2010. In the six-month period ended September 30, 2010, road tax (which is a tax payable to the regional transport office) on vehicles and inter-state transportation tax comprised 3.04% of the total operating costs and 1.97% of our operating income in relation to our goods and passenger transportation business. As we plan to expand our passenger transportation business and operations into other regions, we may be exposed to different tax regimes, which may adversely affect our profitability.

9. **Our passenger transportation business is currently concentrated in three States in India and expansion into new geographic areas poses risks.**

Our passenger transportation business is geographically concentrated in the States of Karnataka, Maharashtra and Goa. Our passenger transportation business is therefore significantly dependent on the general economic condition and activity in these States, and the Central, State and local government policies relating to passenger transportation. Our passenger transportation business is also exposed to risks arising from any adverse events that may occur in these States like regional conflicts, natural calamities or socio-political instability which may affect these areas. In such events, our passenger transportation business, results of operation and financial condition may be adversely affected.

Our expansion strategy contemplates spreading our business to other geographical areas, thereby exposing us to new market related and customer related risks. We may not be able to effectively compete with other market players in such markets or may not gain acceptance by customers. We may face additional risks in other geographic areas in which we do not possess the same level of familiarity as our competitors. We may not be able to successfully manage some or all of the risks of such an expansion, which may place us at a competitive disadvantage, limit our growth opportunities and have a material adverse effect on our revenues, profits and financial condition.

10. We are subject to significant government regulations and any change in these regulations can adversely affect our results in operations.

Our operations are subject to a number of transportation, environmental, labour, employment and other laws and regulations. These laws and regulations are subject to change based on new legislation and regulatory initiatives, which could affect the economics of the transportation industry by requiring changes in operating practices or influencing the demand for, and the cost of providing, transportation services. To illustrate, certain states impose restrictions on the age of vehicles operating within the State. We are also required to comply with regulations in connection with, (a) restrictions which specify the actual weight which may be carried by our vehicles, (b) permissible emissions levels, (c) our waste disposal and hazardous material handling practices, (d) diesel generators operated by us and their noise control norms, (e) the handling of hazardous substances and associated health and safety requirements.

These laws and regulations generally require us to maintain and comply with a wide variety of certificates, permits, licenses and other approvals. For further details, please refer to "Regulations and Policies" and "Government and Other Approvals" on pages 97 and 291 respectively. Our failure to maintain required certificates, permits or licenses, or to comply with applicable laws and regulations, could result in substantial fines or possible revocation of our authority to conduct our operations.

We cannot assure you that existing laws or regulations will not be revised or that new laws or regulations, which could have an adverse impact on our operations, will not be adopted or become applicable to us. We also cannot assure you that we will be able to recover any or all increased costs of compliance from our customers or that our business and financial condition will not be materially and adversely affected by future changes in applicable laws and regulations.

11. There are restrictions under Indian laws and regulations applicable to foreign investment in the courier services and air chartering services businesses, which may prevent us from raising funds by the issue of shares or convertible securities to persons resident outside India.

Foreign investment in Indian securities is governed by the provisions of the FEMA read with the applicable FEMA Regulations. 100% FDI is allowed in the "courier services for carrying packages, parcels and other items which do not come within the ambit of the Indian Post Office Act, 1898" with prior approval of the FIPB. For the "non-scheduled air transport service/ non-scheduled airlines, chartered airline, and cargo airlines", FDI is allowed upto 74% (49% under the automatic route, and beyond that up to 74%, one needs the prior approval of the FIPB). The Company has accordingly applied to the FIPB on November 20, 2010 to approve the foreign investment pursuant to this Issue. In the event the FIPB does not grant such approval, we may not be able to issue the Equity Shares to persons resident outside India, which may adversely affect the Issue. Furthermore, the foreign investment restrictions described above may prevent us from raising funds by the issue of shares or convertible securities to persons resident outside India, reduce our operational flexibility or prevent us from entering into a transaction that is in the best interest of our shareholders.

12. Insurance and claims expenses could significantly reduce our profitability.

Our operations are subject to risks normally inherent in the goods and passenger transportation industry, including potential liability which could result from, among other circumstances, personal injury or property damage arising from accidents or incidents involving vehicles operated by us. We maintain an insurance coverage that we believe is customary in the transportation industry in India. However, it is possible that one or more claims could exceed our aggregate coverage limits.

We maintain a standard fire and perils insurance coverage, including coverage for our facilities located at Varur in Hubli, Karnataka, certain office locations, aircraft and our wind power project. We obtain insurance policies for all our vehicles to cover third party liabilities during transit and certain vehicles for which finance has been obtained are covered under comprehensive insurance. Insurance against some risks (including liabilities for loss of life, damage to property, environmental pollution or certain hazards or interruption of certain business activities) may not be available at a reasonable cost or at all. As a result, to the extent that we suffer damage or loss which is not covered by insurance, or exceeds our insurance coverage, the loss would have to be borne by us.

In our goods transportation business, we are exposed to claims related to cargo loss and damage, property and casualty losses and general liability from our customers. We do not undertake insurance coverage for the goods transported by us. In the event that these goods are damaged or lost, we may be required to compensate our customers for the loss suffered by them. Similarly, in the air charting services business, operating non-scheduled air transport services involves many risks and hazards that may adversely affect our operations and the availability of insurance is therefore fundamental to our operations. However, insurance cover is generally not available, or is expensive, for certain risks in the air chartering business, such as mechanical breakdowns. We have an insurance policy for loss and damage to the aircraft, third-party liability, passenger liability and passenger baggage liability.

We may become subject to liability for hazards which we cannot or may not elect to insure because of high premium costs or other reasons, or for occurrences which exceed maximum coverage under our policies. Insurance companies have raised premiums for many businesses, including goods and passenger transportation companies. As a result, our insurance and claims expense could increase when our policies are renewed. Moreover, any accident or incident involving us, even if we are fully insured or held not to be liable, could negatively affect our reputation among customers and the public, thereby making it more difficult for us to compete effectively, and could significantly affect the cost and availability of insurance in the future. To the extent that any uninsured risks materialize, our operations and financial condition could be adversely affected.

13. Goods may be damaged in transit and we may not be able to recover our freight charges on such goods, which may adversely affect our results of operation.

We take adequate measures to ensure goods transported by us do not get damaged during transit. However, in cases where the goods get damaged during transportation, the Company becomes liable to the customer for the cost of such goods. In order to salvage a part of the cost of such goods we conduct auctions of the damaged goods on a regular basis and are usually able to recover part of cost. The loss caused due to the damage of goods may affect our results of operation as we may be unable to recover our freight charges, and may also cause reputational risk if the frequency at which the goods get damaged increases.

14. We do not verify the contents of the parcels transported by us, thereby exposing us to the risks associated with the transportation of hazardous or illegal goods.

We transport various goods as part of our goods transportation business, except for goods that are classified as hazardous or illegal. While we obtain a declaration from the customer about the contents of the parcel and its value, we do not independently verify its contents. Therefore, we cannot guarantee that these parcels do not contain any hazardous or illegal goods. In the event that any such goods are found in our vehicles, our vehicles may be confiscated, which could in turn, adversely affect our operations and reputation.

15. Our business may suffer if our brand or reputation is damaged or eroded by third parties, which could adversely affect our reputation, and in turn, our operations and profitability.

We have an established brand and a reputation under the "VRL" logo. We run the risk of brand dilution and losing revenue in case any third parties misuse our brand name. We further run the risk of brand dilution on account of misuse of our brand name by any of our franchisees, as also inappropriate use of our brand name by Sankeshwar Minerals Private Limited, a Promoter Group Company, which has been licensed to use to our logo. As on September 30, 2010, we have 423 franchisees in the goods transportation business and 515 franchisees in the passenger transportation business. Any misuse of our brand name by such third parties or brand dilution could adversely affect our reputation, our operations and profitability.

16. We depend upon our franchisees for procuring business and also may not be able to exercise complete control on the services offered by them.

As of September 30, 2010, we had a total of 938 franchisees in the goods and passenger transportation business. We depend on our franchisees for several critical elements of our business, such as, marketing activities. In the goods transportation business, the booking and delivery points for goods are operated by the franchisees, while in the passenger transportation business the franchisees are responsible for booking seats and collecting the payment from passengers. The loss of some of our key franchisees or a significant decrease in volume generated by our larger franchisees could have a material adverse effect on our results of operation and revenue.

In addition, we do not have complete control on the quality of service offered by our franchisees. As these franchisees act as our agents, we are responsible for their actions. Some of these franchisees may be liable for miscommunication, misuse of the authority, not collecting payments on time and be responsible for fraudulent practices. If there is any misconduct on the part of any franchisees, our reputation could be affected, which may result in a loss of business and revenue.

17. We are dependent on various third parties for the adequate and timely supply of vehicles and equipment. Any delay, unavailability or cost increase in this regard could adversely affect our operations and profitability.

We depend upon certain key suppliers and vendors for our vehicles and equipment which include purchase of our trucks, buses, tyres, materials required to design and build bodies for our vehicles, associated equipment and spare parts. In particular, our vehicles require chassis and vehicle components that are specifically designed for application in our business. The failure of our key suppliers to deliver vehicles and equipment that comply with our specifications and quality standards could adversely affect our business. Furthermore, the prices and supply of these services and associated raw materials are not under our control, and depend on general economic conditions, competition, production levels, transportation costs and associated taxes, cesses and levies. Any delay, unavailability or cost increase in this regard could adversely affect our operations and profitability.

18. An increase in the prices of vehicles or equipment, or decrease in residual values of existing vehicles, may adversely affect our business and results of operation.

As of September 30, 2010, 48.64% of our owned vehicles were more than five years in age. As the age of our fleet increases, our maintenance costs will increase. Though in the past we have acquired new vehicles at favourable prices, in the event that we are not able to acquire new vehicles on a regular basis and on favourable terms, we would be required to use these aging vehicles. If the price of new equipment were to increase, we may need to bear increased depreciation expense and recognize less gain (or a loss) on the disposition of our equipment, which would adversely affect our earnings and cash flows. These adverse effects, combined with the uncertainty as to the residual values realized from the disposition of these vehicles, could further decrease our earnings and cash flows or otherwise adversely affect our business and results of operation.

19. Our success depends upon our senior management team and skilled personnel and our ability to attract and retain such persons. Any failure to attract and retain such personnel could have a material adverse impact on our business, financial condition and results of operations.

At present, we depend on senior executives and other key management members to implement our business strategy. If any of these individuals resign or discontinues his or her service and is not adequately replaced, our business operations and our ability to successfully implement our projects and business strategies could be materially and adversely affected. For further details see the section titled "Our Management - Key Managerial Personnel" on page 126.

We intend to further develop our own employee base to perform these services in the future, but this will depend on our ability to attract and retain key personnel. Competition for management and industry experts in the industry is intense. The loss of a member of senior management would require our remaining executive officers to divert immediate and substantial attention towards fulfilling the duties of the departing executive and seeking a suitable replacement. Failure to attract and retain such personnel could have a material adverse impact on our business, financial condition and results of operations.

20. We expect demand for qualified drivers in our industry to increase. If we are unable to attract and retain a sufficient number of qualified drivers, our business, financial condition and results of operations could be adversely affected.

We rely significantly on our drivers. There has been an increase in the demand for qualified drivers in the industry in recent years. Any shortage of drivers could force us to further increase driver compensation, which could adversely affect our profitability unless we are able to offset the increased compensation costs with a corresponding increase in freight rates. In addition, we believe, our industry suffers from high turnover of drivers. This turnover rate requires us to continuously recruit a substantial number of drivers in order to operate existing vehicles.

If we are unable to attract and retain a sufficient number of qualified drivers, we could be forced to increase our reliance on hired transportation, decrease the number of pickups and deliveries we are able to make, increase the number of our idle vehicles or limit our growth, any or all of which could have a material adverse effect on our business, financial condition and results of operations.

21. We rely significantly on our in-house technologies and processes. Any failure to identify and address defects or errors in our in-house technologies could result in loss of revenue or market share and liability to clients.

To keep pace with changing technologies and client demands, we must correctly interpret and address market trends and enhance the features and functionality of our in-house technology and processes in response to these trends, which may lead to research and development costs. We will continue to make investments in our in-house technologies and processes as we depend significantly on them for a number of functions including accounting, vehicle maintenance, cargo tracking and body designing. We believe that internalizing these activities, and upgrading them from time to time, is critical to improving our profitability.

We may however be unable to accurately determine the needs of our clients and the trends in the transportation services industry or to design equipment and implement the appropriate features and functionality of our technology in a timely and cost-effective manner, which could result in decreased demand for our services and a corresponding decrease in our revenue. Despite testing, we may be unable to detect defects in existing or new versions of our in-house technology, or errors may subsequently arise in our technology. Any failure to identify and address such defects or errors could result in loss of revenue or market share, liability to clients and/or others, diversion of resources, injury to our reputation, and increased service and maintenance costs.

22. If our employees were to unionize or our labour costs were to increase, our operating cost could increase and our results of operation could be adversely affected.

None of our employees is currently represented by a collective bargaining agreement and we believe that our non-unionized operations have advantages over unionized competitors in providing reliable and cost-competitive customer services, including greater efficiency and flexibility. However, we cannot assure you that our employees will not unionize, or attempt to unionize in the future, that they will not otherwise seek higher wages and enhanced employee benefits. The unionization of our employees could result in an increase in wage expenses and our cost of employee benefits, limit our ability to provide certain services to our customers, cause customers to limit their use of our services due to the increased potential for strikes or other work stoppages and result in increased expenditures in connection with the collective bargaining process, any of which could have a material adverse effect on our business, financial condition and results of operations.

23. Disruptions or failures in our computer systems may affect our operations.

Our business depends on the efficient and uninterrupted operation of our computer and communications hardware systems and infrastructure. We currently maintain our computer system at our facility at Hubli, along with computer equipment at each of our transhipment hubs. These operations are vulnerable to interruption by fire, earthquake, power loss, telecommunications failure, terrorist attacks, internet failures, computer viruses, and other events beyond our control. In an attempt to reduce the risk of disruption to our business operations should a disaster occur, we have put into place backup systems and alternative procedures. However, this alternative location may be subject to the same interruptions. In the event of a significant system failure, our business could experience significant disruption which could have a material adverse affect on our business, financial condition and results of operation.

24. Our vehicle maintenance activities are dependent on our facility at Varur in Hubli, Karnataka and the loss of or shutdown of operations of this facility could adversely affect our business or results of operations.

Our facility at Varur in Hubli, Karnataka is subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, natural disasters, accidents and the need to comply with the directives of relevant government authorities. Accordingly, any interruption of our operations at this facility could significantly reduce our ability to perform maintenance related activities for our vehicles, such as preventive and routine maintenance, tyre retreading, etc. If prolonged, such interruption could have a material adverse effect on our business, financial condition and results of operations.

We also have an arrangement with our suppliers, Ashok Leyland, pursuant to which they have established a unit at our premises at Varur in Hubli, Karnataka for making available spare parts for vehicles. We pay for the spare parts used by us from this unit on the basis of actual consumption on a weekly basis. In the event that Ashok Leyland were to discontinue this facility, we will have to maintain higher inventory levels for our spare parts. Additionally, we would be required to purchase spare parts from other vendors and there is no assurance that these vendors will have the spare parts we require, which could affect our operations.

25. We could lose some customers because we do not have an on-going contractual relationship with them, which could adversely affect our results of operations.

We have a very broad and varied customer base. However, a substantial number of our customers may wish to remain flexible in choosing a goods transportation services provider and prefer to avoid contractual commitments so that they are able to select and to change service providers at any time on the basis of competitive rates and quality of service. Therefore, we render goods transportation services to a substantial number of our customers on a transaction-by-transaction basis, rather than under the terms of any type of on-going contractual relationship. Any loss of customers will have an adverse impact on our revenues.

26. We are exposed to the creditworthiness of our customers and their failure to pay the amounts owed to us could adversely affect our results of operation.

Adverse economic conditions may harm our customers and their ability to pay for our services. Customers encountering adverse economic conditions represent a greater potential for loss, and we may be required to increase our allowance for doubtful accounts.

Our Company has adopted the "To - pay" model in respect of its customers in the unorganised sector. Under the "To – pay" payment option, the customer does not pay our charges at the time of booking but the person to whom the goods are to be delivered is required to pay our freight charges upon collecting the goods. This payment option constituted 62.02% and 59.41% of our total revenues for goods transportation business for the six-month period ended September 30, 2010 and the fiscal year ended March 31, 2010, respectively. If a substantial number of customers fail to pay our freight charges, our revenues and results of operations could be adversely affected. In addition, our Company has a running account with some of its customers. It is possible that such customers may not pay our Company the amounts owed to us, which could adversely affect our results of operations.

27. If we are unable to secure hired transportation to meet our customer commitments, our results of operations could be adversely affected.

While we operate our owned vehicles, in certain instances, we utilize hired transportation supplied by third-party local trucking entities to deliver goods. There is significant competition for cost effective hired transportation in the over-the-road goods transportation industry, and we cannot assure you that we will be able to contract for sufficient hired transportation capacity as and when needed, or at all. Any shortage in hired transportation could increase the costs we are charged by providers of hired transportation, reduce our ability to deliver goods in a timely manner or require us to deliver goods at rates that are not economically efficient for us, any of which could have a material adverse effect on our business, financial condition and results of operations.

Our reliance on hired transportation could cause delays in providing our customers with timely delivery of goods. If we are unable to secure hired transportation to meet our customer commitments, or if any of the third parties we rely on do not meet our needs or expectations, or those of our customers, our results of operations could be adversely affected.

28. We depend on a single customer for the sale of power generated by our wind power business. We may not be able to sell electricity in a timely manner, on favourable terms, or at all, and, we may not be able to recover any monies due to us from sale of such electricity, which may adversely affect our results of operation and financial condition.

From the inception of our wind power generation business, all the electricity generated by our wind turbine generators in the State of Karnataka is being sold to a single customer, Hubli Electricity Supply Company Limited ("HESCOM"), pursuant to certain power purchase agreements. As a result, our wind power generation business is largely dependent on revenue from sales to one customer. HESCOM has a right to terminate the agreement in case of our failure to perform operation and maintenance activities or comply with the material obligations of the agreements, after giving us a notice of 90 days if such default is not cured within the period of 90 days. In the event that HESCOM fails to pay us for a period of 90 days, we are free to sell any further electricity generated by us to any third party. However, in such cases, HESCOM will be entitled to levy certain additional charges on the Company. In the past there have been instances where HESCOM has failed to pay us in a timely manner and as a result of which we have been unable to service our debt in relation to the wind power business in a timely manner and defaulted on those debt obligations.

We cannot assure you that we will be able to recover any monies due to us from the HESCOM or such third parties in a timely manner. Any change in the financial position of HESCOM that adversely affects its ability to pay us, may adversely affect our financial position and results of operation.

29. Our wind turbine generators are not under warranty. Any damage, breakdown or failure of such generators will adversely affect our results of operation.

The warranty on our wind turbine generators, installed in 2007, has expired. Any damage, breakdown or failure of such generators will result in our Company having to incur significant expenditure to repair or replace our wind turbine generators, and could impair our ability to sell electricity in a timely manner, thereby adversely affecting our results of operations.

30. The wind power business is seasonal in nature. Changes in weather patterns may affect our ability to operate our wind power business.

As of September 30, 2010, 4.04% of our total revenues were attributed to our wind power business. Our wind power business is dependent on the availability of suitable winds and is seasonal in nature. When such suitable winds are not available, our operations would be adversely affected as we would not be able to produce electricity at the optimal output or at all. In addition, sudden or unexpected changes in environmental and meteorological conditions could reduce the productivity of our wind turbines. Climatic weather patterns, whether seasonal or for an extended period of time, that result in lower, inadequate and/or inconsistent wind speed to propel the wind turbines may render them incapable of generating adequate, or any, electrical energy.

31. The decrease in or elimination of government initiatives and incentives relating to wind energy, may have a material adverse effect on our business and results of operations.

In recent years, the Indian government has enacted legislation and has established policies that support the expansion of renewable energy sources, such as wind power. Support for investments in wind power is provided through fiscal incentive schemes and public grants to the owners of wind power systems, for example through preferential tariffs on power generated by wind farms or tax incentives, including in respect of certain capital investments, promoting investments in wind power. If this direct and indirect government support for wind power is terminated or reduced, this would make producing electricity from wind power less competitive. There can be no assurance that any such government support will continue at the same level or at all. Our ability to profitably generate revenue from wind power could therefore decline sharply, which would adversely affect our results of operations and financial condition.

32. We rely on third party suppliers for the on-going maintenance of our wind power generation equipment. If such third party becomes unwilling or unable to perform its obligations, our wind power generation operations may suffer and our results of operations and financial condition may be adversely affected.

We have entered into an arrangement with a third party for maintenance of our wind power generation equipment for a period of five years, from April 1, 2008 to March 31, 2013. The arrangement may be renewed on mutually decided terms and conditions by the parties, 30 days prior to its expiry. The arrangement may be terminated by the third party after giving a written notice of 90 days in case of any default by the Company in performance of its obligations and if such default is not cured within the period of 90 days. If the third party becomes unwilling or unable to perform its obligations under this contract, and if we are unable to find a suitable alternative at similar costs, our wind power generation operations may suffer and our results of operations and financial condition may be adversely affected.

33. The profitability of our wind power business depends in part on our ability to sell Certified Emissions Reductions ("CERs").

We expect to derive income from the sale of CERs and other renewable energy trading schemes in the future. The necessary registration of the our wind power project with the United Nations Framework Convention on Climate Change (UNFCCC) is complete and necessary approvals for the trade of carbon credits have already been procured. We have entered into an agreement dated October 29, 2009 with Asian Development Bank (as trustee of the Asia Pacific Carbon Fund) for sale of CERs generated during the period March 2009 to December 2012. We have also received an advance of Rs.123.75 million towards the expected sale of 318,388 CERs during the delivery period. In accordance with the said agreement, 58,200 CERs had to be delivered by July 1, 2010. However, we have not yet delivered these CERs and are in the process of negotiating an extended period for the delivery of the CERs. If we fail to renegotiate the terms of delivery of the CERs, it could adversely affect our wind power generation business and any income from the sale of CERs.

Furthermore, our ability to sell CERs depends on the CDM arrangements under the Kyoto Protocol. Pursuant to the Kyoto Protocol, public or private entities can purchase the CERs we generate from our CDM projects and use these CERs to comply with their domestic emission reduction targets or sell them in the open market. If the Kyoto Protocol is not renewed before its expiry on December 31, 2012 or if the Indian government discontinues its support for these CDM arrangements, it could adversely affect our wind power generation business and any income from the sale of CERs.

34. We depend on a marketing agent for our revenue in the air chartering services business. The loss of our marketing agent could have an adverse effect on our operations and profitability.

We have engaged SS Aviation, Bangalore for marketing our air chartering services and a substantial portion of our revenue in this business segment is derived from their marketing activities. SS Aviation assisted us in procuring 44.49% and 37.91% of our total revenue in the air chartering services business for the six months ended September 30, 2010 and Fiscal 2010, respectively. We believe that this trend is expected to continue and we will be dependent on our marketing agent for substantial part of our sales in the air charter business. The loss of our marketing agent could have an adverse effect on our operations and profitability.

35. Our reputation, operations and financial condition could be negatively affected in the event of an accident or a disruptive or dangerous incident involving our aircraft.

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

36. Our air charter business is dependent on a single aircraft. Any damage to the aircraft or permanent loss of its service, could adversely affect our results of operation.

Our entire air charter business is dependent on the single aircraft we own, purchased by us in 2007. Any damage to the aircraft, or any breakdown or failure of any of its parts, could result in its temporary or permanent loss of service, adversely affecting or causing cessation of operations.

37. We are dependent on third parties for maintenance and other operations in respect of our air charter business.

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

38. We could incur liabilities for breach of confidentiality.

A substantial portion of the courier business involves the handling of documents containing confidential and other sensitive information. There can be no assurance that unauthorized disclosure will not result in liability to our Company. It is possible that such liabilities could have a material adverse effect on our Company's business, financial conditions or results of operations.

39. Any increase in or occurrence of our contingent liabilities may adversely affect our financial condition.

As of September 30, 2010, our contingent liabilities as indicated in our Restated Financial Statements were as follows:

(Rs. in millions)

Particulars	As of September 30, 2010
a] Claims against the company not acknowledged as debts	
Income tax matters	48.41
Service tax matters	475.40
Central Excise matters	71.10
Customs Duty	68.81
Provident Fund and Employees State Insurance Corporation matters	2.69
Sales tax matters	-
Other contractual matters	7.04
b] Securities provided to banks/Financial Institutions against credit facilities extended to other bodies corporate	
Corporate Guarantees	-
Godowns, Lorries and Land	-
c] Disputed claims pending in Courts	549.85
Total	**1,223.30**

Any increase in our contingent liabilities or occurrence of these liabilities may materially and adversely affect our financial position, results of operations and cash flows.

40. We have entered into certain transactions with related parties. These transactions or any future transactions with our related parties could potentially involve conflicts of interest.

We have entered into certain transactions with related parties, including our Promoters, Directors and our key managerial personnel and may continue to do so in future. The absolute value of all transactions entered into with our related party entities as per our Restated Financial Statements for the six month period ended September 30, 2010, was Rs. 240.38 million. We have also entered into two transactions with our Promoter, Mr. Vijay Sankeshwar, in relation to the sale and purchase of property. These transactions or any future transactions with our related parties could potentially involve conflicts of interest. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our Company's financial condition and results of operations. For details of related party transactions, please refer to the sections "Our Management" and "Financial Statements", beginning on pages 116 and 144, respectively, of this Draft Red Herring Prospectus.

41. In 1997, our Company issued bonus shares by capitalizing revaluation reserves.

On February 15, 1997 and March 18, 1997, our Company issued bonus shares to our Promoters by capitalizing revaluation reserves. The revaluation of assets was undertaken by Er. Shriranga R. Hanumasagar. The total revaluation reserve created was Rs. 206.89 million of which Rs. 197.48 million was capitalised. The details of which are as follows:

Date of allotment	Number of Equity Shares (issued as bonus shares)	Face Value per Equity Share (Rs.) (A)	Amounts of reserves capitalized (Rs. in millon)	Reasons for Allotment	Persons to whom Equity Shares were Allotted

February 15, 1997	195,000	1,000	195	Bonus Issue in the ratio of 78:1	Mr. Vijay Sankeshwar and Mr. Anand Sankeshwar
March 18, 1997	2,480	1,000	2.48	Bonus Issue in the ratio of 0.992:1	Mr. Vijay Sankeshwar and Mr. Anand Sankeshwar

[(A)] Pursuant to a resolution passed at the AGM dated August 7, 2006, the equity shares of the Company were subdivided into shares having a face value of Rs. 10 each

42. Our Company had acquired the assets and liabilities of Vijayanand Roadlines, Vijayanand Travels and Maruti Parcel Carriers without obtaining an independent valuation.

In 1983, the Company acquired the assets and liabilities of Vijayanand Roadlines. Pursuant to the acquisition, the Company allotted 148 fully paid-up shares to Mr. Vijay Sankeshwar, the proprietor of Vijayanand Roadlines and 126 shares to Mrs. Lalita Sankeshwar in lieu of the transfer of a truck to the Company and remission of a loan of Rs.110,800 given by Mrs. Lalita Sankeshwar to Vijayanand Roadlines. In 2004, the Company acquired the business of Vijayanand Travels and Maruti Parcel Carriers for a total consideration of Rs. 5 million each. No independent valuation was obtained at the time of acquisition of the assets and liabilities of Vijayanand Roadlines, Vijayanand Travels and Maruti Parcel Carriers.

43. Our Company has obtained unsecured inter-corporate loan from Group Companies, which are payable on demand. The acceleration of repayment on such loan may adversely affect our liquidity and financial condition.

Our Company has availed unsecured inter-corporate loan of Rs. 246 million and Rs. 4.5 million during November, 2010 from VRL Media Limited and VRL Cements Limited, Group Companies, which are payable on demand and carry interest of 11% per annum. Further, we do not have any definitive agreements in connection with the aforesaid unsecured inter-corporate loans that govern the terms and conditions of such loans. The acceleration of repayment on any such loan may adversely affect our financial condition. Furthermore, in the future, the Company may continue taking such unsecured inter-corporate loans from the Group Companies and which may be payable on demand. The acceleration of repayment on such loans may adversely affect our liquidity and financial condition.

44. We may not be able to carry commercial cargo on our passenger buses in the future, which may adversely affect our profitability.

Although a substantial part of our revenues from the passenger transportation business is dependent on the passenger travel, we also earn ancillary revenue from the carriage of commercial cargo on our passenger buses on existing routes. In the future, directives from courts, regulatory changes by transportation authorities or changes in laws and regulations could prevent us from carrying commercial cargo on our passenger buses. Additionally, we may expand our operations in newer geographical markets where we may not be able to generate such revenues. Any such restriction on the carriage of commercial cargo on passenger buses may lead to a decrease in revenue from our passenger transportation business, which in turn may adversely affect our profitability.

45. In the past, our Company has sought and been granted compounding for non-compliance with the Companies Act.

The Registrar of Companies at Karnataka sent our Company a letter dated October 26, 2007, asking us to provide details in connection with the violation of certain provisions of the Companies Act. As suggested by the RoC, our Company along with the officers in default (Mr. Vijay Sankeshwar, Chairman and Managing Director and Mr. Anand Sankeshwar, Managing Director) applied to the Company Law Board at Chennai for compounding the violations, which relate to, the audit committee (Section 292(A) of the Companies Act), inter-corporate loans and investments (Section 372(A) of the Companies Act), presentation of balance sheet and profit and loss account (Section 211(1) 3A and 3C of the Companies Act), contracts in which directors are interested (Section 297(1) of the Companies Act), and the register of charges (Section 141(2) of the Companies Act). A brief description of these offences is described below:

Deposit Rules: The Company paid interest in excess of the limit prescribed under Rule 3(i)(c) of the Companies (Acceptance of Deposit rules, 1975 for the years ended March 2004, 2005 and 2006. Our Company and the officers in default (Mr. Vijay Sankeshwar, Chairmand and Managing Directors and Mr. Anand Sankeshwar, Managing Director) have compounded the said offence purstuant to an order dated May 26, 2008 passed by the Company Law Board at Chennai.

Audit Committee: Our Company being a public limited company with a paid up capital in excess of Rs. 50 million should have constituted an audit committee with effect from December 13, 2000, on which date Section 292A was introduced by the Companies (Amendment) Act, 2000, and should also have disclosed the constitution of the audit committee in its annual report. Our Company constituted the audit committtee on June 15, 2005, and therefore violated the provisions of Section 292A(1) and (4) of the Companies Act for the period between December 13, 2000 to June 15, 2005. After constituting the audit committee on June 15, 2005, our Company did not disclose this in the annual report for the year ended June 31, 2006 and therefore violated Section 292A(4) of the Companies Act.

Inter-corporate loans and investments: In the accounting year 2003-2004, our Company inadvertently extended various corporate guarantees and collateral securities to its then subsidiary, Vijayanand Printers Limited, in excess of the limits specified under Section 372A of the Companies Act without obtaining a special resolution at a general meeting. Further, in the accounting year 2005-2006, our Company inadvertently extended various corporate guarantees and collateral securities to its then subsidiary, Vijayanand Printers Limited and others, which were in excess of the limits specified under Section 372A of the Companies Act.

Presentation of balance sheet and profit and loss account: Our Company, by inadvertence, wrongly disclosed/classified in its balance sheet dated March 31, 2006, freehold land as leasehold land, which resulted in the non-compliance of Section 211(1) of the Companies Act. Further, in the annual accounts for the financial year 2005-2006, our Company inadvertently did not disclose accounts on a segment basis as required unded Accounting Standard 17 read with Section 211(3A) and (3C) of the Companies Act and thereby violated these provisions.

Contracts in which directors are interested: Our Company inadvertently violated Section 297(A) of the Companies Act by not taking prior approval of the Central Government before entering into related party transactions with Sankeshwar Minerals Private Limited and Hubli Apparels Private Limited, which were companies in which our directors were interested. This violation continued for the period between March 31, 2005 to March 24, 2007 with respect to related party transaction with Sankeshwar Minerals Private Limited and between March 31, 2006 to March 16, 2007 with respect to related party transaction with Hubli Apparels Private Limited.

Register of charges: Our Company availed two term loans by creating a charge on its trucks. Our Company however filed the form in relation to creation of the charge after a delay of 2 months and 12 days.

The Company Law Board by its orders dated January 9, 2008, January 28, 2008 and May 26, 2008 has compounded our contraventions on payment of an amount of Rs. 175,000, which amount was deposited on December 12, 2007, December 22, 2007 and May 6, 2008. While these past contraventions of the Companies Act have been compounded by the Company Law Board, there can be no assurance that we will be able to compound future contraventions, if any.

46. Our Company's business is subject to a significant number of tax regimes and changes in legislation governing the rules implementing them or the regulator enforcing them in any one of those jurisdictions could negatively and adversely affect our results of operations.

Taxes and other levies imposed by the Central or State governments in India that affect our industry include customs duties, excise duties, VAT, income tax, service tax and other taxes, duties or surcharges introduced from time to time. We currently have operations and staff spread across 20 States and 6 Union Territories. Consequently, we are subject to the jurisdiction of a number of tax authorities and regimes. The revenues recorded and income earned in these various jurisdictions are taxed on differing bases, including net income actually earned, net income deemed to be earned and revenue based tax withholding. The final determination of our tax liabilities may involve the interpretation of local tax laws and related regulations in each jurisdiction as well as the significant use of estimates and assumptions regarding the scope of future operations, results achieved and the timing and nature of income earned and expenditures incurred. Changes in the operating environment, including changes in tax law, could impact the determination of our tax liabilities for any given tax year. Any adverse changes in any of the taxes levied by the central or state governments may adversely affect our competitive position and profitability.

47. In the past, we have defaulted in repayment of dues to financial institutions and banks. If we fail to meet our debt service obligations or financial covenants required under the financing documents in the future, the relevant lenders could declare us in default under the terms of our borrowings or accelerate the maturity of our obligations.

In Fiscal 2009, our Company defaulted in repayment of dues to banks, where such defaults not exceeding a period of 45 days (from the relevant due dates) aggregated to Rs. 217.00 million of which an amount of Rs.54.72 million was outstanding as at March 31, 2009. Furthermore, in Fiscal 2006 and 2007, we defaulted in repayment of dues to financial institutions and banks. However, as of September 30, 2010, there are no overdues to banks and financial institutions. As of September 30, 2010, we had Rs. 663.11 million in working capital loan, Rs. 2,936.45 million in term loans facility and Rs. 140.00 million in fixed deposits from the public. Our ability to meet our debt service obligations and to repay our outstanding borrowings will depend primarily upon the cash flow generated by our business over time, as well as capital markets as source of equity capital. If we fail to meet our debt service obligations or financial covenants required under the financing documents, the relevant lenders could declare us in default under the terms of our borrowings or accelerate the maturity of our obligations. We cannot assure you that, in the event of any such acceleration, we will have sufficient resources to repay these borrowings. Failure to meet our obligations under the debt financing arrangements could have an adverse effect on our cash flows, business and results of operations and we may be exposed to refinancing risk, which may increase our debt service cost.

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

Many of our financing agreements include various conditions and restrictions that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. We cannot assure you that we will be able to obtain these consents and any failure to obtain these consents could have adverse consequences for our business. Specifically, we must seek, and may be unable to obtain, prior written permission of one or more lenders to:

(a) effect any scheme of amalgamation, merger or acquisition;

(b) effect changes in our capital structure; implement a new scheme of expansion or diversification;

(c) enter into any borrowing arrangement with any other bank, financial institution, company or otherwise;

(d) make any alterations in our Company's controlling ownership or any documents relating to our Company's constitution;

(e) invest in the shares or debentures of any other company or extend finance to associate companies;

(f) repay monies brought in by the promoters/directors and their friends and relatives; declare dividends;

(g) lend or advance or place deposits with any other concern; undertake guarantee obligations on behalf of any third party;

(h) create a further charge, lien or encumbrance over the assets and properties to be charged to the bank;

(i) sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the bank.

These restrictive covenants also require us to maintain certain financial ratios and our existing credit rating. Such restrictive covenants may restrict our operations or ability to expand and may adversely affect our business. Furthermore, these restrictive covenants may also affect some of the rights of our shareholders, including the payment of the dividends in case of any default in debt to such lenders. The occurrence of any of such events may adversely affect our ability to conduct our business and have a material adverse effect on our financial condition and results of operations. For details of these restrictive covenants, see the chapter titled "Financial Indebtedness" on page 257 of this Draft Red Herring Prospectus**.**

49. Our Promoters have given personal guarantees in relation to certain debt facilities provided to us by our lenders. In the event that the personal guarantees are invoked, legal proceedings may be initiated against our Promoters and they may not be able to effectively manage the operations of our Company.

Our Company has availed financial assistance and credit facilities from various banks and financial institutions. As security for the financial assistance extended, we have created a charge on substantial portion of our assets, including most of our operating assets. Further, the payment of interest and principal on some of debt facilities has been guaranteed by our Promoters. In the event of failure to repay the loans, the lenders, *inter alia*, have the right to dispose off the assets charged in their favour. Consequently, in the event that our Company is in breach of the loan agreements, the ensuing rights available to the lenders may adversely affect our business and operations. Furthermore, in the event that the personal guarantees given by our Promoters are invoked and the Promoters are not able to meet their guarantee requirements, then legal proceedings may be initiated against them and they may not be able to effectively manage the operations of our Company.

50. We have significant ongoing funding requirements and may not be able to raise additional capital in the future. As a result we may not be able to respond to business opportunities, challenges or unforeseen circumstances.

Our business is highly capital intensive. We make significant investments in the acquisition of vehicles as well as establishment of transhipment hubs and branches. In addition, we also incur expenses for building the body of the vehicles and maintenance costs, such as, retreading of tyres, maintenance of engine and spare parts.

In the future, we expect our purchases of property and vehicles to increase as we replace or expand our fleet and transhipment hubs. The amount and timing of capital investments depend on various factors, including anticipated volume levels, and the price of vehicles. If anticipated transhipment hubs, branches and/or fleet requirements differ materially from actual usage, our business may have too much or too little capacity.

While we intend to finance expansion with the proceeds of this Issue, existing cash, cash flow from operations and available borrowings, we may require additional capital to supplement these sources from time to time and to respond to business opportunities, challenges or unforeseen circumstances. Such capital, however, may not be available when we need it, or only be available on terms that are unacceptable to us. For example, the terms of our financing arrangements could make it more difficult for us to obtain additional debt financing in the future and to pursue business opportunities. If we are unable in the future to generate sufficient cash flow from operations or borrow the necessary capital to fund our planned capital expenditures, we will be forced to limit our growth and operate our vehicles for longer periods of time. In addition, we may not be able to service our existing customers or to acquire new customers. The inability to raise additional capital on acceptable terms could have a material adverse effect on our business, financial condition and results of operations.

51. We operate in a highly competitive industry and, if we are unable to adequately address factors that may adversely affect our revenue and costs on account of increased competition, our business could suffer.

We operate in a very competitive industry. Increased competition may lead to revenue reductions, reduced profit margins, or a loss of market share, any one of which could harm our business. There are many factors that could impair our ability to maintain our current profitability, including the following:

(a) competition with other companies offering transportation services, some of which may develop a broader coverage network, a wider range of services, and greater capital resources than we do;

(b) reduction by our competitors of their freight rates to gain business, especially during times of declining growth rates in the economy, which may limit our ability to maintain or increase freight rates, maintain our operating margins, or maintain significant growth in our business;

(c) solicitation by customers of bids from multiple carriers for their transportation needs and the resulting depression of freight rates or loss of business to competitors;

(d) development of an operational model similar to ours by a competitor with sufficient financial resources and comparable experience in the transportation services industry; and

(e) establishment of better relationships by our competitors with their customers.

In the passenger transportation business we compete with state owned road transport corporations and a variety of local, regional and inter-regional private bus operators. In Karnataka and Maharashtra, we compete with state owned corporations such as the Karnataka State Road Transport Corporation, ("KSRTC"), and the Maharashtra State Road Transport Corporation, ("MSRTC"), respectively. Being state owned corporations, they are better placed than us to offer competitive rates to passengers and sustain increased fuel or other operating costs without passing them to their customers. Further, these state owned corporations also offer similar services as private operators on certain routes, at competitive prices. Unless we are able to offer similar prices as the state owned road transportation companies, we may lose some of our potential customers who prefer travelling more economically. Increased competition in the passenger transportation services industry can lead to downward pricing pressures and reduced profit margins.

If we are unable to effectively compete with other participants in the goods and passenger transport industry, whether on the basis of pricing, services or otherwise, we may be unable to retain existing customers or attract new customers, which could have a material adverse effect on our business, financial condition and results of operations.

52. If we are unable to maintain the level of service we currently provide to our customers, our reputation may be damaged, resulting in a loss of business. Our success is also dependent on our ability to anticipate and respond to the requirements of our customers.

We compete with other transportation providers based on reliability, delivery time, security, visibility, and personalized service. Our reputation is based on the level of customer service that we currently provide. If this level of service deteriorates, or if we are prevented from delivering our services in a timely, reliable, safe, and secure manner, our reputation and business may suffer.

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

53. If the growth in our regional operations slows or stagnates, if we are unable to commit sufficient resources to our regional operations, or if we were to expand into a market with insufficient economic activity or human resources, our results of operations could be adversely affected.

We have established transhipment hubs throughout India in order to serve markets in these regions. These regional operations require the commitment of additional personnel and/or vehicles, as well as management resources, for future development. Should the growth in our regional operations slow or stagnate, the results of our operations could be adversely affected. As we continue to expand into new markets that differ substantially from those previously experienced, it might take longer than expected or require a more substantial financial commitment than anticipated.

The commencement of operations outside our existing regions of business is subject to the risks including unfamiliarity with pricing, service and operational issues; the risk that customer relationships may be difficult to obtain or that we may have to reduce rates to gain customer relationships; the risk that the specialized equipment may not be adequately utilized; and the risk that claims may exceed our past experience.

54. Most of our transhipment hubs and branch offices are obtained on a lease or licence basis and the agreements for most of these premises have not been registered as required under Indian law. Our business may be affected if we are unable to continue to utilize our transhipment hub or branch offices as a result of any irregularity of title or otherwise.

We have entered into various lease or licence agreements for our transhipment hubs and branch offices and most of these agreements have not been registered as required under Indian law. These agreements are required to be stamped and registered under the provisions of the Indian Stamp Act, 1899 and the Registration Act, 1908 and they may not be admitted as evidence in an Indian court until they are duly stamped and registered. The potential consequence of this could be that these agreements may not be admissible as evidence in a court of law until the relevant stamp duties are paid and the agreements are registered with the relevant authorities due to which we may not be able to prove tenancy rights over such property.

Our transhipment hubs and branch offices are crucial for the functioning of our business, and if we fail to have the duration of the relevant lease or license extended in time, on favourable terms, or at all, our operations and profitability could adversely be affected. In addition, some of our leases have expired, and we are in the process of renewing them and in some cases we have entered into oral agreements with the owners of the premises.

If the owners of the premises of our transhipment hubs or branch offices do not renew the agreements under which we occupy the premises or renew such agreements on terms and conditions that are unfavourable to us, we may suffer a disruption in our operations which could have a material adverse effect on our business, financial condition and results of operations. Our business may be affected if we are unable to continue to utilize our owned and leased properties as a result of any irregularity of title or otherwise.

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

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

56. Our Promoters will continue to retain significant control in the Company after the Issue, which will enable them to influence the outcome of matters submitted to shareholders for approval. Our Promoters and the members of our Promoter Group may have interests that are adverse to the interests of our other shareholders and may take positions with which our other shareholders do not agree.

As of September 30, 2010, our Promoters held approximately 99.99% of the issued equity share capital of the Company. After completion of the Issue, our Promoters will hold 74.99% of the equity shares capital of the Company and continue to retain a significant control of the Company. Accordingly, our Promoters will continue to exercise significant control over our business, including matters relating to any sale of all or substantially all of our assets, the timing and distribution of dividends and the election or termination of appointment of our officers and directors. This control could delay, defer or prevent a change in control of the Company, impede a merger, consolidation, takeover or other business combination involving the Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company even if it is in the Company's best interest. In addition, for so long as our Promoters continue to exercise significant control over the Company they may influence the material policies of the Company in a manner that could conflict with the interests of our other shareholders. Our Promoters and the members of our Promoter Group may have interests that are adverse to the interests of our other shareholders and may take positions with which our other shareholders do not agree.

57. Our Promoters, Directors and key managerial personnel have interest in our Company other than reimbursement of expenses incurred or normal remuneration or benefits.

Our Promoters, Directors and key managerial personnel may be deemed to be interested to the extent of Equity Shares held by them or their friends and relatives. Our Promoters may be interested in the transactions entered into between our Company and themselves as well as between our Company and Group Companies.

58. Our Company may be unable to pay dividends in the near or medium term, and our future dividend policy will depend on our capital requirements, financing arrangements and results of operations.

We have paid dividend in the six-month period ended September 30, 2010, Fiscal 2009 and Fiscal 2007. In the future, the declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition of our Company. Dividend distributed by our Company will attract dividend distribution tax at rates applicable from time to time. We cannot assure investors that we will be able to pay dividends to our shareholders at all. Our Company's ability to pay dividends may also be restricted under financing arrangements that it may enter into. Our Company may be unable to pay dividends in the near or medium term, and our future dividend policy will depend on our capital requirements, financing arrangements and results of operations.

59. Any further issue of Equity Shares by the Company or sale of Equity Shares by any of its significant shareholders may adversely affect the trading price of the Equity Shares.

Any future issuance of the Equity Shares by the Company could dilute your shareholding. Any such future issuance of the Equity Shares or future sales of the Equity Shares by any of our significant shareholders may also adversely affect the trading price of the Equity Shares and impact our ability to raise capital through an offering of our securities. Any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. Upon completion of the Issue, 20% of our post-Issue paid-up capital held by our Promoters will be locked up for a period of three years and the Equity Shares held by our other shareholders will be locked-up for a period of one year from the date of allotment of Equity Shares in the Issue. Other than the shares of the Promoter locked-in for three years, the entire pre-issue share capital held by our Promoters will be locked in for a period of one year from the date of allotment of Equity Shares in the Issue. For further information, please see the Notes to the Capital Structure in the section "Capital Structure" beginning on page 19 of this Draft Red Herring Prospectus.

60. We may not be able to maintain the growth rate of our revenues, EBITDA or net income.

Our total revenues have grown from Rs. 4,432.76 million in Fiscal 2007 to Rs. 7,151.92 million in Fiscal 2010, which represents an average annual growth rate of 17.42%. Over the same period, our profit before extraordinary items and tax has increased from Rs. 106.16 million to Rs. 446.91 million, which represents an average annual growth rate of 220.85%. In the future, we may not be able to grow our business at the same rate as our revenue and our net profit before tax and extraordinary items. If we are unable to achieve sustained growth, we may be unable to execute our business strategy, expand our business or fund liquidity needs, which could have a material adverse effect on our business, financial condition and results of operations.

61. Some of the Group Companies of our Promoters have incurred losses and had negative cash flows in the last three fiscal years.

The following Group Companies of our Promoters have incurred losses in the last three fiscal years as set forth below:

(In Rs. millions)

Name of entity	**Profit / (Losses) for the year ended March 31,**		
	2010	**2009**	**2008**
VRL Cements Limited	(0.21)	0.15	(1.15)
VRL Media Limited	-	-	(3.78)
VRL Securities Limited	(0.01)	(0.09)	(2.24)

The above mentioned Group Companies of our Promoters have not commenced commercial operations till date and the losses incurred by them are on account of writing off of preliminary expenses relating their incorporation as well as meeting certain administrative expenses such as filing fees, etc. For further information, please see the section "Our Promoters and Group Companies of our Promoters" beginning on page 132.

62. We could incur liabilities if we breach the representations, warranties and undertakings provided in the agreements in relation to the sale of Vijayanand Printers Limited.

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

Furthermore, the Company and the Promoters have given a non-compete undertaking under the agreement for sale of shares of VPL, whereby the Company and the Promoters have agreed not to directly or indirectly enter into the business of printing, publishing and circulating newspapers until June 14, 2011. As a result our Company is bound by such non-compete clause which may restrict our Company from pursuing opportunities in the business of printing, publishing and circulating newspapers.

RISKS RELATED TO THE OBJECTS OF THE ISSUE

1. **Our funding requirements and proposed deployment of the Net Proceeds of the Issue are based on management estimates and have not been independently appraised, and may be subject to change based on various factors, some of which are beyond our control.**

   Our funding requirements and the proposed deployment of the Net Proceeds of the Issue are based on management estimates, current quotations from suppliers and our current business plan and have not been appraised by an independent entity. Furthermore, in the absence of such an independent appraisal, or the requirement for us to appoint a monitoring agency pursuant to the ICDR Regulations, the deployment of the net proceeds is at our discretion.

   We may have to revise our expenditure and funding requirements as a result of variations in costs, estimates, quotations or other external factors, which may not be within the control of our management. This may entail rescheduling, revising or cancelling planned expenditure and funding requirements at the discretion of our Board. Further, current quotations from suppliers are only valid for limited periods and there can be no assurance that we will be able to obtain new quotations from these or other suppliers on the same terms.

2. **We may not be able to use the proceeds of the Issue to purchase vehicles in accordance with the schedule set forth by our Company.**

   We intend to use Rs. 1,400.00 million from the Net Proceeds of the Issue for funding the purchase of goods and passenger transportation vehicles. If any of our suppliers do not deliver vehicles on schedule or at any time in the future, are unable or unwilling to supply us with vehicles, we will have to seek alternative suppliers of such vehicles. Any inability to find suppliers willing to supply vehicles, and on reasonable terms, could affect our expansion plans and thus adversely affect our results of operations.

   Furthermore, we may not be successful in utilizing the proceeds of the issue to fund the purchase of vehicles identified in the "Objects of the Issue" beginning on page 32 of this Draft Red Herring Prospectus. Our Board may modify the schedule for purchase of the vehicles based on then prevailing market conditions which may require adding or deleting vehicles from the Company's originally approved list. Further, we may experience delays in delivery of vehicles which may affect our deployment schedule. Accordingly, there can be no assurance that we will be able to acquire vehicles in accordance with the schedule set forth by our Company.

3. **We propose to use a part of the Net Proceeds of the Issue for the repayment of debt availed by us for the wind power generation business, which does not contribute more than 5% of our revenues. The repayment of the loan will not result in the creation of tangible assets.**

We intend to use Rs. 1,100 million from the Net Proceeds of the Issue for the repayment of our debt availed by us for the wind power generation business. The Net Proceeds of the Issue earmarked for repayment of debt based on the Cap Price and Floor Price is [●]% and [●]% of the Net Proceeds of the Issue, respectively. The wind power generation business (including the revenue from the sale of verified emissions) represented Rs. 174.83 million or 4.04% of our total revenues for the six-month period ended September 30, 2010, and Rs. 283.85 million or 3.97% of our total revenues for the fiscal year ended March 31, 2010. Furthermore, the repayment of the loan will not result in the creation of any tangible assets. However, we believe our repayment of debt will enable us to reduce our 'Interest and Finance Charges' and financial leverage, and will improve our profitability in the future. See also, the section "Objects of the Issue" beginning on page 32 of this Draft Red Herring Prospectus.

4. **We propose to use part of the Net Proceeds of the Issue for general corporate purposes and we may not be able to make adequate disclosures with regard to such utilisation.**

We intend to utilize Rs.[●] million from the Net Proceeds of the Issue for general corporate purposes. The Net Proceeds of the Issue earmarked for general corporate purposes based on the Cap Price and Floor Price constitute [●]% and [●]% of the Net Proceeds of the Issue, respectively. The management has not made any specific commitments with respect to utilization of the Net Proceeds of the Issue that will be raised for general corporate purposes and therefore, will not be able to make adequate disclosures with regard to such utilization. See also, the section "Objects of the Issue" beginning on page 32 of this Draft Red Herring Prospectus.

5. **The management of the Company will have significant flexibility in temporarily investing the Net Proceeds of the Issue.**

The Company intends to use the Net Proceeds of the Issue for the capital expenditures described in the section "Objects of the Issue" on page 32 of this Draft Red Herring Prospectus. Pending utilization of the Net Proceeds of the Issue, the Company may temporarily invest Net Proceeds of the Issue in interest bearing liquid instruments, including money market mutual funds and deposits with banks for the necessary duration or for reducing the working capital facilities being availed by us. The management of the Company will have significant flexibility in temporarily investing the Net Proceeds of the Issue.

EXTERNAL RISK FACTORS

1. **General economic conditions could have a material adverse effect on our business.**

Our performance is subject to general economic conditions and their impact on levels of consumer activity and spending in India. Some of the factors having an impact on consumer activity and spending include general economic conditions, taxation, energy prices, interest rates, consumer confidence and other macroeconomic factors. Declines in consumer activity and spending result in reduced production output, thereby decreasing demand for over-the-road freight and passenger transport. Unfavourable changes in the above factors or in other business and economic conditions affecting our customers or our business model could result in continued reduced demand for goods and passenger transport, reduce our potential revenues, increase our operating expenses, increase competition within the transportation industry or force us to reduce the prices we charge, any of which could have a material adverse effect on our business, financial condition and results of operations.

2. **The transportation industry is affected by numerous factors that are out of our control.**

Businesses operating in the transportation industry are affected by numerous factors that are out of their control, including weather conditions, both as currently experienced and as might be experienced due to climate change, traffic conditions, road closures and construction-related and other delays. We cannot assure you that these factors and conditions will not delay our goods and passengers, impact our ability to operate without disruption or otherwise have a material adverse effect on our business, financial condition and results of operations. In addition, many local, state and central transportation authorities levy tolls on vehicles for their use of highways and other roads. As the need for improvements to these highways and other roads arise, we expect that many of these tolls may be increased and that other transportation authorities will levy additional tolls and fees on vehicles for use of the roadways. We cannot assure you that we will be able to pass any portion these expenses on to our customers, and any failure to do so could have a material adverse effect on our business, financial condition and results of operations.

3. A slowdown in economic growth in India or in the States in India in which we operate, could cause our business to suffer.

We currently derive all our revenue from our operations in India, which are spread across 20 States, and consequently, our performance and the quality and growth of our businesses are dependent on the health of the overall Indian economy and the economy of the States in India in which we operate. India's economy could be adversely affected by a general rise in interest rates, weather conditions adversely affecting agricultural produce, commodity and energy prices or various other factors. Any slowdown in the Indian economy or in the States in India in which we operate or future volatility in global commodity prices could adversely affect the policy of the various governments towards infrastructure, which may in turn adversely affect our financial performance.

While economic conditions affect most companies, the transportation industry is cyclical and susceptible to trends in economic activity. The most significant of these factors are recessionary economic cycles, changes in customers' inventory levels, excess truck capacity in comparison with transportation demand, and downturns in customers' business cycles. In addition, owing to the capital-intensive nature of our business, it may be difficult to adjust to shifting volume levels.

4. Increases in interest rates may affect our results of operations.

Majority of our borrowings are subject to floating interest rates, which exposes us to interest rate risk. Further, we do not currently enter into any swap or interest rate hedging transactions in connection with our loan agreements or other material agreements. We cannot assure you that we will be able to enter into interest hedging contracts or other financial arrangements on commercially reasonable terms, or any of such agreements will protect us fully against our interest rate risk. Any increase in interest expense may have an adverse effect on our business prospects, financial condition and results of operations.

5. Acts of violence or war involving India, the United States or other countries could adversely affect the financial markets, result in loss of client confidence, and adversely affect our business, financial condition and results of operations.

Any major hostilities involving India or other acts of violence, including civil unrest or similar events that are beyond our control, could have a material adverse effect on India's economy and our business. Incidents such as those in Indonesia, Madrid, London, New York, Washington, D.C. and Mumbai and other acts of violence may adversely affect the Indian stock markets where the Equity Shares will trade as well the global equity markets generally. Such acts could negatively impact business sentiment as well as trade between countries, which could adversely affect the Company's business and profitability.

India, the United States or other countries may enter into armed conflict or war with other countries or extend pre-existing hostilities. South Asia has, from time to time, experienced instances of civil unrest and hostilities among neighbouring countries. Such attacks, or the threat of such attacks, whether or not successful, may disrupt our operations and/or delivery of goods, result in increased costs for security and insurance and may adversely impact our business, results of operations and financial condition, as well as place our assets and personnel at risk. Further, military or rebel activity could adversely affect the Indian economy by, for example, disrupting communications and making travel more difficult. Such events could also create a perception that investments in Indian companies involve a higher degree of risk. This, in turn, could adversely affect client confidence in India, which could have an adverse impact on the economy of India and of other countries, on the markets for our services and on our business. Additionally, such events could have a material adverse effect on the trading price of securities of Indian companies, including the Equity Shares.

6. Natural calamities and force majeure events may have an adverse impact on the Indian economy.

Natural calamities could have a negative impact on the Indian economy and cause our business to suffer. India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy. Further prolonged spells of below normal rainfall or other natural calamities could have a negative impact on the Indian economy, adversely affecting our business and the price of the Equity Shares.

7. Any downgrade of our debt ratings or of India's sovereign debt rating could adversely affect our business.

Any downgrade in our credit ratings may increase interest rates on our outstanding debt, increase interest rates for refinancing our outstanding debt, which would increase our financing costs, and adversely affect our ability to raise new capital on a competitive basis, which may adversely affect our profitability and future growth.

In addition, any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available. This could have an adverse effect on our business and future financial performance and our ability to fund our growth in future.

8. Significant differences exist between Indian GAAP and other accounting principles, such as US GAAP and IFRS, which may be material to investors' assessments of our financial condition. Our failure to successfully adopt IFRS could have a material adverse effect on the trading price of the Equity Shares.

The restated consolidated summary statements provided in this Draft Red Herring Prospectus have been derived from the audited consolidated summary statements, which are in accordance with Indian GAAP and which differs in significant respects from US GAAP and IFRS. Accordingly, the degree to which the summary statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

The Ministry of Corporate Affairs of the Government of India, through a press release dated January 22, 2010, has prescribed a roadmap for convergence of Indian Accounting Standards with IFRS. We have not determined with any degree of certainty the impact that such adoption will have on our financial reporting. There can be no assurance that our financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under IFRS than under Indian GAAP. As we transition to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Moreover, there is increasing competition for the small number of IFRS-experienced accounting personnel available as more Indian companies begin to prepare IFRS financial statements. There can be no assurance that our adoption of IFRS will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt IFRS could have a material adverse effect on the trading price of the Equity Shares.

9. The Issue Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Issue. The price of the Equity Shares may be highly volatile.

The Issue Price of the Equity Shares will be determined by the Book Building Process. This price will be based on numerous factors and may not be indicative of the market price for the Equity Shares after the Issue. The market price of the 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. The price of the Equity Shares on the Indian Stock Exchanges may fluctuate after this Issue as a result of several factors including the following:

(a) volatility in Indian and global securities markets;

(b) our results of operations and performance in the businesses we operate in;

(c) performance of our competitors and perception in the Indian market about investment in the sectors and businesses in which we operate;

(d) adverse media reports on our Company or the businesses we operate in;

(e) changes in the estimates of our performance or recommendations by financial analysts;

(f) significant development in India's economics liberalization and de-regulation policies; and

(g) significant development in India's fiscal and environmental regulations.

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

10. We may not receive final listing and trading approvals from the BSE and the NSE. An active market for the Equity Shares may not develop, which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares.

The Equity Shares currently have no trading market. In accordance with Indian law and practice, final listing and trading approval of our Equity Shares will not be applied for, or granted until after those Equity Shares have been issued and allotted. There could be a failure or delay in listing our Equity Shares on the BSE and NSE. Also, no assurance can be given that an active trading market for the Equity Shares will develop or as to the liquidity or sustainability of any such market, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which shareholders will be able to sell their Equity Shares. If an active market for the Equity Shares fails to develop or sustain, the trading price of the Equity Shares could fall. If an active trading market were to develop, the Equity Shares could trade at prices that may be lower than their Issue Price.

11. You will not be able to sell immediately on an Indian Stock Exchange any of the Equity Shares you are Allotted in the Issue.

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

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

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

PROMINENT NOTES:

1. Public Issue of 23,566,667 Equity Shares at the Issue Price for cash, aggregating up to Rs. [●] million. The Issue will constitute 25% of the post-Issue Equity Share capital of the Company.

2. As of September 30, 2010, the net worth of the Company was Rs. 1,160.41 million as per the Restated Financial Statements, respectively. For more information, please see the section "Financial Statements" beginning on page 144 of this Draft Red Herring Prospectus.

3. As of September 30, 2010, the net asset value per Equity Share was Rs. 16.41 as per the Restated Financial Statements. For more information, please see the section "Financial Statements" beginning on page 144 of this Draft Red Herring Prospectus.

4. The average cost of acquisition of the Equity Shares held by our Promoters, Mr. Vijay Sankeshwar, is Rs. 1.27 per Equity Share and Mr. Anand Sankeshwar, is Rs. 1.70 per Equity Share. This average cost of acquisition per Equity Share has been calculated by taking the total amount paid by the Promoters to acquire the Equity Shares, including bonus shares, divided by the total number of Equity Shares.

5. For related party transactions and the cumulative value of such transactions, please see the section "Financial Statements" beginning on page 144 of this Draft Red Herring Prospectus.

6. Other than as stated in the section "Capital Structure - Notes to Capital Structure" beginning on page 20 of this Draft Red Herring Prospectus, the Company has not issued any Equity Shares for consideration other than cash.

7. For details of transactions in the securities of the Company by our Promoters, our Promoter Group and our Directors in the last six months, please see the section "Capital Structure – Notes to the Capital Structure" beginning on page 20 of this Draft Red Herring Prospectus.

8. For information on changes in the Company's name and changes in objects clause of the Memorandum of Association, please see the section "History and Certain Corporate Matters" beginning on page 112 of this Draft Red Herring Prospectus.

9. Except as disclosed in the sections "Our Promoters and Group Companies of our Promoters", "Our Management" and "Our Business" beginning on pages 132, 116 and 74 of this Draft Red Herring Prospectus, respectively, none of our Promoters, our Directors nor our key management personnel have any interest in the Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, member, partner or trustee and to the extent of the benefits arising out of such shareholding.

10. The Issue is being made through the Book Building Process wherein not more than 50% of the Issue shall be allocated on a proportionate basis to QIBs. The QIB Portion includes the Anchor Investor Portions. 5% of the Net QIB Portion shall be available for allocation to Mutual Funds only and the remaining QIB Portion shall be available for allocation to the QIB Bidders including Mutual Funds, subject to valid Bids being received at or above the Issue Price. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Qualified Institutional Portion, the Non-Institutional Portion or the Retail Portion, would be allowed to be met with spill-over from other category or a combination of categories, at the discretion of the Company, in consultation with the BRLM and the Designated Stock Exchange. For further details, please see the section "Issue Structure" beginning on page 311 of this Draft Red Herring Prospectus.

11. For any clarification or information relating to the Issue, investors may contact the BRLM or the Company, who will be obliged to provide such clarification or information to the investors at large. No selective or additional information would be available for a section of investors in any manner whatsoever.

12. Investors may contact the BRLM, who has submitted the due diligence certificate to SEBI, for any complaint pertaining to the Issue. All grievances relating to ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSBs, giving full details such as name, address of the applicants, number of Equity Shares applied for, Bid Amounts blocked, ASBA Account number and the Designated Branch of the SCSBs where the ASBA Bid-cum-Application Form has been submitted by the ASBA Bidder.

13. Investors should refer to the section "Basis of Issue Price" beginning on page 38 of this Draft Red Herring Prospectus.

14. Investors may note that in case of over-subscription in the Issue, allotment to Qualified Institutional Bidders, Non-Institutional Bidders and Retail Bidders shall be on a proportionate basis. For more information, please see the section "Issue Procedure – Allotment" beginning on page 345 of this Draft Red Herring Prospectus.

15. Trading in Equity Shares for all investors shall be in dematerialized form only.

16. Neither a member of our Promoter Group nor a Director nor any relative of any Director has financed the purchase by any other person of any securities of the Company during the six months immediately preceding the date of this Draft Red Herring Prospectus.

SECTION III: INTRODUCTION

SUMMARY OF INDUSTRY AND BUSINESS
INDUSTRY OVERVIEW

Overview

In recent years, the accessibility, door-to-door service and reliability have earned road transportation a higher share of both passenger and freight traffic vis-à-vis other transport modes. As a result, road transportation has emerged as the dominant segment in India's transportation sector. Growth in road transportation has been attained despite significant barriers to inter-state freight and passenger movement compared to inland waterways, railways and air which do not face rigorous en-route checks and barriers. Both freight and passenger movement by road is expected to rapidly expand in the coming years. In particular, freight movement by road transport is expected to show robust growth over the medium term due to a number of factors, which is, substantial investment in improvement in national highway network which will facilitate speedy, reliable, door to door services, rising volumes of exports and imports.

The Domestic Freight Transportation Industry

Domestic freight transportation services involve the movement of goods within India. The modes of transport include roadways, railways, coastal and pipelines. Demand for freight transportation services depends upon the size, structure and demographic profile of the economy. Industrial and agricultural production, along with export-import trade primarily drives growth in the freight transportation industry. Among modes, this industry is dominated by roads, followed by rail. Over the years, roadways have captured a very significant share of freight on account of faster service and point-to-point connectivity.

The share of road transport in freight transportation is estimated to increase to 56-58 per cent by 2014-15 (from 53 per cent now), while the share of railways is likely to decline to 33-35 per cent. Strong demand growth and an 8-10 per cent hike in freight rates, following a 19 per cent increase in diesel prices in March 2010, is expected to enable a 20-21 per cent growth in the value of the road freight industry to reach Rs 3,500 billion in 2014-15 from Rs 1,384 billion in 2009-10. (*Source: CRISIL Report on Domestic freight transport services, 2010*)

The Domestic Passenger Bus Transportation Industry

India's road passenger transport industry comprises bus transportation services provided by state-owned road transport undertakings, private operators, and personal transport. Over the past few years the share of private bus transport operators has steadily increased at the cost of state transport operators due to better quality of service provided by the private bus operators. Consequently, the share of state transport undertakings (STUs) has declined to around 76 per cent in 2009-10 from 88 per cent in 2004-05. The key reasons for the growth of private modes of transport are deterioration in quality of service provided by the public transport system and rising affordability. (*Source: CRISIL Report on Domestic bus passenger transportation industry, 2010*)

The Indian passenger transport industry is slated to grow by 6-8 per cent CAGR, from around 5,000 BPKM in 2009-10 to 7,000 BPKM in 2014-15. This is expected to translate into a CAGR of 4-6 per cent in bus passenger traffic during the same period. Demand for bus transportation is likely to be primarily driven by population growth, development of the road infrastructure, supply constraints of Indian Railways, household incomes, and industrial and commercial activity in the country. (*Source: CRISIL Report on Domestic bus passenger transportation industry, 2010*)

Renewable Energy Generation

Renewable energy principally comprises wind power, hydro power, solar power, biomass energy and geothermal energy. Renewable energy sources are becoming increasingly important contributors to the world's energy supply portfolio as they contribute to the world energy supply security, reducing dependency on fossil fuel resources, and provide opportunities for mitigating greenhouse gases. The installed capacity of renewable sources of energy in India increased by 16 per cent to 14,000 MW in 2009-10. However, renewable sources of energy during the same year accounted for a mere 4 per cent of the total power generation in the country while its share in installed capacity stood at 11 per cent. Among the various sources of renewable energy, wind continues to lead in total installed capacity, accounting for 70 per cent of the total renewable power capacity in India, followed by small hydro power at 16 per cent. *(Source: MNRE – www.mnre.gov.in)* The key drivers for the renewable energy sector in India include, among others, the demand-supply gap, regulatory incentives and the availability of CDM benefits and/or Indian Renewable Energy Certificates.

BUSINESS OVERVIEW

Investors should note that this is only a summary of our business and does not contain all the information that should be considered before investing in the Equity Shares. Before deciding to invest in the Equity Shares, prospective investors should read this entire Draft Red Herring Prospectus, including the information in the sections "Risk Factors" and "Financial Information" beginning on pages xii and 144, respectively, of this Draft Red Herring Prospectus. An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with an investment in the Equity Shares, please see the section "Risk Factors" beginning on page xii of this Draft Red Herring Prospectus.

Overview

We are engaged in the business of providing goods and passenger transportation services and are currently listed in the Limca Book of Records as the largest single owner of commercial vehicles in the private sector in India. We offer services for the transportation of goods across India using a range of road transportation solutions to our customers, including less than truck load ("LTL"), full truck load ("FTL") and express cargo services. We are also one of the private bus operators in the State of Karnataka, Maharashtra and Goa and with a fleet of over 256 owned passenger buses, we carried, approximately 1.56 million passengers in Fiscal 2010 and 1.03 million passengers in the six-month period ended September 30, 2010. As of September 30, 2010, our fleet of vehicles for the goods and passenger transportation business consisted of 2,829 owned vehicles.

We also operate in three other business segments, which are: courier services, wind power generation and the air charter business. In 1992, we commenced courier services for time sensitive documents and packages. In September 2006, we commenced our wind power business and have since been supplying all the power generated by us to Hubli Electricity Supply Company Limited. We commenced our air charter business in 2008 for providing services to individuals and corporate passengers.

Our goods transportation network spans across 20 States and 6 Union Territories and covers 534 cities throughout India. We operate on a Hub-and-Spoke operating model, which gives us the flexibility to accommodate a broad range of parcel sizes for both regional and national customers while providing customers multiple destinations for delivery of their goods. This provides us the ability to offer customers a compelling value proposition and gives us a competitive advantage in sourcing freight.

In the goods transportation business, our large network of branches and franchisees across the country allows us to maximize revenue per vehicle. As on September 30, 2010, we had 423 franchisees in the goods transportation business. Our primary focus is the attractive market for LTL freight services, which offer higher rates per load than FTL services. LTL services involve the consolidation and transport of freight from numerous customers to multiple destinations and thus generate higher net revenue per vehicle than FTL services. FTL services involve the transportation of a single customer's freight to a single destination. Our operating model, which primarily relies on ownership of vehicles as against hiring third-party vehicles, also helps us in realising higher margins in the LTL freight business, especially for remotely located and relatively inaccessible destinations.

Our goods transportation business services numerous industries. We transport fast moving consumer goods and general commodities, which include, food, textiles, apparel, furniture, appliances, pharmaceutical products, rubber, plastics, metal and metal products, wood, glass, automotive parts and machinery.

In the passenger transportation business we are a private operator of passenger buses and our operations are focused on high density urban commuter markets, such as Bangalore, Mumbai, Pune and Panjim as well connecting metropolitan and tier-2 cities, such as Hubli, Bijapur, Dharwad, Belgaum, Hospet, Mangalore, Bagalkot, Gulbarga, and Bhatkal. As on September 30, 2010, our passenger transportation business operates in the States of Karnataka, Maharashtra and Goa plying over 188 routes across 93 cities. We have in total 56 branches and 515 franchisees for our passenger transportation business. In Fiscal 2010, with a fleet of 211 owned passenger buses, we carried 1.56 million passengers and in the six months period ended September 30, 2010, with a fleet of 256 owned passenger buses, we carried 1.03 million passengers. We facilitate the booking of tickets for our passengers through a wide network of agents and the internet.

Competitive Strengths

We believe that we have the following principal competitive strengths:

- A nationally established transportation company
- Proven track record in the transportation business
- Large and established size and scale of operations
- Young fleet of vehicles in the passenger transportation business
- Low dependence on hiring third-party vehicles in the goods transportation business
- Strong in-house capabilities
- Differentiated operating model
- Experienced and motivated management team
- Ability to recruit and retain highly experienced and professional drivers

Our Business Strategy

In order to capitalize on volume growth as well as key ongoing trends in the Indian freight and passenger transportation industry, the following are the key components of our operating and growth strategy:

- Increase freight density in the existing system
- Expansion of passenger transportation business in India
- Selecting profitable routes for our passenger transportation business
- Focus on the attractive market for LTL services
- Continue to focus on operating efficiency by establishing high-capacity transhipment hubs
- Focus on serving a diverse, underserved customer landscape
- Maintain our commitment to time bound service, safety and quality

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth summary financial information extracted from the Restated Financial Statements as of and for the six months period ended September 31, 2010 and for the fiscal years ended March 31, 2010, 2009, 2008, 2007, 2006. Financial information has been extracted out of audited financial statements for the respective years prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") and the Companies Act, and restated in accordance with the ICDR Regulations.

The summary financial information presented below should be read in conjunction with the Restated Financial Statements and the notes thereto included in the section "Financial Statements" beginning on page 144 of this Draft Red Herring Prospectus. Please also see the section "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 226 of this Draft Red Herring Prospectus.

Summary of Restated Financial Information of Assets and Liabilities

(In Rs. million)

		As at September 30, 2010	As at March 31,				
			2010	2009	2008	2007	2006
A)	**Fixed assets**						
	Gross block	7,014.40	6,747.01	6,562.00	6,480.15	5,598.88	2,297.77
	Less: Depreciation / Amortisation	2,264.58	2,037.59	1,648.92	1,253.36	885.26	754.09
	Net block	**4,749.82**	**4,709.42**	**4,913.08**	**5,226.79**	**4,713.62**	**1,543.68**
	Add : Capital Work-in-progress (including capital advances)	215.14	123.72	31.88	75.45	128.93	131.19
		4,964.96	**4,833.14**	**4,944.96**	**5,302.24**	**4,842.55**	**1,674.87**
B)	**Investments**	1.25	1.25	1.25	1.25	0.79	447.89
C)	**Current assets, loans and advances**						
	Inventories	80.13	61.82	60.56	54.62	83.27	68.33
	Sundry Debtors	690.48	491.68	439.94	286.73	234.42	166.11
	Cash and Bank Balances	190.88	186.27	239.12	196.19	151.59	70.82
	Loans and Advances	669.33	561.85	480.38	459.30	390.00	137.70
		1,630.82	**1,301.62**	**1,220.00**	**996.84**	**859.28**	**442.96**
D)	**Total Assets (A+B+C)**	**6,597.03**	**6,136.01**	**6,166.21**	**6,300.33**	**5,702.62**	**2,565.72**
E)	**Loan Funds**						
	Secured loans	3,599.56	3,673.22	4,199.83	4,328.52	3,904.22	1,824.86
	Unsecured loans	141.11	110.99	5.91	-	-	46.59
	Total Loan Funds	**3,740.67**	**3,784.21**	**4,205.74**	**4,328.52**	**3,904.22**	**1,871.45**
F)	**Deferred Tax Liability (Net)**	894.88	736.66	602.44	584.66	537.77	124.38
G)	**Current Liabilities and provisions:**						
	Liabilities	732.27	491.01	295.99	339.39	282.21	284.78
	Provisions	68.80	32.32	24.18	22.41	38.84	40.41
	Total Current Liabilities and provisions	**801.07**	**523.33**	**320.17**	**361.80**	**321.05**	**325.19**
H)	**Total Liabilities (E+F+G)**	**5,436.62**	**5,044.20**	**5,128.35**	**5,274.98**	**4,763.04**	**2,321.02**
	Net worth (D–H)	**1,160.41**	**1,091.81**	**1,037.86**	**1,025.35**	**939.58**	**244.70**
	Represented by:						
	Shareholders' Funds						
	Share Capital	707.00	707.00	707.00	707.00	700.00	200.00
	Share application money	-	-	-	-	70.00	-
	Reserves and Surplus	453.41	384.81	330.86	318.35	169.58	44.70
	Net worth	**1,160.41**	**1,091.81**	**1,037.86**	**1,025.35**	**939.58**	**244.70**

Summary of Restated Financial Information of Profits and Losses

(In Rs. million)

		For the six months ended September 30, 2010	For the year ended March 31,				
			2010	2009	2008	2007	2006
A)	**Income**						
	Operating Income						
	- Goods Transport	3,444.94	5,800.32	5,207.39	4,196.42	3,581.80	2,899.27
	- Air Chartering Service	14.31	16.63	14.17	-	-	-
	- Courier Service	20.62	31.88	30.25	38.36	39.94	30.42
	- Bus Operation	626.43	932.09	906.72	891.09	755.18	623.52
	- Sale of Power	174.83	263.63	261.76	263.61	20.71	-
	- Sale of Verified Emissions	-	20.22	-	-	-	-
	Total Operating Income	**4,281.13**	**7,064.77**	**6,420.29**	**5,389.48**	**4,397.63**	**3,553.21**
	Other Income	**48.95**	**87.15**	**85.32**	**80.36**	**35.13**	**37.90**
	Total Income	**4,330.08**	**7,151.92**	**6,505.61**	**5,469.84**	**4,432.76**	**3,591.11**
B)	**Expenditure**						
	Operating Expenses	2,802.81	4,677.34	4,402.31	3,590.98	3,227.19	2,761.63
	Employee Remuneration and Other Benefits	500.56	899.75	874.88	672.43	505.67	358.16
	Administrative and Other Expenses	65.51	147.57	121.01	109.51	132.27	92.93
	Finance Cost (Net)	240.40	516.13	588.88	539.22	217.86	158.21
	Depreciation	246.63	464.22	462.56	430.06	243.61	165.32
	Total expenditure	**3,855.91**	**6,705.01**	**6,449.64**	**5,342.20**	**4,326.60**	**3,536.25**
C)	**Net Profit Before Tax and Extraordinary Items (A-B)**	**474.17**	**446.91**	**55.97**	**127.64**	**106.16**	**54.86**
	Taxation						
	Current tax (Net of Minimum Alternate Tax credit)	-	2.31	-	-	0.17	-
	Deferred tax	158.22	134.22	17.78	46.89	413.39	17.79
	Fringe benefits tax	-	-	6.18	5.33	4.64	3.38
	Total Taxation	**158.22**	**136.53**	**23.96**	**52.22**	**418.20**	**21.17**
	Net Profit Before Extraordinary Items	**315.95**	**310.38**	**32.01**	**75.42**	**(312.04)**	**33.69**
	Extraordinary Income (Net of tax)	-	-	-	3.50	1,164.96	-
	Extraordinary Expenses (Net of tax)	-	-	(19.54)	-	-	-
	Net Profit After Extraordinary Items	**315.95**	**310.38**	**12.47**	**78.92**	**852.92**	**33.69**

Summary of Restated Financial Information of Cash Flows

(In Rs. million)

		For the six months ended September 30, 2010	For the year ended March 31,				
			2010	2009	2008	2007	2006
A	**CASH FLOW FROM OPERATING ACTIVITIES**						
	Profit Before Taxation And Extra Ordinary Items	**474.17**	**446.91**	**55.97**	**127.64**	**106.16**	**54.86**
	Add: Extraordinary items	-	-	(19.54)	3.50	1,164.96	-
	Profit Before Taxation	**474.17**	**446.91**	**36.43**	**131.14**	**1,271.12**	**54.86**
	Adjustment for						
	Depreciation	246.63	464.22	462.56	430.06	243.61	165.32
	Financial Cost on long term borrowings	238.17	508.06	580.90	530.55	211.83	154.89
	Interest Income	(0.99)	(1.77)	(3.12)	(6.05)	(6.12)	(0.37)
	Dividend on Investments	(0.16)	(0.18)	(0.14)	(0.07)	(0.16)	(0.04)
	(Profit)/Loss on sale of Fixed Assets (Net)	0.86	15.54	5.35	2.09	28.82	(2.53)
	Advances and Bad Debts Written off	2.00	9.13	1.17	0.18	-	-
	Provision for doubtful advances and debts	2.60	7.42	2.62	3.77	-	-
	Initial Public Offer (IPO) Expenses written off	-	-	19.54	-	-	-
	(Profit) /Loss on sale of Investments (Net)	-	-	-	(3.50)	(1,164.96)	-
	Rent Receipts	(11.65)	(22.99)	(13.64)	(10.29)	(6.85)	(6.13)
	Operating profit before working capital changes	**951.63**	**1,426.34**	**1,091.67**	**1,077.88**	**577.29**	**366.00**
	Adjustment for:						
	(Increase) / Decrease in Sundry Debtors	(201.37)	(52.95)	(156.09)	(56.28)	(68.29)	(49.40)
	(Increase) / Decrease in Loans and Advances	(13.27)	(35.94)	(85.26)	(26.71)	(112.96)	2.16
	(Increase) / Decrease in Inventories	(18.32)	(1.78)	(5.94)	28.65	(14.94)	(13.47)
	Increase / (Decrease) in Trade and Other Payables	175.15	70.46	(40.75)	37.28	(10.20)	53.97
	Cash Generated from Operating Activities	**893.82**	**1,406.13**	**803.63**	**1,060.82**	**370.90**	**359.26**
	Direct Taxes Paid (net of refunds)	(73.92)	(50.72)	37.91	(48.00)	(144.05)	(14.05)
	Net Cash from Operating Activities (A)	**819.90**	**1,355.41**	**841.54**	**1,012.82**	**226.85**	**345.21**
B	**CASH FLOW FROM INVESTING ACTIVITIES**						
	Purchase of Fixed Assets (including capital work in progress)	(390.50)	(504.31)	(157.42)	(926.97)	(3,505.81)	(527.58)
	Proceeds from Sale of Fixed Assets	11.17	136.38	46.80	35.13	65.70	110.44
	Purchase of Investments	-	-	-	(0.55)	-	(0.15)
	Sale of Investments	-	-	-	3.59	1,612.07	-
	Interest Received	0.99	1.77	3.12	6.05	6.12	0.37
	Dividend on Investments	0.16	0.18	0.14	0.07	0.16	0.04
	Rent Received	11.65	22.99	13.64	10.29	6.85	6.13
	Net Cash (Used in) Investing Activities (B)	**(366.53)**	**(342.99)**	**(93.72)**	**(872.39)**	**(1,814.91)**	**(410.75)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**						
	Proceeds from Share Application Money	-	-	-	-	70.00	-
	Proceeds from Public Deposits	30.12	105.07	5.91	-	-	-
	Proceeds from Borrowings (Net)	(73.66)	(510.83)	(144.46)	427.69	2,077.99	252.91

(In Rs. million)

	Refund of Fixed Deposits	-	-	-	-	(46.59)	(15.08)
	Dividend paid and Tax thereon	(165.30)	(132.35)	-	-	(228.05)	-
	Financial Costs on long term borrowings	(239.92)	(527.16)	(565.99)	(523.52)	(204.52)	(152.86)
	IPO expenses incurred during the year	-	-	(0.35)	-	-	-
	Net Cash (Used in)/from Financing Activities (C)	**(448.76)**	**(1,065.27)**	**(704.89)**	**(95.83)**	**1,668.83**	**84.97**
	NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**4.61**	**(52.85)**	**42.93**	**44.60**	**80.77**	**19.43**
	Cash and Cash Equivalents as at the beginning of the period /year	**186.27**	**239.12**	**196.19**	**151.59**	**70.82**	**51.39**
	Cash and Cash Equivalents as at the end of the period / year	**190.88**	**186.27**	**239.12**	**196.19**	**151.59**	**70.82**
	Cash and Cash Equivalents comprise:						
	Cash balance in hand	31.65	23.92	20.58	23.01	25.60	24.58
	Cheques in hand/transit	9.42	9.84	18.34	17.00	17.24	10.82
	Balances with Scheduled Banks	149.81	152.51	200.20	156.18	108.75	35.42
		190.88	**186.27**	**239.12**	**196.19**	**151.59**	**70.82**

THE ISSUE

Equity Shares offered:	
Issue by the Company	23,566,667 Equity Shares
Of which:	
QIB Portion[(1) (2)]	Not more than 11,783,332 Equity Shares available for allocation on a proportionate basis
Anchor Investor Portion	Not more than 3,535,000 Equity Shares available for allocation on a discretionary basis
Of which:	
Available for Domestic Mutual Funds	Not more than 1,178,334 Equity Shares available for allocation on a discretionary basis
Net QIB Portion	Not more than 8,248,332 Equity Shares available for allocation on a proportionate basis
Of which:	
Mutual Fund Portion	412,417 Equity Shares
Balance for all QIBs including Mutual Funds	7,835,915 Equity Shares
Non-Institutional Portion[(2)]	Not less than 3,535,001 Equity Shares available for allocation on a proportionate basis
Retail Portion[(2)]	Not less than 8,248,334 Equity Shares available for allocation on a proportionate basis
Equity Shares outstanding prior to the Issue	70,700,000 Equity Shares*
Equity Shares outstanding after the Issue	94,266,667 Equity Shares
Objects of the Issue	For details of the Objects of the Issue, please see the section "Objects of the Issue" beginning on page 32 of this Draft Red Herring Prospectus.

* *The number of Equity Shares outstanding as of September 30, 2010 was 70,700,000 Equity Shares. There has been no further issue of Equity Shares since September 30, 2010.*

(1) *The Company may consider participation by Anchor Investors, who are all QIBs, for up to 3,535,000 Equity Shares, at the Anchor Investor Issue Price, in accordance with applicable ICDR Regulations. Bidding in the Anchor Investor Portion shall open and close on the Anchor Investor Bid/Issue Date, i.e., one day prior to the Bid/Issue Opening Date. Up to 30% of the QIB Portion shall be available for allocation to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds only. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the remaining QIB Portion ("Net QIB Portion"). Allocation to QIBs (other than Anchor Investors) is proportionate as per the terms of the Draft Red Herring Prospectus. 5% of the Net QIB Portion shall be available for allocation to Mutual Funds. The unsubscribed portion in the Mutual Fund reservation will be available to the remaining QIBs. Mutual Funds participating in the 5% reservation in the Net QIB Portion will also be eligible for allocation in the remaining QIB Portion.* ***Further attention of all QIBs is specifically drawn to the fact that QIBs are required to pay the entire Bid Amount at the time of the submission of the Bid-cum-Application Form and will not be allowed to withdraw their Bid-cum-Application Forms after the Bid/Issue Closing Date. Anchor Investors are required to pay the entire Bid Amount at the time of the submission of the Bid-cum-Application Form and cannot withdraw their Bids after the Anchor Investor Bid/Issue Closing Date.*** *For further details, please see the section "Issue Procedure – Anchor Investor Portion" beginning on page 350 of this Draft Red Herring Prospectus.*

(2) *Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Qualified Institutional Portion, the Non-Institutional Portion or the Retail Portion, would be allowed to be met with spill-over from other category or a combination of categories, at the discretion of the Company, in consultation with the BRLM and the Designated Stock Exchange.*

GENERAL INFORMATION

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

Registered Office of the Company

R.S No. 351/1, NH-4,
Bangalore Road, Varur,
Hubli 581 207, Karnataka,
India
Website: www.vrlgroup.in
Contact Person: Mr. Aniruddha A. Phadnavis (Company Secretary and Compliance Officer)
Email: investors@vrllogistics.com
Tel: +91 836 2237511
Fax: +91 836 2256612

For details of change in the name and registered office of the Company, please see the section "History and Certain Corporate Matters" beginning on page 112 of this Draft Red Herring Prospectus.

Corporate Identification Number

U60210KA1983PLC005247

Registration Number

005247

Address of the RoC

The Registrar of Companies, Karnataka
'E' Wing, 2nd floor
Kendriya Sadana
Koramangala
Bangalore 560 034
India

Board of Directors

Our Board of Directors comprises the following:

Name, Designation, Occupation and Term	Age	Address	Director Identification Number ("DIN")
Mr. Vijay Sankeshwar Chairman and Managing Director *Executive Director*	60	No. 120 to 125, "Lalit Mahal", Naveen Park, Kusugal Road, Keshwapur, Hubli 580 023	*00217714*

Name, Designation, Occupation and Term	Age	Address	Director Identification Number ("DIN")
Occupation: Business *Term: For a period of 5 years with effect from January 1, 2007 being the date of re-appointment*			
Mr. Anand Sankeshwar Managing Director *Executive Director* *Occupation: Business* *Term: For a period of 5 years with effect from April 1, 2009 being the date of re-appointment*	35	No. 120 to 125, "Lalit Mahal", Naveen Park, Kusugal Road, Keshwapur, Hubli 580 023	*00217773*
Mr. Sudhir Ghate *Independent Director* *Occupation: Business* *Term: Liable to retire by rotation*	52	"Needam", Behind S.D.M. Law College M.G. Road Mangalore 575 003 India	*00035949*
Mr. C. Karunakara Shetty *Independent Director* *Occupation: Business* *Term: Liable to retire by rotation*	57	"Bhagavathi", No. 100, 1st Cross, Sharadha Colony, Basaveshwara Nagar, Bangalore 560 079	*01560349*
Mr. J. S. Korlahalli *Independent Director* *Occupation: Educationist* *Term: Liable to retire by rotation*	70	Srinivas 4th Cross, Vidyanagar, Gadag – 582101	*00528428*
Mr. Prabhakar Kore *Independent Director* *Occupation: Educationist, Business and Agriculture* *Term: Liable to retire by rotation*	63	Ajmer House, B.C. 92, Church Road, Camp, Belgaum – 590009	*00509836*

For further details regarding the Board of Directors, please see the section "Our Management" beginning on page 116 of this Draft Red Herring Prospectus.

Company Secretary and Compliance Officer

Mr. Aniruddha A. Phadnavis
Giriraj Annexe,
Circuit House Road,
Hubli 580 029,
Karnataka
India
Tel: +91 836 2237 511/12
Fax: +91 836 2256 612
Email: investors@vrllogistics.com
Website: www.vrlgroup.in

Investors can contact the Company Secretary and Compliance Officer, the Registrar to the Issue or the Book Running Lead Manager in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account and refund orders.

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

Book Running Lead Manager

SBI Capital Markets Limited
202, Maker Tower 'E'
Cuffe Parade
Mumbai 400 005
Maharashtra, India
Tel: +91 22 2217 8300
Fax: +91 22 2218 8332
Email: vrl.ipo@sbicaps.com
Investor Grievance Email: investor.relations@sbicaps.com
Website: www.sbicaps.com
Contact Person: Mr. Anish Shrimankar / Ms. Abhilasha Kamath
SEBI Registration Number: INM000003531

Syndicate Member(s)

[•]

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as an SCSB for the ASBA process and details relating to the Designated Branches of SCSBs collecting the ASBA Bid-cum-Application Forms are available at http://www.sebi.gov.in/pmd/scsb.pdf.

Legal Advisors

Domestic Legal Counsel to the Company

Trilegal
One Indiabulls Centre
14th Floor, Tower One
Jupiter Mills, Elphinstone Road
Mumbai 400 013, India
Tel: +91 22 4079 1000
Fax: +91 22 4079 1098
Email: ICM@trilegal.com

Domestic Legal Counsel to the Underwriters

AZB & Partners
Express Towers, 23rd Floor
Nariman Point
Mumbai 400 021, India
Tel: +91 22 6639 6880
Fax: +91 22 6639 6888

Experts

Except for the report of [●] in respect of the IPO grading of this Issue (a copy of which will be annexed to the Red Herring Prospectus as Annexure I), furnishing the rationale for its grading which will be provided to the Designated Stock Exchange, of the Auditors of our Company on the restated financial statements and for the 'Statement of Tax Benefits' included in this Draft Red Herring Prospectus, our Company has not obtained any expert opinions.

Registrar to the Issue

Bigshare Services Private Limited
E/2, Ansa Industrial Estate, Sakivihar Road,
Sakinaka, Andheri (E), Mumbai - 400 072
India
Tel: +91-22-404 30 200
Fax: +91-22-2847 5207
Investor Grievance Email: vrl.ipo@bigshareonline.com
Contact Person: Ashok Shetty
Website: www.bigshareonline.com
SEBI Registration Number: INR000001385

Bankers to the Issue and/or Escrow Collection Banks

[●]

Auditors

H.K. Veerbhaddrappa & Co
Club Road
Hubli – 580 029
Karnataka
India
Telephone: +91 836 2365 431
Facsimile: +91 836 2363 074
E-mail: akkumar1@rediffmail.com
Contact Person: Mr. Arrvvind Kubsad

Walker, Chandiok & Co
Engineering Centre, 6th Floor,
9 Mathew Road,
Opera House
Mumbai 400 004
India
Telephone: +91 22 6626 2626
Facsimile: +91 22 2367 1624
E-mail: Khushroo.Panthaky@in.gt.com
Contact Person: Mr. Khushroo Panthaky

Bankers to the Company

State Bank of India
Industrial Finance Branch,
No 61, Residency Plaza,
Residency Road,
Bangalore - 560 025.
Tel : +91 80 2594 3501/2594 3505
Fax : +91 80 2558 1853
E-mail : sbi.09077@sbi.co.in

UCO Bank
Mid Corporate Bank Branch
13/22, 1st floor, K.G. Road,
Bangalore – 560 009
Tel : +91 80 4347 2786/68/61
Fax : +91 80 4122 2813
E-mail : ucomcb.blr@airtelmail.in
Website: www.ucobank.com

Website: www.statebankofIndia.com
Contact person : Mr. Vidya Shankar

The Shamrao Vithal Co-operative Bank Ltd.
Satellite Space Age Complex
Koppikar Road
Hubli - 580 020
Tel : +91 836 236 6973
Fax : +91 836 236 6972
E-mail : hubli@svcbank.com
Website: www.svcbank.com
Contact person : Mr. K. R. Pai

State Bank of Mysore
Deshpande Nagar Branch,
Shakambari Arcade, Near Hebsur Hospital
Hubli - 580 029
Tel No. +91 836 235 2778
Fax : +91 836 235 2578
E-mail : deshpandenagar@sbm.co.in
Contact person : Mr. Ananth G. Bode
Website: www.statebankofmysore.com

Shri Basaveshwar Sahakari Niyamita Bank
Main Office: Basaveshwar Bank Circle
Sector - 25
Navanagar, Bagalkot - 587 103
Tel : +91 8354 235 311
Fax : +91 8354 235 471
E-mail : basavabank@rediffmail.com
Contact person: Mr. S. B. Badami

Kotak Mahindra Bank Limited
No.59, Sree Complex, BHSC
T-Block, Banashankari 3rd Stage
Bangalore - 560 085
Tel : +91 80 6699 8069
Fax : +91 80 6699 8072
E-mail : Srikanth.Karlekar@kotak.com
Website: www.kotak.com
Contact person : Mr. Srikanth L. Karlekar

IDBI Bank Limited
Specialised Corporate Branch
Large Corporate Group
3rd Floor, 102 Shakth Comfort Towers
K.H.Road,
Bangalore
Tel : +91 80 6712 1091
E-mail : a.shivakumar@idbi.co.in
Website: www.idbibank.com
Contact person: Mr. A. Shivakumar

ING Vysya Bank Limited
ING Vysya House
22nd M.G.Road

Contact person: Mr. K. S. V. Madan

NKGSB Co-operative Bank Limited
T. B. Revankar Complex
Ground Floor, TB Road
Hubli - 580 029
Tel : +91 836 235 3682
Fax : +91 836 235 3681
E-mail : madankulkarni@nkgsb-bank.com
Website: www.nkgsbank.com
Contact person : Mr. Madan Kulkarni

Syndicate Bank
Super market
Brindavan Lodging Complex
Dajibanpet
Hubli - 580 028
Tel : +91 836 236 2892/226 6553
Fax : +91 836 226 5683
E-mail : ka.1202hubspmkt@syndicatebank.co.in
Website: www.syndicatebank.in
Contact person: Mr. A. N. Gopala Rao

Union Bank of India
Cantonment Branch
No. 171, Devidass Building
Commercial Street
Bangalore – 560 001
Tel : +91 80 2295 8203/204
Fax : +91 80 2559 4300
E-mail : cantonment@unionbankofindia.com
Website: www.unionbankofindia.com
Contact person : Mr. V. K. Jain

HDFC Bank Ltd
102 Raheja Plaza
17, Commissariat Road,
D'souza Circle
Bangalore – 560 020
Tel : +91 80 4035 9008
E-mail : ramanjulu.actunala@hdfcbank.com
Website: www.hdfc.com
Contact person: Mr. Ramanjulu A. K.

ICICI Bank Limited
Eureka Junction
Travellers Bungalow Road
Hubli – 580 029
Tel: +91 836 426 5242/ 147
Fax: +91 836 426 5243
Email: sharad.nagpal@icicibank.com
Website:www.icicibank.com
Contact person: Mr. Sharad Nagpal

Bangalore – 560 001
Tel: +91 80 2500 5143
Fax : +91 80 2500 5127
E-mail :gunasekar.r@ingvysyabank.com
Contact person : Mr. R. Gunasekar

Credit Rating

As the Issue is of equity shares, a credit rating is not required.

IPO Grading

This Issue has been graded by [•] and has been assigned IPO Grade [•] indicating [•] fundamentals through its letter dated [•].

The IPO grading is assigned on a five point scale from 1 to 5 with an "IPO Grade 5" indicating strong fundamentals and an "IPO Grade 1" indicating poor fundamentals. A copy of the report provided by [•], furnishing the rationale for its grading will be annexed to the Red Herring Prospectus

Monitoring Agency

There is no requirement for a monitoring agency for this Issue as issue size is less than Rs. 5,000 million.

Trustees

As the Issue is of equity shares, the appointment of trustees is not required.

Statement of responsibilities of the Book Running Lead Manager

The following table sets forth the responsibilities of the SBI Capital Markets Limited ("**SBI Caps**") as the Book Running Lead Manager for the Issue:

S. No.	Activities	Responsibility
1.	Capital structuring with relative components and formalities such as type of instruments, etc.	SBI Caps
2.	Due diligence of the Company's operations/ management/ business plans/ legal etc. Drafting and design of Draft Red Herring Prospectus including memorandum containing salient features of the Prospectus. The BRLM shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, the RoC and SEBI including finalization of Prospectus and RoC.	SBI Caps
3.	Drafting and approval of all statutory advertisements.	SBI Caps
4.	Drafting and approval of all publicity material other than statutory advertisements as mentioned above, including corporate advertisement, brochure etc.	SBI Caps
5.	Appointment of intermediaries such as Registrar(s) to the Issue, Advertising Agency, Bankers to the Issue and Printers.	SBI Caps
6.	Preparation of roadshow presentation and FAQs.	SBI Caps
7.	Institutional marketing strategy: • Finalise the list of investors for meetings, in consultation with the Company; and • Finalising the International road show schedule and investor meeting schedule.	SBI Caps
8.	Domestic institutions/ banks/ mutual funds marketing strategy: • Finalise the list of investors for meetings and institutional allocation in consultation with the Company; • Finalising investor meeting schedules.	SBI Caps
9.	Non-Institutional/ Retail/HNI marketing strategy of the Issue, which will cover, *inter alia*, • Formulating marketing strategies, preparation of publicity budget;	SBI Caps

S. No.	Activities	Responsibility
	• Finalising media and public relations strategy; • Finalising centres for holding conferences for press and brokers; • Follow-up on distribution of publicity and Issue materials including forms, Prospectus and deciding on the quantum of the Issue material; and • Finalising collection centers.	
10.	Managing the book during the book building period. Co-ordination with the Stock Exchanges for Book Building Software, bidding terminals and mock trading.	SBI Caps
11.	Finalisation of Pricing, in consultation with the Company.	SBI Caps
12.	The post-bidding activities including management of escrow accounts, co-ordinate non-institutional and institutional allocation, intimation of allocation and dispatch of refunds to Bidders, etc. The post-Issue activities for the Issue will involve essential follow up steps, which include the finalization of basis of allotment or weeding out multiple applications, dispatch of refunds, demat of delivery of shares, finalization of listing and trading of instruments with the various agencies connected with the work such as the Registrar(s) to the Issue and Bankers to the Issue. The BRLMs shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.	SBI Caps

Book Building Process

Book Building Process refers to the process of collection of bids from investors on the basis of the Red Herring Prospectus, the Bid cum Application Form and the ASBA Bid-cum-Application Form. The Issue Price is fixed after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

(1) The Company;
(2) The Book Running Lead Manager;
(3) The Syndicate Member(s), who are intermediaries registered with SEBI or registered as brokers with BSE/ NSE and eligible to act as Underwriters. The Syndicate Member(s) is (are) appointed by the BRLM;
(4) The Registrar to the Issue;
(5) The Escrow Collection Banks and Bankers to the Issue; and
(6) The SCSBs.

The Equity Shares are being offered to the public through the Book Building Process in accordance with the ICDR Regulations wherein not more than 50% of the Issue shall be allocated on a proportionate basis to QIBs. The Company may, allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Issue Price on a discretionary basis in accordance with ICDR Regulations. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. 5% of the_Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. However, in the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the Net QIB Portion and allocated to QIBs on a proportionate basis, subject to valid Bids at or above Offer Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Qualified Institutional Portion, the Non-Institutional Portion or the Retail Portion, would be allowed to be met with spill-over from other category or a combination of categories, at the discretion of the Company, in consultation with the BRLM and the Designated Stock Exchange.

Attention of all QIBs is specifically drawn to the fact that all QIBs (including Anchor Investors) are required to pay the entire Bid Amount at the time of the submission of the Bid-cum-Application Form. Under the ICDR Regulations, QIBs are not allowed to withdraw their Bid-cum-Application Forms after the Bid/Issue Closing Date. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Issue Date. For details, please see the section "Issue Structure" beginning on page 311 of this Draft Red Herring Prospectus.

The Company will comply with the ICDR Regulations and any other directions issued by SEBI in respect of the Issue. In this regard, the Company has appointed the BRLM to manage the Issue and procure subscriptions and purchasers for the Issue.

Steps to be taken by the Bidders for bidding:

- Check eligibility for making a Bid (see "Issue Procedure" on page 315).
- Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid-cum-Application Form or the ASBA Bid-cum-Application Form, as the case may be.
- Ensure that you have mentioned your PAN, Client ID and DP ID in the Bid-cum-Application Form. In accordance with the SEBI Regulations, PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction (see "Permanent Account Number" in section "Issue Procedure" beginning on page 315).
- Ensure that the Bid-cum-Application Form or the ASBA Bid-cum-Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid-cum-Application Form.
- Bids by QIBs (including Anchor Investors) will only have to be submitted to the BRLMs and/or their affiliates, other than Bids by QIBs (excluding the Anchor Investors) who Bid through ASBA process, who shall submit the Bids to the Designated Branches of the SCSBs.
- ASBA Bidders will have to submit Bids (physical form) to the Designated Branches. ASBA Bidders should ensure that the ASBA Account has adequate credit balance at the time of submission to the SCSB to ensure that the ASBA Bid-cum-Application Form is not rejected.

Illustration of the Book Building and Price Discovery Process

(Investors should note that the following is solely for the purpose of illustration and is not specific to the Issue. Also, this excludes any Bidding under the Anchor Investor Portion.)

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

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

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to offer the desired number of shares is the price at which the book cuts off, i.e., Rs. 22 in the above example. The issuer, in consultation with the book running lead managers, will finalize the issue price at or below such cut off, i.e., at or below Rs. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Withdrawal of the Issue

The Company in consultation with the BRLM reserves the right not to proceed with the Issue at any time after the Bid/Issue Opening Date. If the Company withdraws from the Issue, the Company shall issue a public notice that shall include reasons for such withdrawal, within two days of the closure of the Issue. The notice of withdrawal shall be issued in the same newspapers where the pre-Issue advertisements have appeared and the Company shall also promptly inform the Stock Exchanges. The BRLM through the Registrar to the Issue shall notify the SCSBs to unblock the bank accounts of the ASBA bidders within one day from date of receipt of such notification. If the Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of the Equity Shares, the Company shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. Under the ICDR Regulations, QIBs (other than Anchor Investors) shall not be allowed to withdraw their Bids after the Bid/Issue Closing Date. Anchor Investors shall not be allowed to withdraw their Bids after the Anchor Investor Bid/Issue Date.

Bid/Issue Program

<table>
<tr><td colspan="2">BID/ISSUE PERIOD</td><td colspan="2"></td></tr>
<tr><td rowspan="2">BID/ISSUE OPENS ON</td><td rowspan="2">[•]</td><td>BID/ISSUE CLOSES ON (FOR QIB BIDDERS)</td><td>[•]</td></tr>
<tr><td>BID/ISSUE CLOSES ON (FOR NON QIB BIDDERS)</td><td>[•]</td></tr>
</table>

The Company may consider participation by Anchor Investors for up to 3,535,000 Equity Shares in accordance with the ICDR Regulations on the Anchor Investor Bid/Issue Date. For details, please see the section “Issue Procedure – Anchor Investor Portion” beginning on page 350 of this Draft Red Herring Prospectus.

Bids and any revision in Bids will be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bidding Period at the Bidding centers mentioned in the Bid-cum-Application Form or, in case of Bids submitted through ASBA, at the Designated Branches, **except that on the Bid/Issue Closing Date (which for QIBs will be a day prior to the Bid/Issue Closing Date for other non-QIB Bidders), Bids shall be accepted only between 10.00 a.m. and 3.00 p.m.** (Indian Standard Time) and uploaded until (i) 5.00 p.m. in case of Bids by QIB Bidders and Retail Bidders; and until (ii) 4.00 p.m. for Non-Institutional Bidders. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders other than QIB Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders other than QIB Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation in the Issue. If such Bids are not uploaded, our Company and the Syndicate shall not be responsible. Bids will be accepted only on working days, i.e., Monday to Friday (excluding any public holiday).

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

The Company in consultation with the BRLM, reserves the right to revise the Price Band during the Bidding Period in accordance with the ICDR Regulations. Under the ICDR Regulations, the Cap Price should not be more than 20% of the Floor Price, i.e., the Cap Price shall be less than or equal to 120% of the Floor Price. Subject to compliance with the immediately preceding sentence, the revised Floor Price Band can move up or down to the extent of 20% of the Floor Price disclosed in the Red Herring Prospectus or the issue advertisement, as the case may be.

In case of revision in the Price Band, the Bidding Period will be extended for a minimum three additional Working Days, subject to the Bidding Period not exceeding ten Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the website of the BRLM and at the terminals of the other members of the Syndicate.

Underwriting Agreement

After the determination of the Issue Price and allocation of our Equity shares but prior to filing of the Prospectus with the RoC, the Company intends to enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued, except such equity shares as are to be allotted to QIBs under the QIB portion. Pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfil their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions to closing, as specified therein.

Our Board of Directors at its meeting held on [●] has accepted and entered into the Underwriting Agreement on behalf of our Company.

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

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

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rupees in millions)
Book Running Lead Manager		
SBI Capital Markets Limited 202, Maker Tower 'E', Cuffe Parade, Mumbai 400 005 Maharashtra India Tel: +91 22 2217 8300 Fax: +91 22 2218 8332 Email: vrl.ipo@sbicaps.com	[●]	[●]
Syndicate Members		
[●]	[●]	[●]
Total	[●]	[●]

The above-mentioned amount is an indicative underwriting and would be finalized after determination of the Issue Price and actual allocation of the Equity Shares. The Underwriting Agreement is dated [●] and has been approved by the Board of Directors.

Allocation among the Underwriters may not necessarily be in the proportion of their underwriting commitments. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. The underwriting arrangement shall not apply to the subscription by ASBA bidders in the Issue who have submitted their forms directly to the SCSBs. In the event of any default in payment, the respective Underwriter, in addition to other obligations to be defined in the Underwriting Agreement, will also be required to procure subscription for or subscribe for Equity Shares to the extent of the defaulted amount.

In the opinion of the Board of Directors (based on a certificate given by the Underwriters), the resources of all the above-mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters have also informed the Company that for the purposes of the Issue all the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges.

CAPITAL STRUCTURE

The Company's share capital, as of the date of this Draft Red Herring Prospectus, before and after the proposed Issue, is set forth below:

		Aggregate Nominal Value (in Rs.)	Aggregate Value at Issue Price (in Rs.)
A)	**AUTHORIZED SHARE CAPITAL**		
	125,000,000 Equity Shares of Rs. 10 each	1,250,000,000	
B)	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL (BEFORE THE ISSUE)**		
	70,700,000 Equity Shares of Rs. 10 each	707,000,000	
C)	**PRESENT ISSUE IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS**		
	23,566,667 Equity Shares of Rs. 10 each (1)	235,666,670	[●]
	Of which:		
	QIB Portion(2) (Not more than 11,783,332 Equity Shares available for allocation)	117,833,320	[●]
	Anchor Investor Portion (3,535,000 Equity Shares)	35,350,000	
	Of which:		
	Available for Domestic Mutual Funds (1,178,334 Equity Shares)	11,783,340	[●]
	Net QIB Portion (Not more than 8,248,332 Equity Shares available for allocation)	82,483,320	[●]
	Of which:		
	Mutual Fund Portion		
	412,417 Equity Shares	412,4170	[●]
	Balance for all QIBs including Mutual Funds		
	7,835,915 Equity Shares	78,359,150	[●]
	Non-Institutional Portion(3)		
	Not less than 3,535,001 Equity Shares available for allocation	35,350,010	[●]
	Retail Portion(3)		
	Not less than 8,248,334 Equity Shares available for allocation	82,483,340	[●]
D)	**ISSUED, SUBSCRIBED AND PAID UP EQUITY CAPITAL (AFTER THE ISSUE)**		
	94,266,667 Equity Shares of Rs. 10 each	942,666,670	[●]
E)	**SECURITIES PREMIUM ACCOUNT**		
	Before the Issue		63,000,000
	After the Issue		[●]

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(1) *The present Issue has been authorized by the Board of Directors pursuant to a circular resolution passed on August 26, 2010 and by the shareholders of the Company pursuant to a special resolution dated September 23, 2010 under Section 81(1A) of the Companies Act.*

(2) *The Company may consider participation by Anchor Investors for up to 3,535,000 Equity Shares in accordance with applicable ICDR Regulations. For further details, please see the section "Issue Procedure – Anchor Investor Portion" beginning on page 350 of this Draft Red Herring Prospectus. Allocation to QIBs (other than the Anchor Investor Portion) is proportionate as per the terms of the Draft Red Herring Prospectus. 5% of the Net QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% reservation in the Net QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs.*

(3) *Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Qualified Institutional Portion, the Non-Institutional Portion or the Retail Portion, would be allowed to be met with spill-over from other category or a combination of categories, at the discretion of the Company, in consultation with the BRLM and the Designated Stock Exchange.*

Since the incorporation of the Company, the authorized share capital of the Company has been altered in the manner set forth below:

Date of Shareholders' Meeting	Authorized Share Capital prior to the Change	Authorized Share Capital after the Change
May 20, 1988	Rs. 500,000 divided into 500 Equity Shares of Rs. 1,000 each	Rs. 1,500,000 divided into 1,500 Equity Shares of Rs. 1,000 each
July 8, 1995	Rs. 1,500,000 divided into 1,500 Equity Shares of Rs. 1,000 each	Rs. 5,000,000 divided into 5,000 Equity Shares of Rs. 1,000 each
February 14, 1997	Rs. 5,000,000 divided into 5,000 Equity Shares of Rs. 1,000 each	Rs. 200,000,000 divided into 200,000 Equity Shares of Rs. 1,000 each
March 3, 2005	Rs. 200,000,000 divided into 200,000 Equity Shares of Rs. 1,000 each	Rs. 400,000,000 divided into 400,000 Equity Shares of Rs. 1,000 each
August 7, 2006[(A)]	Rs. 400,000,000 divided into 400,000 Equity Shares of Rs. 1,000 each	Rs. 400,000,000 divided into 40,000,000 Equity Shares of Rs. 10 each
December 2, 2006	Rs. 400,000,000 divided into 40,000,000 Equity Shares of Rs. 10 each	Rs. 1,000,000,000 divided into 100,000,000 Equity Shares of Rs. 10 each
March 24, 2007	Rs. 1,000,000,000 divided into 100,000,000 Equity Shares of Rs. 10 each	Rs. 1,250,000,000 divided into 125,000,000 Equity Shares of Rs. 10 each

[(A)] Pursuant to a resolution passed at the AGM dated August 7, 2006, the equity shares of the Company were subdivided into shares having a face value of Rs. 10 each

Notes to the Capital Structure

1. **Share Capital History of the Company**

a. Equity Share Capital

The following is the history of the equity share capital of the Company:

Date of allotment	Number of Equity Shares	Face Value per Equity Shares (Rs.)	Issue Price per Equity Share (Rs.)	Nature of Consideration[(C)] (Cash, bonus, other than cash)	Names of Allottees	Reasons for Allotment	Cumulative No. of Equity Shares	Cumulative paid-up share capital (Rs.)	Cumulative Share Premium
March 31, 1983	4	1,000	1,000	Cash	Mr. Vijay Sankeshwar and Mrs. Lalita Sankeshwar	Subscription to Memorandum	4	4,000	-
April 25, 1983	3	1,000	1,000	Cash	Mr.M. N. Kashinath	Further Allotment	7	7,000	-
May 25, 1983	274	1,000	1,000	Consideration other than cash [(A)]	Mr. Vijay Sankeshwar and Mrs. Lalita Sankeshwar	Further Allotment	281	281,000	-
November 8, 1984	30	1,000	1,000	Cash	Mr.Anand Sankeshwar	Further Allotment	311	311,000	-
May 25, 1987	189	1,000	1,000	Cash	Mr. Vijay Sankeshwar and Mrs. Lalita Sankeshwar	Further Allotment	500	500,000	-

May 4, 1989	120	1,000	1,000	Cash	Mr. Vijay Sankeshwar, Mrs. Lalita Sankeshwar and Mr.Anand Sankeshwar	Further Allotment	620	620,000	-
July 2, 1990	160	1,000	1,000	Cash	Mr. Vijay Sankeshwar and Mrs. Lalita Sankeshwar	Further Allotment	780	780,000	-
July 8, 1995	1,000	1,000	1,000	Cash	Mr.Anand Sankeshwar	Preferential Allotment	1,780	1,780,000	-
November 30, 1995	445	1,000	1,000	Cash	Mr. Vijay Sankeshwar, Mrs. Lalita Sankeshwar and Mr.Anand Sankeshwar	Preferential Allotment	2,225	2,222,500	-
December 31, 1996	275	1,000	1,000	Cash	Mr. Vijay Sankeshwar, Mrs. Lalita Sankeshwar and Mr.Anand Sankeshwar	Preferential Allotment	2,500	2,500,000	-
January 11, 1997	20	1,000	1,000	Cash	Mrs. Bharati Holkunde, Mr.K. N. Umesh, Mr. L. R. Bhat & Mr.Y. M. Honnalli	Preferential Allotment	2,520	2,520,000	-
February 15, 1997	195,000	1,000	-	Bonus	Mr. Vijay Sankeshwar, Mrs. Lalita Sankeshwar and Mr.Anand Sankeshwar	Bonus issue in the ratio of 78:1	197,520 (B)	197,520,000	-
March 18, 1997	2,480	1,000	-	Bonus	Mr. Vijay Sankeshwar, Mrs. Lalita Sankeshwar and Mr.Anand Sankeshwar	Bonus Issue in the ratio of 0.992:1	200,000 (B)	200,000,000	-
August 7, 2006	Sub-division of 200,000 equity shares of the face value of Rs 1,000 each into 200,00,000 Equity Shares of Rs. 10 each								
December 9, 2006	50,000,000	10	-	Bonus	Mr.Vijay Sankeshwar, Mrs.Lalita Sankeshwar, Mr.Anand Sankeshwar, Mrs.Vani Sankeshwar, Mrs.Bharati Holkunde, Mr.K. N. Umesh, Mr.L. R. Bhat and Mr. Y. M. Honnalli	Bonus issue in the ratio of 5:2	70,000,000	700,000,000	-
September 29, 2007	700,000	10	100	Cash	Mr.Anand Sankeshwar and Mrs.Vani Sankeshwar	Preferential Allotment	70,700,000	707,000,000	63,000,000

(A) *Pursuant to a sale deed, the Company acquired certain assets and liabilities of Vijayanand Roadlines with effect from April 1, 1983 and allotted 148 fully paid-up shares to Mr. Vijay Sankeshwar, the proprietor of Vijayanand Roadlines on May 25, 1983. The Company also allotted 126 shares to Mrs. Lalita Sankeshwar on May 25, 1983 in lieu of the transfer of a truck to the Company and remission of a loan of Rs.110,800 given by Mrs. Lalita Sankeshwar to Vijayanand Roadlines.*

(B) *The Company has made two bonus issues of equity shares on February 15, 1997 and March 18, 1997, declaring the record date for both the bonus issues as December 31, 1996. The bonus shares were issued pursuant to a revaluation of assets undertaken by Er. Shriranga R. Hanumasagar. The total revaluation reserve created was Rs. 206.89 million of which Rs. 197.48 million was capitalised. These bonus issues were approved by a special resolution of the members of the Company on February 14, 1997 and March 18, 1997, respectively.*

(C) *All shares allotted were fully paid up at the time of allotment.*

b. *Equity Shares issued for consideration other than cash*

2. The following is the history of the equity share capital of the Company issued from the revaluation reserve or for consideration other than cash:

Date of allotment	Number of Equity Shares	Face Value per Equity Share (Rs.)	Nature of Consideration (bonus, other than cash)	Reasons for Allotment	Persons to whom Equity Shares Allotted	Kind of Reserve Used	Benefit to the Issuer
May 25, 1983	274	1,000	Consideration other than cash (A)	Further Allotment	Mr. Vijay Sankeshwar and Mrs. Lalita Sankeshwar	NA	NA
February 15, 1997	195,000	1,000	Bonus	Bonus Issue in the ratio of 78:1	Existing Shareholders	Revaluation Reserves (B)	NA
March 18, 1997	2,480	1,000	Bonus	Bonus Issue in the ratio of 0.992:1	Existing Shareholders	Revaluation Reserves (B)	NA
December 9, 2006	50,000,000	10	Bonus	Bonus Issue in the ratio of 5:2	Existing Shareholders	General reserve	NA

(A) *Pursuant to a sale deed, the Company acquired certain assets and liabilities of Vijayanand Roadlines with effect from April 1, 1983 and allotted 148 fully paid-up shares to Mr. Vijay Sankeshwar, the proprietor of Vijayanand Roadlines on May 25, 1983. The Company also allotted 126 shares to Mrs. Lalita Sankeshwar on May 25, 1983 in lieu of the transfer of a truck to the Company and remission of a loan of Rs.110,800 given by Mrs. Lalita Sankeshwar to Vijayanand Roadlines. No independent valuation was obtained at the time of the acquisition of the assets and liabilities.*

(B) *The Company revalued its assets on December 31, 1996. The total revaluation reserve created was Rs. 206,890,610, of which Rs. 197,480,000 was capitalised by an issue of bonus shares to the existing shareholders on December 31, 1996. The revaluation of assets was undertaken by Er. Shriranga R. Hanumasagar. The allotment of the bonus shares took place on February 15, 1997and March 18, 1997.*

3. Build up of Promoters Capital, Promoters Contribution and Lock-in

A. *Capital Build-up of the Promoters equity shareholding in the Company*

Date of Allotment/ Transfer	Nature of Transaction	Number of Equity Shares	Cumulative number of Equity Shares	Nature of Consideration(B)	Face Value (Rs.)	Issue/ Transfer Price (Rs.)	Percentage of Pre-Issue Equity Share Capital (%)
Mr. Vijay Sankeshwar							
March 31, 1983	Initial Subscription	2	2	Cash	1,000	1,000	0.003
May 25, 1983	Further Allotment	148	150	Consideration other than Cash (A)	1,000	1,000	0.02

Date of Allotment/ Transfer	Nature of Transaction	Number of Equity Shares	Cumulative number of Equity Shares	Nature of Consideration[(B)]	Face Value (Rs.)	Issue/ Transfer Price (Rs.)	Percentage of Pre-Issue Equity Share Capital (%)
May 25, 1987	Further Allotment	140	290	Cash	1,000	1,000	0.0198
May 4, 1989	Further Allotment	40	330	Cash	1,000	1,000	0.0057
July 2, 1990	Further Allotment	100	430	Cash	1,000	1,000	0.0141
November 30, 1995	Preferential Allotment	135	565	Cash	1,000	1,000	0.0191
December 31, 1996	Preferential Allotment	100	665	Cash	1,000	1,000	0.0141
February 15, 1997	Bonus	51,870	52,535	Bonus (out of revaluation reserves)	1,000	-	7.3366
March 18, 1997	Bonus	660	53,195	Bonus (out of revaluation reserves)	1,000	-	0.0934
March 29, 1997	Transfer from Mr. Anand Sankeshwar	5	53,200	Cash	1,000	1,000	0.0007
Sub-total		53,200					
August 7, 2006	Sub-division of 53,200 equity shares of the face value of Rs 1,000 each into 5,320,000 Equity Shares of Rs. 10 each						
November 4, 2006	Transfer from Mrs. Lalita Sankeshwar	4,130,000	9,450,000	Cash	10	10	5.8416
December 9, 2006	Bonus	23,625,000	33,075,000	Bonus (out of profit and loss account)	10	-	33.4158
	Total	**33,075,000**					**46.78**
Mr. Anand Sankeshwar							
November 8, 1984	Allotment	30	30	Cash	1,000	1,000	0.0042
May 27, 1987	Transfer from Mr. Kori	3	33	Gift	1,000	1,000	0.0004
May 4, 1989	Further Allotment	20	53	Cash	1,000	1,000	0.0028
July 8, 1995	Preferential Allotment	1000	1,053	Cash	1,000	1,000	0.1414
November 30, 1995	Preferential Allotment	140	1,193	Cash	1,000	1,000	0.0198
December 31, 1996	Preferential Allotment	150	1,343	Cash	1,000	1,000	0.0212

Date of Allotment/ Transfer	Nature of Transaction	Number of Equity Shares	Cumulative number of Equity Shares	Nature of Consideration[B]	Face Value (Rs.)	Issue/ Transfer Price (Rs.)	Percentage of Pre-Issue Equity Share Capital (%)
February 15, 1997	Bonus	104,754	106,097	Bonus (out of revaluation reserves)	1,000	-	14.8167
March 18, 1997	Bonus	1,332	107,429	Bonus (out of revaluation reserves)	1,000	-	0.1884
March 29, 1997	Transfer to Mr. Vijay Sankeshwar	-5	107,424	Cash	1,000	1,000	0.0007
March 29, 1997	Transfer to Mrs. Lalita Sankeshwar	-2,004	105,420	Cash	1,000	1,000	0.2835
Sub-total		105,420					
August 7, 2006		Sub-division of 105,420 Equity shares of the face value of Rs 1,000 each into 10,542,000 Equity Shares of Rs. 10 each					
November 4, 2006	Transfer to Mrs.Vani Sankeshwar	-100,000	10,442,000	Cash	10	10	0.1414
December 9, 2006	Bonus	26,105,000	36,547,000	Bonus (out of profit and loss account)	10	-	36.92
September 29, 2007	Preferential Allotment	650,000	37,197,000	Cash	10	100	0.92
Total		**37,197,000**					**52.6124**

(A) *Pursuant to a sale deed, the Company acquired certain assets and liabilities of Vijayanand Roadlines with effect from April 1, 1983 and allotted 148 fully paid-up shares to Mr. Vijay Sankeshwar, the proprietor of Vijayanand Roadlines on May 25, 1983. No independent valuation was obtained at the time of acquisition of the assets and liabilities.*

(B) *All shares allotted to Mr. Vijay Sankeshwar and Mr. Anand Sankeshwar were fully paid up at the time of allotment.*

None of the shares of the Promoters have been pledged.

B. *Details of Promoters contribution locked-in for three years*

Pursuant to Regulations 32 and 36 of the ICDR Regulations, at least an aggregate of 20% of the post-Issue shareholding of the Promoters shall be locked-in for a period of three years from the date of Allotment in the public issue.

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

(i) Equity Shares acquired during the preceding three years (a) for consideration other than cash and revaluation of assets or capitalization of intangible assets or (b) arising from bonus issue by utilization of revaluation reserves or unrealized profits of the Company or from a bonus issue against Equity Shares which are otherwise ineligible for computation of Promoters contribution;

(ii) Equity Shares acquired by the Promoters during the one year preceding the date of this Draft Red Herring Prospectus, at a price lower than the price at which Equity Shares are being offered to the public in the Issue;

(iii) Equity Shares issued to the Promoters upon conversion of a partnership firm; and

(iv) Equity Shares pledged with any creditor.

The details of the Equity Shares of the Promoters locked-in as minimum Promoters contribution are given below:

Name of the Promoter	Date on which the Equity Shares were Allotted	Date when made fully paid-up	Nature of Transaction	Nature of payment of consideration	Number of Equity Shares locked in	Face value (Rs.)	Issue Price (Rs.)	Percentage of pre-Issue share-holding (%)	Percentage of post-Issue share-holding (%)
Mr. Vijay Sankeshwar	December 9, 2006	December 9, 2006	Bonus	Bonus (out of profit and loss account)	9,426,667	10	10	28.50	[•]
Mr. Anand Sankeshwar	December 9, 2006	December 9, 2006	Bonus	Bonus (out of profit and loss account)	9,426,667	10	10	25.34	[•]
Total					**18,853,334**				**[•]**

The Promoters contribution has been brought in to the extent of not less than the specified minimum lot and has been contributed by the persons defined as promoters under the ICDR Regulations.

C. *Details of share capital locked-in for one year*

In addition to the Equity Shares proposed to be locked-in as part of the Promoters contribution as stated above, the entire pre-Issue equity share capital of the Company will be locked-in for a period of one year from the date of allotment of Equity Shares in the Issue. Accordingly, 51,846,666 Equity Shares representing approximately [•] of the post-Issue paid-up share capital of the Company, will be locked in for a period of one year from the date of Allotment of the Equity Shares in the Issue.

Pursuant to Regulation 39 of the ICDR Regulations, locked-in Equity Shares held by the Promoters can be pledged with any scheduled commercial bank or public financial institution as collateral security for loans granted by such scheduled commercial bank or public financial institution, provided that (i) the pledge of shares is one of the terms of sanction of the loan and (ii) if the shares are locked-in as Promoters contribution for three years under Regulation 36(a) of the ICDR Regulations, then in addition to the requirement in (i) above, such shares may be pledged only if the loan has been granted by the scheduled commercial bank or public financial institution for the purpose of financing one or more of the objects of the Issue.

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

Further, pursuant to Regulation 40 of the ICDR Regulations, Equity Shares held by shareholders other than the Promoters which are locked in as per Regulation 37 of the ICDR Regulations, may be transferred to any other person holding shares which are locked-in, subject to continuation of the lock-in in the hands of the transferee for the remaining period and compliance with the Takeover Code, as applicable.

4. **Shareholding Pattern of the Company**

(i) The table below presents the Company's equity shareholding pattern:

The table below presents the Company's equity shareholding as per Clause 35 of the equity listing agreement.

Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a %
(A)	**Shareholding of Promoters and Promoter Group**							
(1)	**Indian**							
(a)	Individuals/ Hindu Undivided Family	5	70,694,750	70,694,750	99.99 %	99.99 %	-	-
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-
(d)	Financial Institutions/ banks	-	-	-	-	-	-	-
(e)	Any other (specify)	-	-	-	-	-	-	-
	Sub- Total (A)(1)	5	70,694,750	70,694,750	99.99 %	99.99 %	-	-
(2)	**Foreign**							
(a)	Individuals (Non-Resident Individuals/ Foreign non Individuals)	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-
(d)	Any other (specify)	-	-	-	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-	-	-	-
	Total Shareholding of Promoters and Promoter Group (A)= (A)(1)+(A)(2)	5	70,694,750	70,694,750	99.99 %	99.99 %	-	-
(B)	**Public shareholding**							
(1)	**Institutions**							
(a)	Mutual Funds/ UTI	-	-	-	-	-	-	-
(b)	Financial Institutions/ Banks	-	-	-	-	-	-	-
(c)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-
(f)	Foreign Institution Investors	-	-	-	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-
(h)	Any Other (specify)	-	-	-	-	-	-	-
	Sub-Total (B)(1)	-	-	-	-	-	-	-
(2)	**Non-institutions**							
(a)	Bodies Corporate	-	-	-	-	-	-	-
(b)	Individuals -							
	i. Individual shareholders holding nominal share capital up to Rs. 100,000	3	5,250	5,250	0.01	0.01	-	-
	ii. Individual shareholders holding nominal share capital in excess of Rs. 100,000	-	-	-	-	-	-	-
(c)	Others							
	Foreign Corporate Bodies	-	-	-	-	-	-	-
	Sub-Total (B)(2)	3	5,250	5,250	0.01	0.01	-	-
	Total public shareholding (B)= (B)(1)+(B)(2)	3	5,250	5,250	0.01	0.01	-	-

Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a %
	TOTAL (A)+(B)	8	70,700,000	70,700,000	100.00	100.00	-	-
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	8	70,700,000	70,700,000	100.00	100.00	-	-

(ii) The pre and post-Issue shareholding pattern of the Company is set out below:

Name of Shareholder	Pre-Issue		Post-Issue	
	Number of Equity Shares	Percentage of equity share capital (%)	Number of Equity Shares	Percentage of equity share capital (%)
Promoter				
Mr. Vijay Sankeshwar	33,075,000	46.78	33,075,000	[●]
Mr. Anand Sankeshwar	37,197,000	52.61	37,197,000	[●]
Total Holding of the Promoters	**70,272,000**	**99.39**	**70,272,000**	[●]
Promoter Group (other than Promoters)				
Mrs. Lalita Sankeshwar	21,000	0.03	21,000	[●]
Mrs. Vani Sankeshwar	400,000	0.57	400,000	[●]
Mrs. Bharati Holkunde	1,750	-	1,750	[●]
Total Holding of Promoter Group (other than Promoters)	**422,750**	**0.60**	**422,750**	[●]
Employees				
K.N Umesh	1,750	-	[●]	[●]
L. Ramanand Bhat	1,750	-	[●]	[●]
Y.M Honnalli	1,750	-	[●]	[●]
Total Holding of Employees	**5,250**	**0.01**	[●]	[●]
Public in the Issue	**NIL**	**NIL**	[●]	[●]
Total	**70,700,000**	**100**	[●]	**100**

5. Details of the shareholding of the Promoters and the members of the Promoter Group as of the date of filing of this Draft Red Herring Prospectus:

Name of the Shareholder	Total Shares	% of pre-Issue capital
Promoter		
Mr. Vijay Sankeshwar	33,075,000	46.78
Mr. Anand Sankeshwar	37,197,000	52.61
Total Holding of the Promoters	**70,272,000**	**99.39**
Promoter Group (other than Promoters) (A)		
Mrs. Lalita Sankeshwar	21,000	0.03
Mrs. Vani Sankeshwar	400,000	0.57
Mrs. Bharati Holkunde	1,750	0.00
Total Holding of Promoter Group (other than Promoters) (B)	**422,750**	**0.60**
Total Holding of Promoters and Promoter Group (A+B)	**70,694,750**	**99.99**

6. There are no Equity Shares that have been purchased or acquired by the Promoter Group and/or the Directors and/or the immediate relatives of the Directors (as defined under Regulation 2(1)(zb)(ii) and Regulation 2(1)(zb)(iv) of the ICDR Regulations) within the last six months preceding the date of filing the Draft Red Herring Prospectus with SEBI.

7. The Promoter Group, the Directors, the immediate relatives of the Directors (as defined under Regulation 2(1)(zb)(ii) and Regulation 2(1)(zb)(iv) of the ICDR Regulations) have not financed the purchase by any other person of securities of the Company during the six months preceding the date of filing the Draft Red Herring Prospectus with SEBI.

8. The Company, the Directors and the BRLM have not entered into any buy back and/or standby/safety-net arrangements for the purchase of Equity Shares in the Issue from any person.

9. The list of top ten shareholders of the Company and the number of Equity Shares held by them is set forth below:

(a) The top ten shareholders of the Company and the Equity Shares held by them as of the date of the filing of this Draft Red Herring Prospectus are as follows:

S. No.	Name of Shareholder	Number of Equity Shares	Pre-Issue Percentage Shareholding (%)
1.	Mr. Anand Sankeshwar	37,197,000	52.61
2.	Mr. Vijay Sankeshwar	33,075,000	46.78
3.	Mrs. Vani Sankeshwar	400,000	0.57
4.	Mrs. Lalita Sankeshwar	21,000	0.03
5.	Mrs. Bharati Holkunde	1,750	-
6.	Mr. K. N. Umesh	1,750	-
7.	Mr. L. Ramanand Bhat	1,750	-
8.	Mr. Y. M. Honnalli	1,750	-
Total		**70,700,000**	**100.00**

(b) The top ten shareholders of the Company and the Equity Shares held by them as of ten days prior to the filing of this Draft Red Herring Prospectus are as follows:

S. No.	Name of Shareholder	Number of Equity Shares	Pre-Issue Percentage Shareholding (%)
1.	Mr. Anand Sankeshwar	37,197,000	52.61
2.	Mr. Vijay Sankeshwar	33,075,000	46.78
3.	Mrs. Vani Sankeshwar	400,000	0.57
4.	Mrs. Lalita Sankeshwar	21,000	0.03
5.	Mrs. Bharati Holkunde	1,750	-
6.	Mr. K. N. Umesh	1,750	-
7.	Mr. L. Ramanand Bhat	1,750	-
8.	Mr. Y. M. Honnalli	1,750	-
	Total	**70,700,000**	**100.00**

(c) The top ten shareholders of the Company and the Equity Shares held by them as of two years prior to the filing of this Draft Red Herring Prospectus are as follows:

S. No.	Name of Shareholder	Number of Equity Shares	Pre-Issue Percentage Shareholding (%)
1.	Mr. Anand Sankeshwar	37,197,000	52.61
2.	Mr. Vijay Sankeshwar	33,075,000	46.78
3.	Mrs. Vani Sankeshwar	400,000	0.57
4.	Mrs. Lalita Sankeshwar	21,000	0.03
5.	Mrs. Bharati Holkunde	1,750	-
6.	Mr. K. N. Umesh	1,750	-

S. No.	Name of Shareholder	Number of Equity Shares	Pre-Issue Percentage Shareholding (%)
7.	Mr. L. Ramanand Bhat	1,750	-
8.	Mr. Y. M. Honnalli	1,750	-
	Total	**70,700,000**	**100.00**

10. Except as set forth below, none of the Directors or our key managerial personnel holds Equity Shares in the Company:

S.No.	Name of the Shareholder	Number of Equity Shares	Pre-Issue Percentage Shareholding (%)	Post-Issue Percentage Shareholding (%)
1.	Mr. Anand Sankeshwar	37,197,000	52.61	[•]
2.	Mr. Vijay Sankeshwar	33,075,000	46.78	[•]
3.	Mrs. Vani Sankeshwar	400,000	0.57	[•]
4.	Mr. K. N. Umesh	1,750	-	[•]
5.	Mr. L. Ramanand Bhat	1,750	-	[•]
6.	Mr. Y. M. Honnalli	1,750	-	[•]
	Total	**70,677,250**	**99.96**	**[•]**

11. There are no outstanding warrants, options or rights to convert debentures or other instruments into Equity Shares.

12. The Company has not issued Equity Shares to the persons in the year preceding the Issue at a price lower than the Issue Price.

13. Subject to the ICDR Regulations, there will be no further issue of Equity Shares whether by way of preferential issue or bonus issue or rights issue or further public issue of Equity Shares or qualified institutions placement or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with the SEBI until the Equity Shares offered through the Red Herring Prospectus have been listed.

14. The Company presently does not have any intention or proposal to alter its capital structure for a period of six months from the Bid/Issue Opening Date, by way of split/consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly, for the Equity Shares) whether by way of preferential issue or bonus issue or rights issue or further public issue of Equity Shares or qualified institutions placement or otherwise, except if the Company plans to enter into acquisitions, joint ventures or strategic alliances, the Company may consider raising additional capital to fund such activity or use Equity Shares as currency for such acquisition, investment or alliance.

15. A Bidder cannot submit a Bid for more than the number of Equity Shares offered in the Issue and such bids are subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

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

17. As of the date of filing this Draft Red Herring Prospectus, the total number of holders of Equity Shares is 8.

18. The Company has currently not raised any bridge loan against the proceeds of the Issue.

19. An over-subscription to the extent of 10% of the Issue can be retained for purposes of rounding off to the nearest multiple of the minimum allotment lot while finalizing the basis of allotment. Consequently, the Allotment may increase by a maximum of 10% of this Issue, as a result of which the post-Issue paid-up capital would also increase by the excess amount of Allotment so made. In such an event, the Equity Shares to be locked-in towards the Promoters' Contribution shall be suitably increased, so as to ensure that 20% of the post-Issue paid-up capital is locked-in.

20. All of the Equity Shares in the Issue will be fully paid up upon Allotment.

21. The Promoters and the members of the Promoter Group will not participate in the Issue.

22. There are restrictive covenants in the agreements entered into by the Company with certain lenders for short-term and long-term borrowing. For further details, please see the section "Financial Indebtedness" beginning on page 257 of this Draft Red Herring Prospectus.

23. As of the date of this Draft Red Herring Prospectus, neither the BRLM nor its associates held any Equity Shares in the Company.

24. The constitution of the Promoter Group is set forth below:

The natural persons who are part of the Promoter Group, apart from the individual Promoters mentioned in the section "Our Promoters and Group Companies of our Promoters" beginning on page 132 of this Draft Red Herring Prospectus, are set forth below:

a) Mrs. Lalita Sankeshwar (wife of Mr. Vijay Sankeshwar and mother of Mr. Anand Sankeshwar)
b) Mr. Dayanand Sankeshwar (brother of Mr. Vijay Sankeshwar)
c) Mr. Mrutyunjay Sankeshwar (brother of Mr. Vijay Sankeshwar)
d) Mr. Mallikarjun Sankeshwar (brother of Mr. Vijay Sankeshwar)
e) Mrs. Sumitra Arali (sister of Mr. Vijay Sankeshwar)
f) Mrs. Uma Pattanashetti (sister of Mr. Vijay Sankeshwar)
g) Mrs. Parvati Angadi (sister of Mr. Vijay Sankeshwar)
h) Mrs. Bharati Holkunde (daughter of Mr. Vijay Sankeshwar and sister of Mr. Anand Sankeshwar)
i) Mrs. Arati Patil (daughter of Mr. Vijay Sankeshwar and sister of Mr. Anand Sankeshwar)
j) Mrs. Deepa Sidnal (daughter of Mr. Vijay Sankeshwar and sister of Mr. Anand Sankeshwar)
k) Mr. Sangappa Byali (brother-in-law of Mr. Vijay Sankeshwar)
l) Mrs. Channamma Chunmuri (sister-in-law of Mr. Vijay Sankeshwar)
m) Mrs. Kamala Jigbaddi (sister-in-law of Mr. Vijay Sankeshwar)
n) Mrs. Shakuntala Sankeshwar (sister-in-law of Mr. Vijay Sankeshwar)
o) Mrs. Suvarna Neelakanthanavar (sister-in-law of Mr. Vijay Sankeshwar)
p) Mrs. Vani Sankeshwar (wife of Mr. Anand Sankeshwar)
q) Master Shiva Sankeshwar (son of Mr. Anand Sankeshwar)
r) Ms. Vaishnovi Sankeshwar (daughter of Mr. Anand Sankeshwar)
s) Ms. Chhaya Sankeshwar (daughter of Mr. Anand Sankeshwar)
t) Mr. Chandrakant Baswaraj Patil (brother-in-law of Mr. Anand Sankeshwar)
u) Mr. Kailash Patil (brother-in-law of Mr. Anand Sankeshwar)
v) Mr. Amit Patil (brother-in-law of Mr. Anand Sankeshwar)
w) Mr. Baswaraj Galangalappa Patil (father-in-law of Mr. Anand Sankeshwar)
x) Mrs. Surekha Patil (mother-in-law of Mr. Anand Sankeshwar)

The members of the Promoter Group in accordance with the ICDR Regulations are set forth below:

a) Jyothi Cement Spun Pipe Works
b) Kailash Transformers Pvt. Ltd.
c) Karnataka Pre-stress Concrete Works
d) Mahadev Industries – Bidar
e) Mahadev Industries – Gulburga
f) Mahadev Industries – Hospet

a) Maruti Cement Spun Pipe Works
g) Mrutyunjay Sankeshwar (HUF)
h) Natraj Cement Works
i) Premier Agencies
j) Raja Cement Spun Pipe Works
k) Raja Mini Cements
l) S B Patil Dall Mill
m) S B Patil Minerals Pvt. Ltd.
b) Sankeshwar Printers Pvt. Ltd.
n) Sankeshwar Beverages
o) Shiva Agencies
p) Shiva Concrete Products
q) Someshwar Dall Industries
r) Vijayakant Dairy & Food Products Pvt. Ltd.
s) Sankeshwar Minerals Private Limited
t) VRL Cements Limited
u) VRL Media Limited
v) VRL Securities Limited

25. No person connected with the Issue, including, but not limited to, the BRLM, the members of the Syndicate, the Company, the Directors, the Promoters, the Promoter Group and the Group Companies of the Promoters, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid.

26. Under-subscription in any category, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of the Company in consultation with the BRLM and the Designated Stock Exchange.

OBJECTS OF THE ISSUE

The Company intends to utilize the proceeds from the Issue, after deduction of the Issue expenses (such net proceeds, the "Net Proceeds of the Issue") for the following objects:

1. funding the purchase of vehicles for the passenger and goods transportation business;
2. repayment of the loan granted by UCO Bank and Union Bank of India to the Company; and
3. general corporate purposes.

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

The details of the proceeds of the Issue are summarized in the table below:

(Rs. in millions)

Particulars	**Amounts**
Gross proceeds of the Issue	[•]
Issue related expenses	[•]
Net Proceeds of the Issue	[•]

Requirement of Funds

The details of the utilization of the Net Proceeds of the Issue are as follows:

(Rs. in millions)

S. No.	**Particulars**	**Estimated Total Cost**	**Expenditure incurred through internal accruals and borrowings as of November 30, 2010**	**Total Amount to be financed from the Net Proceeds of the Issue**
1.	Funding the purchase of vehicles for the passenger and goods transportation business;	2,512.33	78.03*	1,400.00
2.	Repayment of the loan granted by UCO Bank and Union Bank of India to the Company;	1,100.00	-	1,100.00
3.	General corporate purposes	[•]	-	[•]
	Total	[•]	78.03	[•]

* As certified by H.K. Veerbhaddrappa & Co. and Walker, Chandiok & Co, Chartered Accountants pursuant to a certificate dated December 10, 2010.

The fund requirements are based on management estimates and have not been appraised by any bank or financial institution or any other independent agency. These are based on current conditions and are subject to change due to changes in external circumstances, such as the prevailing business situation, or costs.

In the event of any variation in the actual utilization of funds for the purposes specified above, increased fund requirements for a particular purpose may be financed from surplus funds, if any, available in respect of the other purposes for which funds are being raised in the Issue. If surplus funds are unavailable or in case of cost overruns, we expect that the shortfall will be met from internal accruals and/or entering into debt or equity arrangements as required.

In view of the competitive and dynamic nature of the businesses in which we operate, and modification in the developments and initiatives that we are currently pursuing, we may have to revise our planned allocation of funds from time to time. This may entail increasing or decreasing the allocation of funds for a particular purpose from the original planned allocation at the discretion of our management. Any such change in our plans may require us to reschedule the estimated dates of launch or completion of various proposals described herein.

In accordance with Regulation 4(2)(g) of the ICDR Regulations and the SEBI Circular No. SEBI/CFD/MB/IS/3/2008/29/08, we confirm that we have made firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, in the form of debt and equity, excluding the amount to be raised through the Net Proceeds or through existing identifiable internal accruals.

Means of Finance

(Rs. in millions)

Sr. No.	Particulars	Amount
1.	Net Proceeds of the Issue	[•]
2	Debt	1034.30
3	Internal Accruals	[•]
	Total	**[•]**

Schedule of Implementation/Utilization of Net Proceeds

The breakdown of the proposed utilization of the Net Proceeds of the Issue and the deployment of the Net Proceeds of the Issue, as currently estimated by the Company, during Fiscals 2011 and 2012, and the expenditure incurred as of November 30, 2010, is set forth below.

(Rs. in millions)

Particulars	Estimated Total Cost	Expenditure incurred through internal accruals and borrowings as of November 30, 2010	Schedule of Deployment of Funds as of March 31,	
			2011	2012
Funding the purchase of vehicles for the passenger and goods transportation businesses	2,512.33	78.03*	907.73	1,604.60
Repayment of the loan granted by UCO Bank and Union Bank of India to the Company	1,100.00	-	1,100.00	-
General corporate purposes	[•]	-	[•]	-
Total	[•]	78.03	[•]	1,604.60

* As certified by H.K. Veerbhaddrappa & Co. and Walker, Chandiok & Co, Chartered Accountants pursuant to a certificate dated December 10, 2010.

Our management, in accordance with the policies set up by the Board, will have flexibility in deploying the Net Proceeds of the Issue.

Details of the Objects of the Issue

1. Funding the purchase of vehicles for the passenger and goods transportation businesses

As on September 30, 2010 we had a fleet of 2,829 owned vehicles for carrying on the goods and passenger transportation businesses. For details of our existing fleet, please see "Our Business – Our Passenger Transportation Business" and "Our Business – Our Goods Transportation Business" on pages 86 and 80, respectively, of this Draft Red Herring Prospectus. We plan to expand our fleet by utilizing an amount of up to Rs. 1,400 million from the Net Proceeds of the Issue to purchase new and technologically advanced passenger buses and goods transportation vehicles.

In the goods transportation business, we believe that the utilization of our existing fleet capacity vehicles has been optimised and therefore, the planned expansion of our goods transportation fleet is a timely move to increase our capacity so as to meet the growing needs of freight movement and capitalise on market opportunities.

The purchase of passenger buses is in keeping with our expansion plans in the passenger transportation business as it offers higher margins, advance cash realisation and higher return on assets. We have identified growing opportunities in certain routes which offer higher occupancy rates. We intend to prioritise our growth in high density metropolitan and tier-2 cities in growing commuter regions of India by providing high quality, locally focused passenger transport services. Furthermore, we also intend to increase our focus on the luxury segment of passenger travel. To achieve these goals, we will intend to use a portion of our Net Proceeds of the Issue to increase our fleet size with new and technologically advanced buses.

The following table sets out a detailed break-up of the cost of purchase of passenger buses and goods transportation vehicles based on quotations received from suppliers and internal estimates:

S. No	Type of Vehicle/	Purchase Quantity	Unit Cost* (in Rs.)				Total Amount (in Rs. Millions)	Name of the Supplier	Date of Quotation
			Cost of each unit (as per Quotations)	Cost of body building	Insurance Cost**	Registration Charges**			
	Passenger buses								
1	Volvo 9400 6X2 (Built on B9R chassis)	100	8,745,000	-	115,208	156,700	901.69	Volvo Buses India Private Limited	October 1, 2010
2	Hi-teck Sleeper Buses	102	1,478,642	927,000	44,760	14,150	251.38	Ashok Leyland Limited and Veera Vahan Udyog Private Limited	November 22, 2010 and October 6, 2010
3	Hi-teck AC Sleeper Buses	36	1,478,642	1,410,000	39,457	14,150	105.93	Ashok Leyland Limited and Damodar Coach Crafts Private Limited	November 22, 2010 and October 6, 2010
	Goods transportation vehicles								
4	Ashlok Leyland 3123 BS3- 30.5ft. loading span cowl chassis	500	2,085,804	270,000**	38,410	112,445	1,253.33	Ashok Leyland Limited	November 2, 2010
Total		**738**					**2,512.33**		

**inclusive of applicable taxes*

***these costs have been quantified based on management estimates.*

None of the vehicles described above, is used/second hand in nature, and we do not propose to purchase any used / second hand vehicles.

The Promoters, Directors, key managerial personnel and the Group Companies do not have any interest in the proposed acquisition of the vehicles or in the entity from whom we have obtained quotations.

We purchase vehicles on a regular basis in the course of our business. The prices for the vehicles proposed to be purchased as set out above are as per the quotations received from the respective suppliers. We will obtain fresh quotations at the time of actual placement of the order for the respective equipment. The actual cost would thus depend on the prices finally settled with the suppliers and to that extent may vary from the above estimates.

Further, our Company's capital expenditure plans are subject to a number of variables, including possible cost overruns and changes in the management's views of the desirability of current plans, among others.

Means of Finance

The means of finance for the goods and passenger transportation vehicles as per management estimates are set forth below:

(Rs. in millions)

Source	**Total**
Net Proceeds of the Issue	1,400.00
Debt	1,034.30
Internal Accruals	[●]
Total	[●]

We confirm that at least 75% of the stated means of finance, in the form of debt, excluding the amount to be raised through the Net Proceeds of the Issue or through existing identifiable internal accruals have been tied up as follows:

S. No.	**Name of the Bank/ Financial Institution**	**Date of Sanction Letter**	**Total Amount sanctioned (in Rs. Millions)**
1	L&T Finance Limited	October 30, 2010	136.00
2	Religare Finvest Limited	July 7, 2010	200.00
3	HDFC Bank	September 14, 2010	184.00
4	Magma Fincorp Limited	November 20, 2010	63.4
5	ICICI Bank	September 20, 2010	200.87
		Total	**784.27**

The debt component for the purchase of the passenger and goods transportation vehicles has been tied up by the Company. For further information, please see the section "Financial Indebtedness" beginning on page 257 of this Red Herring Prospectus. Further, the net profit after tax of the Company for the six month period ended September 30, 2010 as per the Restated Financial Statements was Rs 315.95 million and cash and cash equivalents as of September 30, 2010 was 190.88 million.

2. Repayment of loans granted by UCO Bank and Union Bank of India

We have availed of debt facilities from UCO Bank and Union Bank of India to part-finance our wind power generation business. Pursuant to a certificate dated December 10, 2010, H.K. Veerbhaddrappa & Co. and Walker, Chandiok & Co., Chartered Accountants, have certified that the above loan was substantially utilized for the purpose it was sanctioned. For details of our indebtedness, please see the section "Financial Indebtedness" beginning on page 257 of this Draft Red Herring Prospectus.

We intend to utilize an amount of Rs. 1,100 million out of the Net Proceeds of the Issue to repay/prepay the amount outstanding under the loan availed by us from UCO Bank and Union Bank of India for the wind power business. We may repay/prepay this facility on or prior to the scheduled dates for the repayment/prepayment.

The details of the loan proposed to be repaid out of Net Proceeds of the Issue are provided in the table below:

Name of Bank /Financial Institution	UCO Bank	Union Bank of India
Nature of loan facility	Term Loan	Term Loan
Amount of Sanctioned Facility (in Rs. Million)	1,200	481
Amount Disbursed (in Rs. Million)	1,200	480
Amount Outstanding as on November 30, 2010 (in Rs. Million)	967.47*	314.62*
Date of sanction letter/facility agreement	26 March 2007	10 July 2007
Tenor	10 years	10 years
Rate of Interest	12.75% p.a.	13.25% p.a.
Interest Reset, if any	Linked to changes in the BPLR	Linked to changes in the BPLR
Repayment Schedule	Repayable in 120 equated monthly instalments with a moratorium of 5 months from the date of disbursement.	Repayable in 60 monthly instalments of Rs. 5,00,000 plus interest with a one month moratorium
Prepayment Penalty, if any	A prepayment penalty of 1% will be levied	A prepayment penalty of 2% will be levied

*As certified by H.K. Veerbhaddrappa & Co. and Walker, Chandiok & Co, Chartered Accountants pursuant to a certificate dated December 10, 2010.

3. General Corporate Purpose

We will have flexibility in applying Rs. [●] millions of the Net Proceeds of the Issue for general corporate purposes, including (i) releasing appropriate advances for vehicles; (ii) repayment of loans (iii) brand building and other marketing efforts; (iv) acquiring fixed assets including land, building, furniture and fixtures; (v) meeting any expense of the Company, including salaries and wages, rent, administration, insurance, repairs and maintenance, payment of taxes and duties; (vi) meeting expenses incurred in the ordinary course of business; and (vii) any other purpose as may be approved by our Board.

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

Issue Related Expenses

The Issue related expenses include, among others, underwriting and selling commissions, printing and distribution expenses, legal fees, advertisement expenses and registrar and depository fees. The estimated Issue expenses are as follows:

Activity	**Expenses (Rs. in millions)[(1)]**	**As a % of Total Issue Expenses**	**As a % of Issue Size**
Fees payable to the Book Running Lead Manager	[●]	[●]	[●]
Underwriting commission, brokerage and selling commission	[●]	[●]	[●]
Fees payable to the Registrar to the Issue	[●]	[●]	[●]
Fees payable to the Bankers to the Issue	[●]	[●]	[●]
SCSB Commission	[●]	[●]	[●]
Other (listing fees, legal fees, grading expenses, advertising and marketing expenses, printing and stationery, etc.)	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

(1) To be completed after the Issue Price is finalized.

Interim Use of Funds

Pending utilization for the purposes described above, we intend to invest the funds in high quality interest bearing liquid instruments, including money market mutual funds and deposits with banks for the necessary duration or for reducing the working capital facilities being availed by us. Pending utilization of the Net Proceeds of the Issue, the Company shall not invest the Net Proceeds of the Issue in the equity market.

Shortfall of Funds

In case of any shortfall in the Net Proceeds of the Issue to meet the objects mentioned above, including on account of lowering of the Price Band to the extent of 20%, our management may explore a range of options, including utilizing internal accruals or seeking additional debt or equity. If the shortfall is due to the lowering of the Price Band to the extent of 20%, Allotment shall not be made in this Issue unless the financing in this regard is tied-up. If there is any surplus from the Net Proceeds of the Issue after meeting the objects of the Issue, we intend to use such surplus for general corporate purposes, including meeting future growth opportunities.

Bridge Financing Facilities

We have currently not raised any bridge loan against the Net Proceeds of the Issue. However, depending on business requirements, we might consider raising bridge financing facilities, pending receipt of the Net Proceeds of the Issue.

Monitoring of Utilization of Funds

There is no requirement for a monitoring agency as the Issue size is less than Rs. 5,000 million. Our audit committee shall monitor the utilization of the proceeds of the Issue. We will disclose the utilization of the Net Proceeds, including interim use, under a separate head specifying the purpose for which such proceeds have been utilized along with details, if any in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilized proceeds of the Issue in our Balance Sheet for the relevant financial years commencing from Fiscal 2011.

We will disclose the details of the utilization of the Net Proceeds of the Issue, including interim use, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of our listing agreements with the Stock Exchanges. As per the requirements of Clause 49 of the listing agreement, we will disclose to the audit committee the uses/ applications of funds on a quarterly basis as part of our quarterly declaration of results. Further, on an annual basis, we shall prepare a statement of funds utilized for purposes other than those stated in this Draft Red Herring Prospectus and place it before the audit committee. The said disclosure shall be made till such time that the full proceeds raised through the Issue have been fully spent. The statement shall be certified by our Statutory Auditors. Further, in terms of Clause 43A of the listing agreement, we will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the objects stated in this Draft Red Herring Prospectus. Further, this information shall be furnished to the Stock Exchanges along with the interim or annual financial results submitted under Clause 41 of the listing agreement and be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the audit committee in terms of Clause 49 of the listing agreement.

Other Confirmations

The Company will not pay any part of the Net Proceeds of the Issue as consideration to our Promoters, Directors, key managerial personnel and Group Companies of our Promoters.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by the Company in consultation with the BRLM, on the basis of assessment of market demand for the Equity Shares through the Book Building Process is justified based on the below accounting ratios. See also the section “Risk Factors” beginning on page xii of this Draft Red Herring Prospectus and the Restated Financial Statements as set out in the section “Financial Statements” beginning on page 144 of this Draft Red Herring Prospectus to have a more informed view. The trading price of the Equity Shares of the Company could decline due to the factors mentioned in the section “Risk Factors” and you may lose all or part of your investment. The face value of the Equity Shares is Rs. 10 and the Issue Price is [●] times the face value.

Qualitative Factors

We believe that we have the following principal competitive strengths:

- A nationally established transportation company
- Proven track record in the transportation business
- Large and established size and scale of operations
- Young fleet of vehicles in the passenger transportation business
- Low dependence on hiring third-party vehicles in the goods transportation business
- Strong in-house capabilities
- Differentiated operating model
- Experienced and motivated management team
- Ability to recruit and retain highly experienced and professional drivers

For more details on qualitative factors, refer to section “Our Business” beginning on page 74 of this Draft Red Herring Prospectus.

Quantitative Factors

Information presented in this section is derived from the Restated Financial Statements included in this Draft Red Herring Prospectus.

Some of the quantitative factors which may form the basis for computing the Issue Price are as follows:

1. Basic and Diluted Earning per Share (EPS)[1][2]:

As per the Company’s restated financial statements:

Period ended	Basic EPS (in Rs.)	Diluted EPS (in Rs.)	Weight
March 31, 2010	4.39	4.39	3
March 31, 2009	0.45	0.45	2
March 31, 2008	1.07	1.07	1
Weighted Average	2.52	2.52	

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

(2) *Face value per share is Rs. 10.*

Note:

a) The earning per share has been calculated on the basis of the restated profits and losses of the respective years.
b) The denominator considered for the purpose of calculating the earnings per share is the weighted average number of Equity Shares outstanding during the year.
c) The earning per share calculations have been done in accordance with Accounting Standard 20 – "Earning per share" notified by the Companies (Accounting Standards) Rules, 2006, as amended.

2. Price Earning Ratio (P/E ratio)

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

a) As per the Company's restated financial statements:
   (i) For the six-month period ended September 30, 2010: [●]
   (ii) for the year ended March 31, 2010: [●]
   (iii) for the year ended March 31, 2009: [●]
   (iv) for the year ended March 31, 2008: [●]

b) Peer Group P/E

No source of information is available where companies engaged in this business are categorised as a separate industry and hence, highest, lowest and average industry P/E has not been furnished.

3. Return on Net Worth:

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

Year Ended	RONW (%)	Weight
March 31, 2010	28.43	3
March 31, 2009	3.09	2
March 31, 2008	7.36	1
Weighted Average	16.47	

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

- With respect to Basic EPS

  a. At the lower end of the Price Band: [●]%
  b. At the higher end of the Price Band: [●]%
  c. At the Issue Price: [●]%

- With respect to Diluted EPS

  a. At the lower end of the Price Band: [●]%
  b. At the higher end of the Price Band: [●]%
  c. At the Issue Price: [●]%

5. Net Asset Value per Equity Share:

a. As on March 31, 2010 : Rs.15.44
b. As of September 30, 2010 : Rs.16.41
c. Issue Price : [●]*
d. As of September 30, 2010 after the Issue : Rs. [●]

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

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

6. Comparison with Industry Peers:

Fiscal 2010	Face Value (Rs.)	EPS (Rs.)	NAV (per share) (Rs.)	P/E Multiple	RONW (%)
Gati Limited*	2	1.78	32.59	35.9	5.45
Transport Corporation of India Limited*	2	5.93	42.54	15.6	13.93
VRL Logistics Limited#	10	4.39	15.44	[●]	28.43

Source: Annual report of the Gati Limited for the year ended June 30, 2010(standalone) and annual report of Transport Corporation of India Limited for the year ended March 31, 2010 (standalone) except for the P/E multiple which has been taken from the Capital Market, Volume XXV/20,Nov 29 – Dec 12, 2010.
 # Restated audited financial statement of the Company for the year ended March 31, 2010

The Issue Price will be determined by the Company in consultation with the BRLM, on the basis of assessment of market demand for the Equity Shares through the Book Building Process. The BRLM believes that the Issue Price of Rs. [●] is justified in view of the above qualitative and quantitative parameters. Investors should read the above mentioned information along with "Risk Factors" and "Financial Statements" beginning on pages xii and 144, respectively, of this Draft Red Herring Prospectus, to have a more informed view.

STATEMENT OF TAX BENEFITS

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

Dear Sirs,

Subject: Statement of Possible Tax Benefits

We hereby certify that the enclosed annexure states the possible tax benefits available to VRL Logistics Limited (the "Company") and to the Equity Shareholders of the Company under the provisions of the Income-tax Act, 1961 and Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the Company or its Equity Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its Equity Shareholders to derive tax benefits is dependent upon fulfilling such conditions.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. A shareholder is advised to consult his/ her/ their own tax consultant with respect to the tax implications arising out of their participation in the proposed Initial Public Offer of Equity Shares of the Company particularly in view of ever changing tax laws in India.

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

a) The Company or its Equity Shareholders will continue to obtain these benefits in future; or
b) The conditions prescribed for availing the benefits have been / would be met.

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the provisions of the Income- Tax Act, 1961 and Wealth Tax Act, 1957 as of date.

This report is intended solely for your information and for the inclusion in the offer documents in connection with the proposed initial public offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No: 001076N
per **Amyn Jassani**
Partner
Membership No. F-46447
Place: Mumbai
Date: December 10, 2010

For **H.K.Veerbhaddrappa & Co.**
Chartered Accountants
Firm Registration No: 004578S
per **Arrvvind Kubsad**
Partner
Membership No. F-85618
Place: Hubli
Date: December 10, 2010

STATEMENT OF TAX BENEFITS

The information provided below sets out the possible tax benefits available to the Company and the Equity Shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares, under the current tax laws presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the Equity Shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

YOU SHOULD CONSULT YOUR OWN TAX ADVISORS CONCERNING THE INDIAN TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION.

Levy of Income Tax

As per the provisions of the Income Tax Act, 1961 (“Act”) taxation of a person is dependant on its tax residential status. The Indian tax year runs from April 1 to March 31.

In general, in the case of a person who is "resident" in India in a tax year, its global income is subject to tax in India. In the case of a person who is "non-resident" in India, only the income that is received or deemed to be received or that accrues or is deemed to accrue or arise to such person in India is subject to tax in India. In the instant case, the income from the Equity Shares of the Company would be considered to accrue or arise in India, and would be taxable in the hands of all persons irrespective of residential status. However, relief may be available under applicable Double Taxation Avoidance Agreement (“DTAA”) to certain non-residents.

An **individual** is considered to be a **resident** of India during any financial year if he or she is in India in that year for:

- A period or periods amounting to 182 days or more; or
- 60 days or more if within the 4 preceding years, he/she has been in India for a period or periods amounting to 365 days or more; or
- 182 days or more, in the case of a citizen of India or a person of Indian origin living abroad who visits India; or
- 182 days or more, in the case of a citizen of India who leaves India for the purposes of employment outside India in any previous year.

A **Hindu undivided Family (HUF), firm or other association of persons (AOP)** is resident in India except where the control and management of its affairs is situated wholly outside India.

A “**company”** is “**resident**” in India if it is formed and registered in accordance with the Indian Companies Act or if the control and management of its affairs is situated wholly in India in a tax year.

A “**firm**” or “**association of persons**” is resident in India except where the control and management of its affairs is situated wholly outside India.

A “**Non-Resident**” means a person who is not a resident in India.

A person is said to be **not ordinarily resident** in India in any previous year if such person is:

- a non-resident in India in 9 out of the 10 previous years preceding that year, or has during the 7 previous years preceding that year been in India for a period of, or periods amounting in all to, 729 or less; or
- a Hindu undivided family whose manager has been a non-resident in India in 9 out of the 10 previous years preceding that year, or has during the 7 previous years preceding that year been in India for a period of, or periods amounting in all to, 729 or less.

As per the taxation laws in force, the tax benefits / consequences, as applicable, to VRL Logistics Limited and its Equity Shareholders investing in the Equity Shares are summarized below:

1 BENEFITS AVAILABLE TO THE COMPANY - UNDER THE INCOME-TAX ACT, 1961 (the "Act")

Special Tax Benefits

1.1 In accordance with and subject to the conditions specified under Section 80-IA of the Act, the Company is eligible for 100 per cent deduction of the profits derived from the generation of wind power for any ten consecutive financial years out of the fifteen financial years beginning from the year in which the undertaking of the Company starts generating the wind power. The Company started generating wind power from the financial year (FY) 2006-07. Accordingly, the Company is entitled to claim 100 per cent deduction in respect of profits earned from the wind power generation business under Section 80-IA of the Act. The Company would be entitled to claim the deduction in any ten consecutive financial years out of fifteen years beginning from the FY 2006-07. The Company is entitled to claim depreciation at 80 per cent in respect of the wind mill.

1.2 Deduction under the Act is allowed for benefits available under 80-IA, however, while computing "book profit" as per Section 115JB of the Act, Minimum Alternate Tax ("MAT") at 18 per cent (plus surcharge and education cess, as applicable) will be required to be paid by the Company on such profits, irrespective of the tax benefits available under Section 80-IA of the Act. Surcharge is applicable at 7.5 per cent where taxable income of the Company exceeds Rs. 10,000,000. Education cess is payable at 3 per cent of tax and surcharge.

General Tax Benefits

1.3 **Dividends exempt under Section 10(34) of the Act**

Under Section 10(34) of the Act, income by way of "dividends" received on the shares of any domestic company is exempt from income tax in the hands of shareholders. However, no deduction is permitted in respect of expenditure incurred in relation to income which is not chargeable to tax. The expenditure relatable to "exempt income" need to be determined in accordance with the provisions specified in Section 14A of the Act read with Rule 8D of the Income Tax Rules, 1962 ("Rules").

However, the Company will be liable to pay Dividend Distribution Tax (''DDT") at 16.60875 per cent (tax rate of 15 per cent plus surcharge of 7.5 per cent and education cess of 3 per cent) on the total amount distributed as dividends. In calculating the amount of dividend on which DDT is payable, the same shall be reduced by dividend, if any, received by the Company during the FY, where:

- such dividend is received from subsidiary of the Company (A company shall be a subsidiary of another company, if such other company, holds more than half in nominal value of the equity share capital of the company);
- such subsidiary has paid tax under this Section on such dividend; and
- the Company is not a subsidiary of any other company.

1.4 Under Section 10(35) of the Act, any income received in respect of the units of a Mutual Fund specified in Section 10(23D) of the Act; or units from the Administrator of the specified undertaking; or units from the specified company, as defined in Explanation to Section 10(35) of the Act, is exempt from tax.

1.5 Under Section 32(1) of the Act, the Company can claim depreciation allowance at the prescribed rates on tangible assets such as building, plant and machinery, furniture and fixtures, etc and intangible assets defined to include patent, trademark, copyright, know-how, licenses, franchises or any other business or commercial rights of similar nature, if such intangible assets are acquired after 31st March 1998.

1.6 Under Section 32(2) of the Act, where full effect cannot be given to any depreciation allowance under Section 32(1) of the Act in any FY, owing to there being no profits or gains chargeable for that FY, or owing to the profits or gains chargeable being less than depreciation allowance, then, subject to the provisions of Section 72(2) of the Act, depreciation allowance or the part of depreciation allowance to which effect has not been given, as the case may be, shall be added to the amount of the depreciation allowance for the following FY and deemed to be part of that depreciation allowance, or if there is no such depreciation allowance for that FY, be deemed to be the depreciation allowance for that FY, and so on for the succeeding FYs.

1.7 Under Section 115JAA(2A) of the Act, tax credit shall be allowed in respect of MAT paid under Section 115JB of the Act for any FY commencing on or after April 1, 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 10 years immediately succeeding the year in which the MAT credit initially arose.

1.8 **Capital Gains**

1.8.1 Capital assets may be categorised into short-term capital assets and long-term capital assets, based on the period of holding. Shares in a company, listed securities or units or zero coupon bonds will be considered as long-term capital assets if they are held for a period exceeding 12 months.

1.8.2 Under Section 10(38) of the Act, long term capital gains arising to a shareholder on transfer of shares in the company or units of an equity oriented fund are exempt from tax, where the sale transaction has been entered into on a recognized stock exchange of India and Securities Transaction Tax ("STT") has been paid on the same. However, profits on transfer of above referred long term capital assets shall not be reduced in computing the "book profits" for the purposes of computation of MAT under Section 115 JB of the Act.

1.8.3 Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset from the sale consideration to arrive at the amount of capital gains. However, second proviso to Section 48 of the Act permits substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, thereby adjusting the cost of acquisition / improvement by a cost inflation index, as prescribed.

1.8.4 Under Section 112 of the Act, long term capital gains, [other than those exempt under Section 10(38) of the Act] arising on transfer of listed equity shares in the company, would be subject to tax at a rate of 20 per cent (plus applicable surcharge and education cess) after indexation or 10 per cent (plus applicable surcharge and education cess) without indexation, whichever is lower.

1.8.5 Under Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains arising on the transfer of equity shares of the company would be exempt from tax if such capital gains is invested within 6 months after the date of such transfer in specified assets, being bonds issued by:

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

The investment made in such bonds during any financial year cannot exceed Rs.5,000,000.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within 3 years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

Since long term capital gains arising under Section 10(38) of the Act are not taxable, there is no requirement for making investment under Section 54EC of the Act in such cases.

1.8.6 Under Section 111A of the Act, short-term capital gains arising on transfer of equity share in the company would be taxable at 15 per cent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and STT has been paid on the same. Short-term capital gains arising from transfer of shares in the Company, other than those covered by Section 111A of the Act, would be subject to tax under the normal provisions of the Act

1.9 Under Section 72(1) of the Act, where for any FY, the net result of the computation under the head "Profits and Gains of Business or Profession" is a loss to the Company (not being a loss sustained in a speculation business), then to the extent to which such loss cannot be set off against income from any other head of income for the same year, it shall be eligible to be carried forward and available for set off only against income from business under head "Profits and Gains of Business or Profession" for subsequent years. As per Section 72(3) of the Act, the loss so carried forward can be set off subject to a limit of 8 FYs immediately succeeding the FY for which the loss was first computed. However, as per Section 80 of the Act, only a loss which has been determined in pursuance of a return filed within the due date in accordance with the provisions of Section 139(3) of the Act shall be carried forward and set off under Section 72(1) of the Act.

2 BENEFITS AVAILABLE TO RESIDENT SHAREHOLDERS UNDER THE ACT

Special Tax Benefits

There are no special tax benefits available to the resident shareholders with regards to the investment made in the shares of the Company. However, the shareholders are entitled to the general tax benefits which are discussed herein below.

General Tax Benefits

2.1. **Dividends exempt under Section 10(34) of the Act**

Under Section 10(34) of the Act, income by way of "dividends" received on the Equity Shares of the Company is exempt from income tax in the hands of shareholders. However, the Company will be liable to pay DDT at 16.60875 per cent (tax rate of 15 per cent plus surcharge of 7.5 per cent and education cess of 3 per cent) on the total amount distributed as dividends. As a result, no taxability arises in the hands of the shareholders in respect of dividends received from the Indian Company. No deduction is permitted in respect of expenditure incurred by any person in relation to income which is not chargeable to tax. The expenditure relatable to "exempt income" need to be determined in accordance with the provisions specified in Section 14A of the Act read with Rule 8D of the Rules.

2.2. **Capital gains**

2.2.1. Capital assets may be categorized into short term capital assets and long term capital assets, based on the period of holding. Equity Shares held in the Company will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of such assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of said assets held for 12 months or less are considered as "short term capital gains".

2.2.2. Section 48 of the Act, prescribes the mode of computation of capital gains, and 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, second proviso to Section 48 of the Act permits substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, thereby adjusting the cost of acquisition / improvement by a cost inflation index, as prescribed.

2.2.3. Under Section 10(38) of the Act, long term capital gains arising to a shareholder on transfer of Equity Shares in the Company **or a unit of an equity oriented fund** are exempt from tax, where the sale transaction has been entered into on a recognized stock exchange of India and STT has been paid on the same. However, in case of shareholder being a company, profits on transfer of above referred long term capital asset shall not be reduced in computing the "book profits" for the purposes of computation of MAT under Section 115 JB of the Act.

2.2.4. Under Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains arising on the transfer of Equity Shares of the Company would be exempt from tax if such capital gains is invested in **certain notified bonds** within 6 months after the date of such transfer in specified assets, being bonds issued by:

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

The investment made in such bonds during any financial year cannot exceed Rs.5,000,000.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within 3 years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

Since long term capital gains arising under Section 10(38) of the Act are not taxable, there is no requirement for making investment under Section 54EC of the Act in such cases.

2.2.5. Under Section 54F of the Act and subject to the conditions specified therein, long-term capital gains other than those exempt from tax under Section 10(38) of the Act arising to an individual or a Hindu Undivided Family ("HUF") on transfer of Equity Shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

Since long term capital gains arising under Section 10(38) of the Act are not taxable, there is no requirement for making investment under Section 54F of the Act in such cases.

2.2.6. Under Section 112 of the Act, long term capital gains, other than those exempt under Section 10(38) of the Act arising on transfer of listed Equity Shares in the Company, would be subject to tax at a rate of 20 per cent (plus applicable surcharge and education cess) after indexation or 10 per cent (plus applicable surcharge and education cess) without indexation, whichever is lower.

2.2.7. Under Section 111A of the Act, short-term capital gains arising on transfer of Equity Share in the Company would be taxable at 15 per cent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and STT has been paid on the same. Short-term capital gains arising from transfer of Equity Shares in the Company, other than those covered by Section 111A of the Act, would be subject to tax under the normal provisions of the Act.

2.3. **Business Profits**

2.3.1. Where the Equity Shares form part of stock-in-trade, any income realized from disposition of the equity shares will be chargeable under the head "Profits and gains of business or profession" as per the provisions of the Act.

2.3.2. Please note that the characterization of the gains/losses, arising from sale of Equity Shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various factors connected with the facts of the same.

2.3.3. As per Section 36(xv) of the Act, an amount equal to the STT paid by the assessee in respect of the taxable securities transactions entered into in the course of his business during the previous year will be allowable as deduction, if the income arising from such taxable securities transactions is included in the income computed under the head “Profits and gains of business or profession”.

2.4. Any Income received by any person for or an behalf of the New Pension System Trust established on 27/02/2008, under the Indian Trust Act, 1882 (2 of 1882) is exempt from tax and is also not subject to DDT.

3 BENEFITS AVAILABLE TO NON-RESIDENTS (OTHER THAN FOREIGN INSTITUTIONAL INVESTORS) UNDER THE ACT

Special Tax Benefits

There are no special tax benefits available to the non-resident shareholders with regards to the investment made in the shares of the Company. However, the shareholders are entitled to the general tax benefits which are discussed herein below.

General Tax Benefits

3.1. **Dividends exempt under Section 10(34) of the Act**

3.1.1. Under Section 10(34) of the Act, income by way of “dividends” received on the Equity Shares of the Company is exempt from income tax in the hands of shareholders. However, the Company will be liable to pay DDT at 16.60875 per cent (tax rate of 15 per cent plus surcharge of 7.5 per cent and education cess of 3 per cent) on the total amount distributed as dividends. As a result, no taxability arises in the hands of the shareholders in respect of dividends received from the Indian Company. No deduction is permitted in respect of expenditure incurred by any person in relation to income which is not chargeable to tax. The expenditure relatable to “exempt income” need to be determined in accordance with the provisions specified in Section 14A of the Act read with Rule 8D of the Rules.

3.2. **Capital gains**

3.2.1. Capital assets may be categorized into short term capital assets and long term capital assets, based on the period of holding. Equity Shares held in the Company will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of such assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of said assets held for 12 months or less are considered as "short term capital gains".

3.2.2. Under Section 10(38) of the Act, long term capital gains arising to a shareholder on transfer of Equity Shares in the Company are exempt from tax, where the sale transaction has been entered into on a recognized stock exchange of India and STT has been paid on the same. However, in case of shareholder being a company, profits on transfer of above referred long term capital asset shall not be reduced in computing the “book profits” for the purposes of computation of MAT under Section 115 JB of the Act.

3.2.3. Under the first proviso to Section 48 of the Act, in computing the capital gains arising from transfer of Equity Shares of the Company acquired in convertible foreign exchange, protection is provided to a non resident shareholder from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/ loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized in the purchase of the Equity Shares.

Under Section 112 of the Act, long term capital gains, [other than those exempt under Section 10(38) of the Act] arising on transfer of listed Equity Shares in the Company, would be subject to tax at a rate of 20 per cent (plus applicable surcharge and education cess) after indexation or 10 per cent (plus applicable surcharge and education cess) without indexation, whichever is lower. However, there are divergent views given by the Indian judicial authorities in this regard.

3.2.4. Under Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains arising on the transfer of Equity Shares of the Company would be exempt from tax if such capital gains is invested within 6 months after the date of such transfer in specified assets, being bonds issued by (to the extent permitted under prevalent laws):

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

The investment made in such bonds during any financial year cannot exceed Rs.5,000,000.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within 3 years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

Since long term capital gains arising under Section 10(38) of the Act are not taxable, there is no requirement for making investment under Section 54EC of the Act in such cases.

3.2.5. Under Section 54F of the Act and subject to the conditions specified therein, long-term capital gains [other than those exempt from tax under Section 10(38) of the Act] arising to an individual or a HUF on transfer of Equity Shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

Since long term capital gains arising under Section 10(38) of the Act are not taxable, there is no requirement for making investment under Section 54F of the Act in such cases.

3.2.6. Under Section 111A of the Act, short-term capital gains arising on transfer of Equity Share in the Company would be taxable at 15 per cent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and STT has been paid on the same. Short-term capital gains arising from transfer of Equity Shares in the Company, other than those covered by Section 111A of the Act, would be subject to tax under the normal provisions of the Act

3.3. **Business Profits**

3.3.1. Where the Equity Shares form part of stock-in-trade, any income realized from disposition of the equity shares will be chargeable under the head "Profit and gains of business or profession" as per the provisions of the Act.

3.3.2. Please note that the characterization of the gains/losses, arising from sale of Equity Shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various factors connected with the facts of the same.

3.3.3. As per Section 36(xv) of the Act, an amount equal to the STT paid by the assessee in respect of the taxable securities transactions entered into in the course of his business during the previous year will be allowable as deduction, if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and gains of business or profession".

3.4. As per Section 90(2) of the Act, provisions of the DTAA between India and the country of residence of the non-resident would prevail over the provisions of the Act, to the extent they are more beneficial to the non-resident.

3.5. **Special benefit available to Non-resident Indian Shareholders**

Where Equity Shares of the Company have been subscribed by Non-Resident Indians ("NRI") i.e. an individual being a citizen of India or person of Indian origin who is not a resident, in convertible foreign exchange, they have the option of being governed by the provisions of Chapter XIIA of the Act, which *inter alia* entitles them to the following benefits:

3.5.1. Under Section 115E of the Act, where the total income of a NRI includes capital gains arising from the transfer of long term capital asset, being Equity Shares in the Company subscribed in convertible foreign exchange, such capital gains shall be taxed at a concessional rate of 10 per cent (plus applicable surcharge and education cess). The benefit of indexation of cost would not be available.

3.5.2. Under provisions of Section 115F of the Act, any long term capital gains arising from the transfer of a foreign exchange asset arising to a NRI shall be exempt from tax if the entire net consideration is reinvested in specified assets within six months of the date of the transfer. If only a part of the net consideration is reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax as "capital gains" subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition. The taxability shall arise in the year in which the transfer or conversion, as the case may be, takes place.

3.5.3. Under the provisions of Section 115G of the Act, NRI's are not required to file a return of income under Section 139(1) of the Act, if the income chargeable under the Act consists of only investment income or capital gains arising from the transfer of specified long term capital asset or both; arising out of assets acquired, purchased or subscribed in convertible foreign exchange and provided tax deductible at source has been deducted there from as per the provisions of Chapter XVII-B of the Act.

4 BENEFITS AVAILABLE TO A FOREIGN INSTITUTIONAL INVESTOR ("FII") UNDER THE ACT

Special Tax Benefits

There are no special tax benefits available to the FII with regards to the investment made in the shares of the Company. However, the shareholders are entitled to the general tax benefits which are discussed herein below.

General Tax Benefits

4.1. **Dividends exempt under Section 10(34)**

Under Section 10(34) of the Act, income by way of "dividends" received on the Equity Shares of the Company is exempt from income tax in the hands of shareholders. However, the Company will be liable to pay DDT at 16.60875 per cent (tax rate of 15 per cent plus surcharge of 7.5 per cent and education cess of 3 per cent) on the total amount distributed as dividends. As a result, no taxability arises in the hands of the shareholders in respect of dividends received from the Indian Company. No deduction is permitted in respect of expenditure incurred by any person in relation to income which is not chargeable to tax. The expenditure relatable to "exempt income" need to be determined in accordance with the provisions specified in Section 14A of the Act read with Rule 8D of the Rules.

4.2. **Capital gains**

4.2.1. Under Section 10(38) of the Act, long term capital gains arising to a shareholder on transfer of Equity Shares in the Company are exempt from tax, where the sale transaction has been entered into on a recognized stock exchange of India and STT has been paid on the same. However, in case of companies, long term capital gain so earned may be required to be taken into account in computing the book profit for the purpose of computation of MAT under Section 115JB of the Act.

4.2.2. Under Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains arising on the transfer of Equity Shares of the Company would be exempt from tax if such capital gains is invested within 6 months after the date of such transfer in specified assets, being bonds issued by (to the extent permitted under prevalent laws):

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

The investment made in such bonds during any financial year cannot exceed Rs.5,000,000.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within 3 years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

Since long term capital gains arising under Section 10(38) of the Act are not taxable, there is no requirement for making investment under Section 54EC of the Act in such cases.

4.2.3. Under Section 115AD(1)(ii) of the Act, short term capital gains on transfer of Equity Shares shall be chargeable at 30 per cent or 15 per cent (where such transaction of sale is entered on a recognized stock exchange in India and STT has been paid on the same), as the case may be. The above rates are to be increased by applicable surcharge and education cess.

Under Section 115AD(1)(iii) of the Act, long term capital gains arising from the transfer of Equity Shares (in cases not covered under Section 10(38) of the Act) of a Company shall be taxable at 10 per cent (plus applicable surcharge and education cess). It is to be noted that the benefits of indexation and foreign currency fluctuations are not available to FIIs.

However, where the Equity Shares form a part of stock-in-trade, any income realised in the disposition of such Equity Shares may be treated as business profits, taxable in accordance with the DTAA between India and the country of tax residence of the FII. The nature of the Equity Shares held by the FII is usually determined on the basis of the substantial nature of the transactions, the manner of maintaining books of account, the magnitude of purchases, sales and the ratio between purchases and sales and the holding etc. If the income realised from the disposition of Equity Shares is chargeable to tax in India as business income, FIIs could claim deduction under Section 36(xv) of the Act with respect to STT paid on purchase/sale of Equity Shares while computing taxable income. Business profits may be subject to tax at the rate of 30 per cent / 40 per cent (depending on the type of FII) plus applicable surcharge and education cess.

4.2.4. As per Section 90(2) of the Act, provisions of the DTAA between India and the country of residence of the FII would prevail over the provisions of the Act to the extent they are more beneficial to the FII. Where FII treat the income realized from disposition of Equity Shares as business profits and it does not have permanent establishment in India, such income of FII may not be subject to tax in India.

4.3. **Tax Deduction At Source**

Generally, in case of non residents, tax, (including surcharge and education cess) on the capital gains, if any, is withheld at source by the buyer in accordance with the relevant provisions of the Act. However, no deduction of tax is required to be made from any income by way of capital gains arising from the transfer of securities (referred to in Section 115AD of the Act) payable to FIIs

5 BENEFITS AVAILABLE TO MUTUAL FUNDS UNDER THE ACT

As per the provisions of Section 10(23D) of the Act, Mutual Funds registered under the Securities and Exchange Board of India or Mutual Funds set up by Public Sector Banks or Public Financial Institutions or authorized by the Reserve Bank of India and subject to the conditions specified therein, would be eligible for exemption from income tax on their income.

6 SECURITIES TRANSACTION TAX ('STT')

All transactions entered into on a recognised stock exchange in India will be subject to STT levied on the transaction value at applicable rates. In case of purchase / sale of Equity Shares settled by way of actual delivery or transfer of the Equity Shares, STT will be levied at 0.125 per cent on both the buyer and seller of the Equity Shares. For sale of Equity Shares settled otherwise than by way of actual delivery or transfer of the Equity Share, STT will be levied at 0.025 per cent on the seller of the Equity Share. The STT can be claimed as deduction while computing taxable business income as per the provisions of the Act, provided the gains on the transactions are offered to tax as business income and not as capital gains.

7 CAPITAL LOSS

In general terms, loss arising from transfer of a capital asset in India can only be set off against capital gains. Long term capital loss arising on sale of Equity Shares not subjected to STT during a year is allowed to be set-off only against long term capital gains. A short term capital loss can be set off against capital gains whether short term or long term. To the extent that the loss is not absorbed in the year of transfer, it may be carried forward for a period of 8 years immediately succeeding the year for which the loss was first determined and may be set off against the capital gains assessable for such subsequent years. In order to set off a capital loss as above, the investor (resident/ non resident) is required to file appropriate and timely returns in India.

8 DTAA BENEFITS

An investor has an option to be governed by the provisions of the Act or the provisions of DTAA that India has entered into with the country of residence of the investor, whichever is more beneficial.

9 IMPLICATIONS OF GIFT UNDER THE ACT

9.1. As per Section 56(2)(vii) of the Act, any property (including Equity Shares of the Company) which in the nature of capital asset of the recipient, other than immovable property is received by an individual/ HUF:

a. without consideration, where the aggregate fair market value of such property exceeds Rs. 50,000, then such aggregate fair market value; or
b. for a consideration which is less than the aggregate fair market value of such property by more than Rs.50,000, then such difference between the fair market value and the actual consideration paid

would be taxable as income from other sources. However, this is not applicable where shares are received from certain specific persons (such as relatives etc.) and/ or in specified circumstances (on occasion of marriage etc.) as mentioned in Section 56(2)(vii) of the Act.

10 BENEFITS AVAILABLE UNDER THE WEALTH-TAX ACT, 1957

Assets as defined under Section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares are not liable to wealth tax.

11 BENEFITS AVAILABLE UNDER THE GIFT-TAX ACT, 1958

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax.

NOTES:

- *The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares;*
- *The above Statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws (i.e. Act as amended by the Finance Act 2010 and Wealth Tax Act, 1957) presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws;*
- *This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her/ its own tax consultant with respect to the specific tax implications arising out of their participation in the issue;*
- *In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the DTAA, if any, between India and the country in which the non-resident has fiscal domicile; and*
- *The stated benefits will be available only to the sole/first named holder in case the shares are held by joint shareholders*
- *Please note that we have not considered the provisions of Direct Taxes Code Bill 2010 for the purpose of this Statement.*

SECTION IV: ABOUT THE COMPANY

INDUSTRY OVERVIEW

The information in this section includes extracts from publicly available information, data and statistics and has been derived from various government publications and industry sources, including reports that have been prepared by CRISIL Limited ("CRISIL"). Neither we nor any other person connected with the Issue have verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information.

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Overview of the Indian Economy

India, the world's largest democracy in terms of population (1,173 million people) had a GDP on a purchasing power parity basis of approximately US$ 3.68 trillion in 2009. This makes it the fifth largest economy in the world after the European Union, United States of America, China and Japan (*Source: CIA World Factbook*).

In 1991, the Government of India initiated a series of comprehensive macroeconomic and structural reforms to promote economic stability and growth. The key policy reforms that were initiated by the Government were focused on implementing fundamental economic reforms, deregulation of industry, accelerating foreign investment and pushing forward a privatization program for disinvestment in public sector units. Consequent to the reforms, India's economy registered robust growth with an average real GDP rate of approximately 8.5% over the period FY 06 to FY 10. For FY 10, India had a GDP real growth rate of 7.4%, as compared to 6.7% in FY 09 and 9.2% in FY 08. (*Source: www.mospi.nic.in*)

Transport Sector Growth

The transport sector reform during the 1990s followed the market liberalization movement that began in 1991. Before that point, the Indian Government made some important policy changes that yielded substantial favorable outcomes. For example, the removal of the ceiling on the number of national trucking permits in 1986 made it possible for the trucking industry to become the most viable across the transport subsectors. By the middle of the 1990s, a reasonably sound enabling environment was in place for private sector participation in operating trucking, bus, shipping, and airline services, although institutional capacity was still far from adequate in the areas of safety, environment, and economic regulations.

In recent years, the accessibility, door-to-door service and reliability have earned road transportation a higher share of both passenger and freight traffic vis-à-vis other transport modes. As a result, road transportation has emerged as the dominant segment in India's transportation sector. Growth in road transportation has been attained despite significant barriers to inter-state freight and passenger movement compared to inland waterways, railways and air which do not face rigorous en-route checks and barriers.

Both freight and passenger movement by road are expected to rapidly expand in the coming years. In particular, freight movement by road transport is expected to show robust growth over the medium term due to a number of factors, which is, substantial investment in improvement in national highway network which will facilitate speedy, reliable, door to door services and rising volumes of exports and imports. Keeping in view the alternate GDP growth paths (7 per cent, 8 per cent, 8.5 per cent and 9 per cent), the volume of freight and passenger movement by road, in billion tonne kilometres (BTKM) and in billion passenger kilometres (BPKM), respectively, during the Eleventh Five Year Plan has been projected as under by the Working Group on Road Transport for the Eleventh Five Year Plan:

Eleventh Five Year Plan (2007-2012): Projections of BTKM and BPKM				
	Alternative Scenarios of GDP Growth			
	7%	**8%**	**8.5%**	**9%**
Average Annual Freight and Passenger Movement				
BTKM	965	996	1,012	1,028
BPKM	7,581	8,069	8,323	8,584
Average Annual Vehicle Fleet Requirement				
Buses	1,184,581	1,260,807	1,300,504	1,341,287

(*Source: The Working Group Report on Road Transport for the Eleventh Five Year Plan, Planning Commission, Government of India*)

The Domestic Freight Transportation Industry

Overview

Domestic freight transportation services involve the movement of goods within India. The modes of surface transport include roadways, railways, coastal and pipelines. Demand for freight transportation services depends upon the size, structure and demographic profile of the economy. Industrial and agricultural production, along with export-import trade primarily drives growth in the freight transportation industry. Among modes, this industry is dominated by roads, followed by rail. Over the years, roadways have captured a very significant share of freight on account of faster service and point-to-point connectivity.

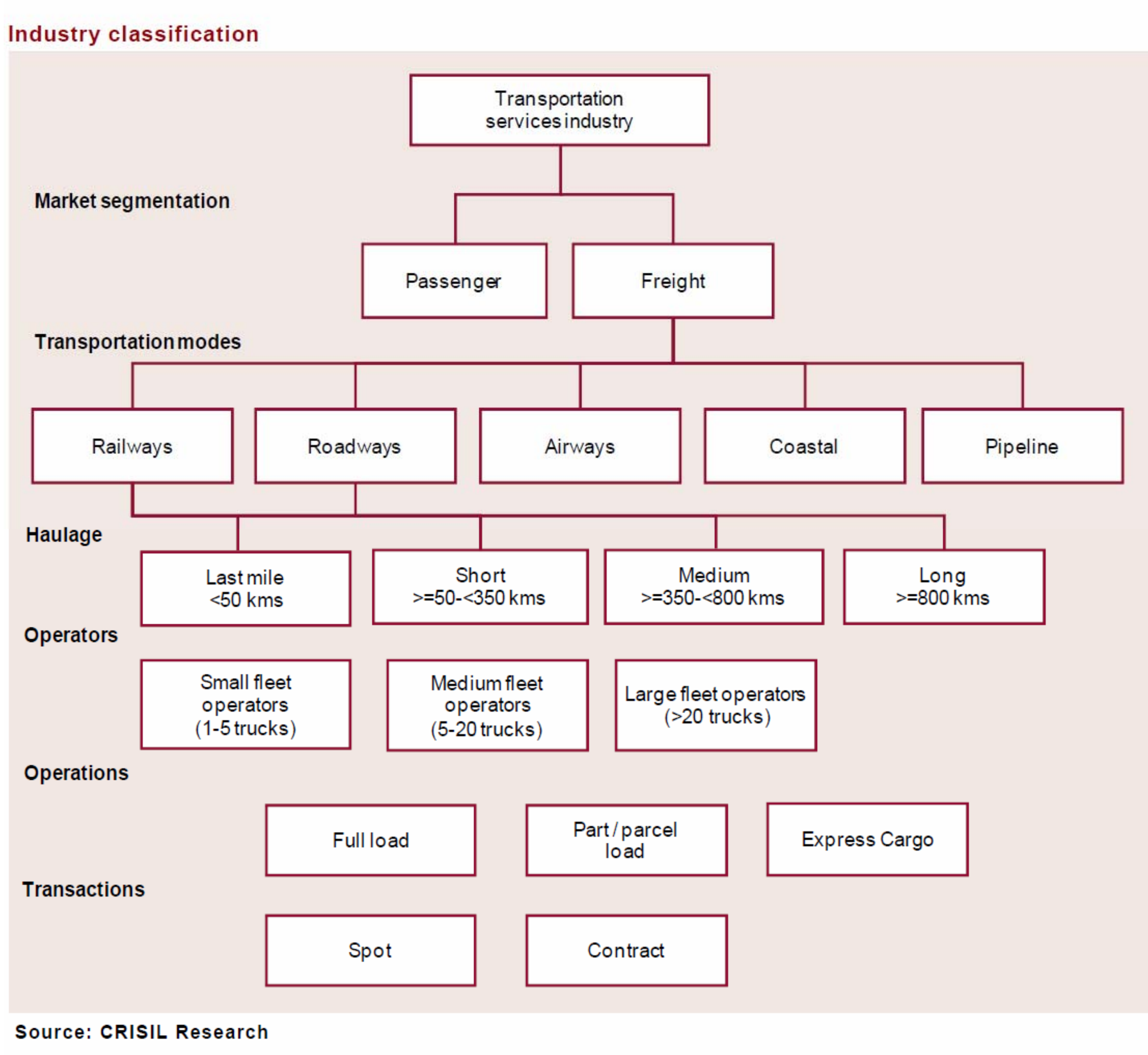
During the post reform period (1992-93 to 2004-05) volume of freight carried by road grew at an annual average rate of 6.5% compared with a growth of 3.6% in rail freight. Over the years the modal split in freight movement between rail and road has skewed in favour of road. The share of road transport in freight movement which was around 14% in 1950-51 has increased to around 61% while that of railways has fallen from more than four-fifth to less than two-fifth over the same period. The Working Group Report of Road Transport for the Eleventh Five Year Plan estimates the freight movement during Eleventh Five Year Plan under the alternative growth scenarios to be as follows:

Eleventh Five Year Plan Projections for Freight (2007-08 to 2011-12)					
Year	**BTKMs**	**Projections (BTKMs)**			
2005-06	**706 ***				
2006-07	**768 #**				
11th Plan		**(Assumption of GDP target rate of growth)**			
		7%	**8%**	**8.5%**	**9%**
2007-08		827	835	840	844
2008-09		891	909	918	927
2009-10		959	989	1,004	1,019
2010-11		1,033	1,076	1,098	1,120

Eleventh Five Year Plan Projections for Freight (2007-08 to 2011-12)					
Year	BTKMs	Projections (BTKMs)			
2011-12		1,113	1,171	1,200	1,231
** For the year 2005-06 the revised estimate of GDP growth rate of 8.4 per cent given by Central Statistical Organisation has been taken to estimate BTKM. # Estimate for 2006-07 has been worked out based on a GDP target growth rate of 8 per cent assumed in the Tenth Five Year Plan*					

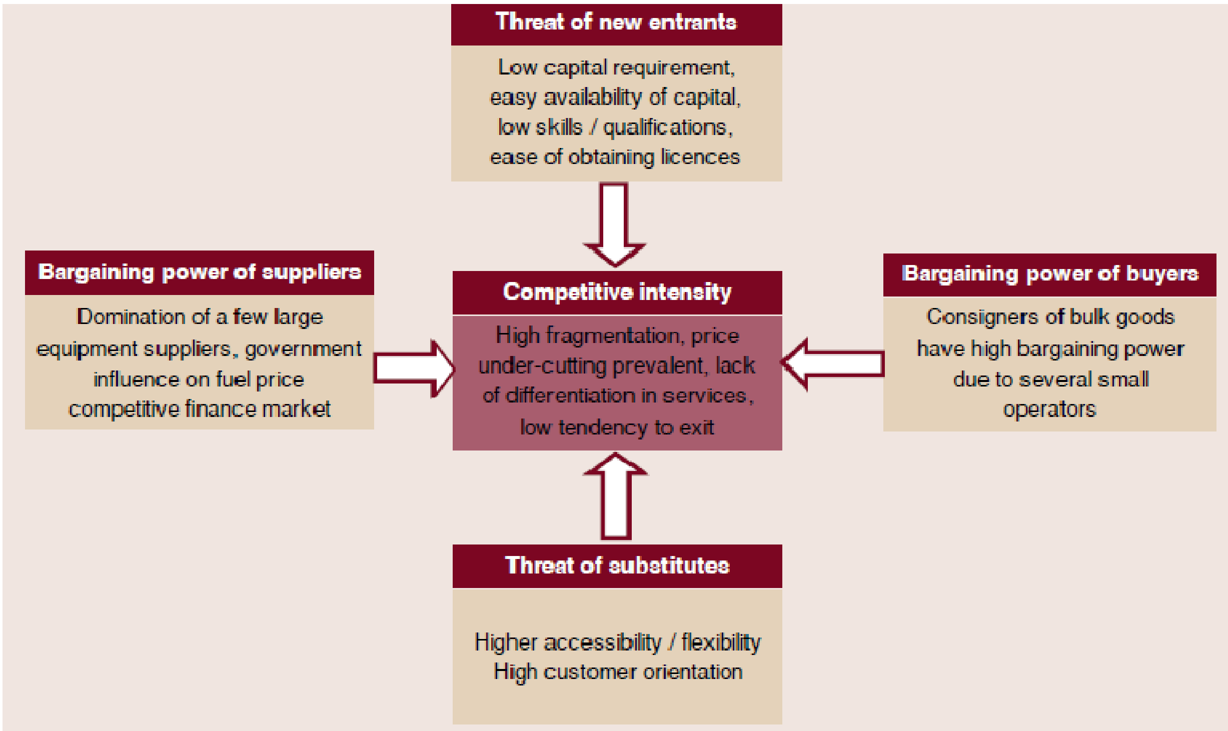
(*Source: The Working Group Report on Road Transport for the Eleventh Five Year Plan, Planning Commission, Government of India*)

Industry Classification



Industry Structure

The road freight transportation services industry is large, fragmented and highly competitive. It broadly consists of players who provide transportation services, intermediaries (such as, transport contractors and booking agents) who offer haulage services, brokers supplying equipment, drivers who work for a commission and finally the consignors or end-users constituting the ultimate demand for the services.



Source: CRISIL Research

The freight transportation services providers can be broadly classified as small fleet operators (SFOs) and large fleet operators (LFOs) on the basis of number of trucks they own or control.

Small Fleet Owners (SFOs)

SFOs are defined as transportation operators owning up to five vehicles. SFOs typically depend on brokers for business, primarily provide FTL services and ply on last mile and short-haul routes not exceeding 150-200 kilometres. Several studies and surveys by various national and international agencies have concluded that in terms of ownership, the single operator and small truck owner segment dominates the road transportation sector. The SFO segment is highly fragmented in nature. Low entry barriers for this segment have led to the proliferation of small truck operators resulting in fragmentation. Entry barriers are low due to the following reasons:

Low capital requirements: The initial investment required to start a SFO business can be as low as Rs 0.3-0.5 million. With this amount, an operator can afford either a lower segment light commercial vehicle (LCV) or a second-hand medium or heavy commercial vehicle (MHCV). Financing options for commercial vehicles have generally been attractive except for extreme scenarios like during the recent downturn in the industry.

Minimum educational qualifications*:* There are no specific educational qualifications for drivers of commercial vehicles unlike the developed countries. Therefore, the SFO business is an attractive option for persons with little or no education.

'Benami' ownership: Truck operators have been purchasing trucks in the name of family members or relatives, which has augmented fragmentation although artificially. Even large fleet operators and transport contractors, having bargaining power with financial institutions, pass the ownership titles to their drivers for getting attractive financing options and in return have these trucks attached to themselves.

Large fleet operators (LFOs)

LFOs are defined as transport operators that own or control over 20 vehicles. LFOs typically operate on long-haul routes, on a hub and spoke distribution model, and provide both the FTL and LTL services. Moreover, many LFOs are present in other logistics businesses, such as warehousing, supply chain solutions and cold chains. LFOs generally have a multi-regional or pan-India network, supported by adequate infrastructure and directly bid for contracts from consignors and users without the support of an intermediary. Over the years, the industry has become relatively more organised with the share of LFOs in terms of vehicles ownership increasing, while SFOs have been losing share.

Business Models

Full Truck Load (FTL)

Traditionally, LFOs in the freight transport industry have largely operated within in the FTL segment which ensured them stable margins. Gradually, they started moving towards value-added segments like logistics and express services which entailed higher realisations and hence better margins. The FTL segment comprises of a business model wherein the LFOs have contracts with the end-user to pay for the entire load carrying capacity of the truck (or FTL). The price realised from the customer is on per truck basis and not according to the load sent. Although the FTL model entails high utilisation levels, the margins in this business model are relatively lower.

Less than Truck Load (LTL)

The LTL segment involves partial or less than the full capacity of the truck load. In LTL operations, the service provider aggregates consignments from various clients and sends them across to the desired destination. Unlike FTL operations, wherein the consignment originates from a single source, this arrangement requires a wider reach and adequate infrastructure. Also, customers are charged on a per tonne basis and not for the number of trucks hired. The LTL segment generally involves transportation of non-bulk commodities as opposed to the FTL segment wherein bulk commodities are transported. Although the LTL model entails lower utilisation levels, the margins in this business model are relatively higher than FTL but lower as compared to express cargo.

Express Cargo

The express cargo segment is a type of LTL service which also includes various value added benefits like time-bound and door-to-door delivery of consignments. The key value proposition of the express cargo segment is timely delivery of goods, followed by higher reliability, safe handling, and value-added services such as special packaging and web-based tracking and tracing capabilities. Express services are priced at a premium over conventional modes of transportation. Service providers in this segment charge around 3-4 times higher than the general cargo services (which are not time-bound) and 4-5 times higher than the rates for FTL service. The express cargo segment in India is less fragmented and organised in nature than the conventional transportation industry. Although there are several players of different sizes and operational networks in this industry, the market is dominated by a few large players. This is due to the fact that a strong distribution network with strategically placed hubs and distribution centres is vital to this service offering. The utilisation level in this type of business model is low but margins are higher as compared to LTL and FTL models.

Key Industry Characteristics

Use of the hub and spoke operating model

The road transport industry is gradually moving towards the hub and spoke distribution model. In a typical hub and spoke network, industries have few large hubs located in major regions of the country. The goods are consolidated at the hubs and sent to a larger number of delivery centres (spokes) in the interior regions. For instance, an organized retail company might have around 8-10 distribution centres across the country and each distribution centre would supply goods to 20-25 stores located in and around the hub. The hub distribution centres receive truckloads of products from different suppliers, which are sorted and scanned by barcodes and then placed in the warehouses until the time of delivery to receiving locations. It is essential to a company using the hub and spoke operating model to ensure that savings achieved through consolidation are large enough to cover the operating costs of the hub and the higher transport costs associated with the larger lead distances.

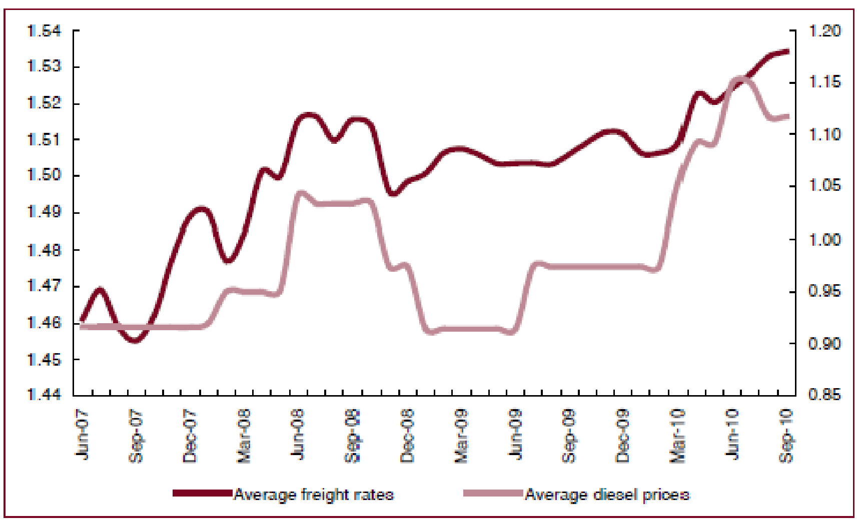
LFOs dominate stock and load-carrying capacity

Organized LFOs are relatively small in number with varying payloads. They carry a significant portion of both the stock of commercial vehicles and freight. CRISIL Research estimates that LFOs own around 76 per cent of the total stock of commercial vehicles (including LCVs, MHCVs and excluding three-wheelers goods) and control about 83 per cent of the total stock of commercial vehicles.

Profitability of transporters

Freight rates play an important role in determining transporters' revenues and consequently, their profitability. Freight rates in road transportation are primarily governed by the demand-supply scenario, which is dependent on existing truck capacities and input costs. Apart from this, freight rates are also dependent on the bargaining power of transporters. As the industry is highly fragmented, bargaining power of transporters is low, especially in the case of SFOs. Moreover, during a recession, the bargaining power of transporters is low due to strained freight availability.

Freight rates and diesel prices (Rs/tkm)



Source: CRISIL Research

Capacity Utilisation

Transporters' profitability significantly depends on the utilisation levels of their fleets. LFOs are able to influence the demand-supply situation to some extent, as a large portion of their fleet is controlled by them. When demand is low, they do not hire from the spot market and optimise their existing capacities. Capacity utilisation is also dependent on the routes on which transporters operate. The routes across metropolitan cities generally enable higher utilisation, whereas routes across Tier-I and Tier-II cities have lower freight traffic movement and hence lower utilisation levels for transporters. Utilisation levels across interior cities are even lower as return load is generally not available. Therefore, such routes command a premium over the regular freight rates for routes across metropolitan, Tier-I and Tier-II cities.

LFOs are better positioned and suited to manage fall in demand due to better network, diversification

LFOs are better positioned to absorb demand slowdown as compared to SFOs. This was more evident during the current slowdown in FY 2009, as SFOs' margins were severely affected, and many of them were even surrendered their trucks for repossession. However, LFOs can manage such demand slowdowns due to the factors mentioned below:

- Presence on metro routes: LFOs generally have a pan-India or multi-regional network and ply mostly on metro routes. This ensures better capacity utilisation, as freight availability is generally high on metro routes. They also service Tier-I and Tier-II routes through spot arrangements with local players, but this does not affect their utilisation levels. On the other hand, SFOs and medium fleet operators (MFOs) generally have regional presence and cater to routes across the Tier-I and Tier-II cities.

- Contractual agreements: LFOs have contractual arrangements with clients and this reduces their dependence on the spot market, improves capacity utilisation levels and also enhances their bargaining power. Conversely, SFOs are highly dependent on the spot market. Since September 2008, moderation in economic growth and industrial production has translated into lower freight availability and as a result, trucks in the SFO segment have been lying idle at the transporters' end.

- Presence in FTL as well as express segments: Another key reason for better utilisation levels of LFOs their presence in the FTL, LTL as well as the express cargo segments. As they have a widespread network and infrastructure, LFOs are also able to operate in high-margin segments such as express cargo services. In the express cargo segment, LFOs make positive cash flows even at 40 per cent utilisation levels. This cushions a drop in their margins when freight availability is low and margins from the FTL segment are low. However, it is not feasible for SFOs or MFOs to provide these premium services; hence, they take the maximum hit on their margins if freight availability dwindles.

Operator cost analysis indicates high influence of fuel price changes

After effective capacity utilisation, the second most essential factor to ensure profitability is optimisation of operating costs. Operating costs consist of fixed and variable components. Fixed costs typically comprise interest payments, employee costs, administrative expenses, maintenance and repair expenses, en-route expenses, contractual payments, insurance costs, road taxes and permit charges. The variable costs are typically driver and cleaner salaries, fuel, toll taxes, lubricants, tyres, spare parts and other running expenditures. Fuel costs constitute around 60-62 per cent of total input costs and any change in fuel prices directly affects profitability. Certain other costs with fixed and variable components include payments to intermediaries, facilitation payments made at check posts and police authorities.

Regulatory Environment

Motor vehicles in India were first regulated under the Indian Motor Vehicles Act, 1914, which was subsequently replaced by the Motor Vehicle Act, 1939. However, in the light of changes in road transport technology, passenger and freight movement patterns and improved vehicle management technology over the years, a working group was put in place to update, rationalise and simplify the various provisions in the Act. Based on these recommendations, the Motor Vehicle Act, 1988 (the "Motor Vehicle Act") came into being on July 1, 1989. Some of the key regulatory requirements that a transport operator has to meet are with respect to the following:

- Driving licence: Issuance, suspension and cancellation
- Vehicle registration: Registration of motor vehicle and its renewal
- Emission norms: Setting emission levels for different categories of vehicles
- Permit regulation: Granting, cancellation and suspension of permits
- Safety standards: Fixing age limit and providing fitness certificate for vehicles. Setting limits for controlling traffic through speed limit and weight limits

The implications of some of the regulatory requirements under the Motor Vehicles Act, 1988 for transport operators are as under:

Emission regulations in India

Vehicle emission norms were introduced in 1990 to control air pollution. These norms were made more stringent, with amendments in 1992, 1996 and 2000. In October 2003, the union cabinet approved the Auto Fuel Policy, which laid the road map for implementing the Euro II, III and IV emission norms. Euro II equivalent Bharat Stage (BS) II norms were implemented with effect from April 1, 2005, across the country on all vehicle categories and fuels. Euro III equivalent BS-III norms were enforced from April 1, 2005, in 11 cities across vehicle categories (excluding two-wheelers). In other cities, the norms were implemented post October 2010.

Emission norms for heavy vehicles (GVW >3.5 tonnes)

Bharat stage norms		I	II	III	IV
Period ———>		2000	2001	2005	2011
CO	(G/Kwh)	4.5	4.0	2.1	1.5
HC	(G/Kwh)	1.1	1.1	0.7	0.5
Nox	(G/Kwh)	8.0	7.0	5.0	3.5
PM	(G/Kwh)	0.4	0.2	0.1	0.0

Note:

CO: Carbon monoxide; HC: Hydro carbons; Nox: Nitrogen oxide;

PM: Particulate matter

Source: SIAM, CRISIL Research

Weight norms

The Motor Vehicle Act empowers the Union Ministry of Surface Transport to determine the gross vehicle weight and maximum safe vehicle weight for all transport vehicles. Until 1983, an ad hoc 25 per cent overloading was allowed. However, with the introduction of higher tonnage vehicles, overloading was banned and new maximum allowable axle load and payload limits were defined as follows:

Maximum allowable load limits

Type	No of tyres	Load limit (tonnes)
Front axle		
Single axle	1	3.0
Single axle	2	6.0
Rear and other axles		
Single axle	2	6.0
Single axle	4	10.2
Tandem axle	8	19.0
Triple axle	12	24.0

Source: Ministry of Surface Transport

Vehicle age norms

The government implemented the terminal life policy for commercial vehicles in Mumbai and the National Capital Region (NCR), to keep with the provisions specified by the Auto Policy (2002). This policy prohibited older vehicles from plying in certain regions. Since December 2000, the government of Delhi has barred commercial vehicles that are over 15 years old from plying in the NCR. The policy was implemented from December 2000 onwards in Mumbai as well. Additionally, since December 2003, the government has replaced the earlier policy with a new rule and has barred all commercial vehicles older than 8 years from plying on Mumbai roads.

Demand Drivers

High economic growth

Growth in demand for freight transportation services is closely associated with growth in GDP. The policies and program of economic liberalization followed since the early 1990s, which have stimulated GDP growth and foreign investment, may be considered as major factors contributing to the growth in freight transportation services between 1993 and 2011. The overall freight movement in the country depends significantly on the growth in industrial, agricultural production and imports. Besides economic growth, the investments made in transport infrastructure segments also are an important driver of freight movement in a particular mode of transportation.

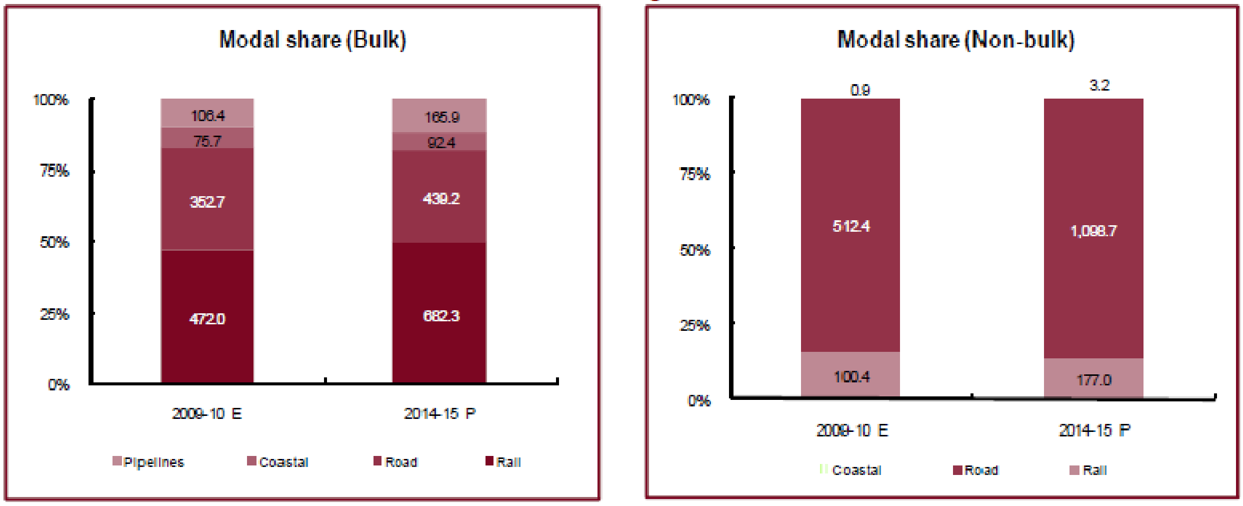
2009-10 witnessed a significant improvement in economic and industrial activity, especially in the latter half of the year. Industrial production forged a strong recovery during the second half, growing 14.2 per cent year-on-year, although on a lower base. Overall, during the year, GDP grew 7.4 per cent and IIP grew 8.6 per cent y-o-y. Stable economic growth resulted in a significant improvement in freight availability. In the first quarter of 2010-11, IIP growth was at around 11.5 per cent year-on-year, on a low base of the first quarter of 2009-10. With sustained economic growth, IIP growth is expected to be around 9 per cent and GDP growth to be around 8 per cent in 2010-11. Over the next 5 years (2009-10 to 2014-15), GDP growth is expected to post a compounded annual growth rate (CAGR) of 7-9 per cent and IIP growth to stabilise at around 8-10 per cent CAGR. In 2011-12, agricultural growth is expected to be around 3-4 per cent in line with the long-term trend, subject to normal monsoons.

In 2009-10, international trade fell by 9 per cent year-on-year; non-oil imports, which are one of the key drivers of freight demand, fell 5 per cent during the year. However, following an expected improvement in demand in 2010-11, non-oil imports are expected to recover significantly, by around 20-22 per cent on the lower base of 2009-10. In 2011-12, agricultural GDP and non-oil imports are expected to stabilise at around 3-4 per cent and 10-12 per cent growth respectively. According to CRISIL Research a sustained growth in industrial production, agriculture and non-oil imports is expected to lead to a 9-11 per cent growth in freight demand till 2014-15.

Increasing share of non-bulk traffic to drive growth in road transportation

As non-bulk traffic has been outpacing growth in bulk traffic, the share of non-bulk traffic in freight movement has been consistently increasing over the last 5 years, to 37.5 per cent in 2009-10 from 33.5 per cent in 2004-05. Going forward, this share is expected to further increase to 43-45 per cent of the total traffic. With high growth in the non-bulk segment, the share of roads is expected to increase as the Indian Railways has discontinued discrete freight transportation over the years (other than through containerisation).

Share of bulk and non-bulk commodities in total freight traffic



Source: CRISIL Research

Better service quality and point-to-point connectivity render roadways the preferred mode of transportation

Roads are the preferred mode of transportation of non-bulk commodities, fast-moving consumer goods, capital goods, consumable durables. Some of the factors that make roads a preferred mode of transportation include, reliability and personalized services offered by transporters and point-to-point connectivity by roads.

Outlook

Primary freight demand to grow by 9-11 per cent till 2014-15

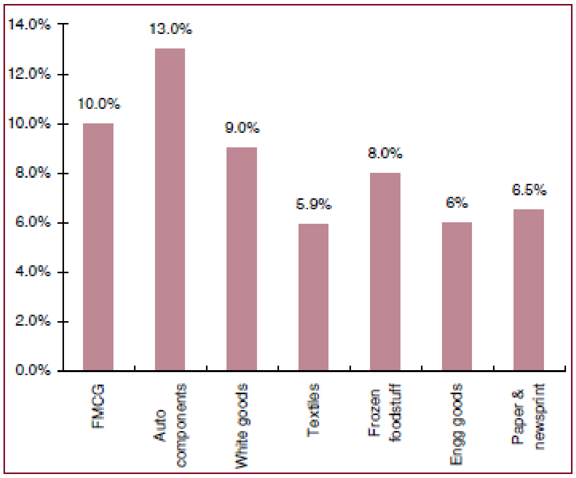
Primary bulk demand has shown a very high correlation (>99 per cent) with agricultural GDP, industry GDP and non-oil imports, while non-bulk demand is linked closely to growth in private final consumption expenditure. In recent years, non-bulk freight traffic movement has consistently been growing at a higher rate than bulk freight traffic movement. From 2004-05 to 2009-10, non-bulk traffic increased at a CAGR of 10.2 per cent driven by significant growth in consumption demand, while bulk movement grew at a CAGR of 6.4 per cent. According to CRISIL Research estimates,

- primary freight traffic is expected to grow at a CAGR of 9-11 per cent from 2009-10 to 2014-15 driven by sustained improvement in macroeconomic environment and growth in the underlying commodities;

- primary non-bulk traffic movement is expected to grow at a CAGR of 12-14 per cent while primary bulk traffic is expected to grow at a CAGR of 6-8 per over the next five years;

- non-bulk freight movement is expected to grow at a higher rate as compared to bulk commodities as consumption demand for the former will be higher; and

2008-09 to 2014-15 CAGR for major non-bulk commodities



Source: CRISIL Research and CRISIL Centre for Economic Research

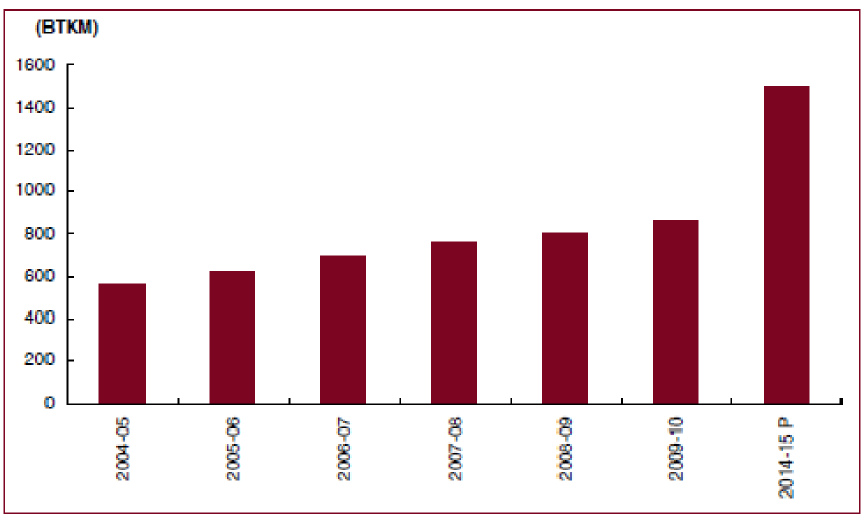
2008-09 to 2014-15 CAGR for major bulk commodities

Source: CRISIL Research and CRISIL Centre for Economic Research

Roads to continue to dominate primary freight transportation

As the economy continues to grow, freight availability is expected to improve consistently. As there are capacity constraints in railways, roads are better positioned to capitalise on the increase in demand and their share in freight transportation. Road transport constitutes a significant share of freight movement as it is a competitive option even at higher prices due to advantages of flexibility, better service quality and end-to-end delivery. As a result, CRISIL Research expects road freight traffic to grow at a CAGR of 11-13 per cent to reach 1,500 BTKM in 2014-15 from an estimated at 865 BTKM in 2009-10.

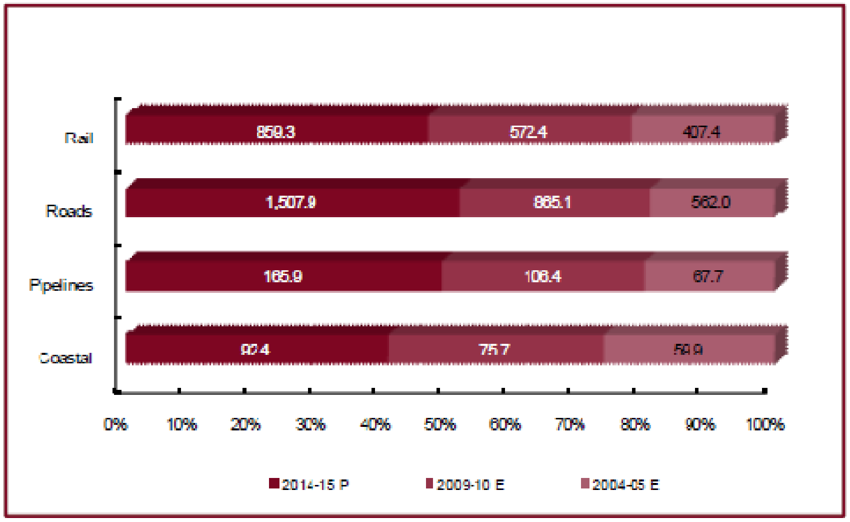
Road freight traffic growth



Source: CRISIL Research

The following chart shows the growth of transportation sub-sectors in BTKM:

Figure 7: Modal share in total BTKM



Note: E-Estimates; P-Projections

Source: CRISIL Research

The Domestic Passenger Bus Transportation Industry

Overview

India's road passenger transport industry comprises bus transportation services provided by state-owned road transport undertakings, private operators, and personal transport. The participation of states in road transport began in 1950, following which road transport undertakings were formed across all states in India. However, over the past few years the share of private bus transport operators has steadily increased at the cost of state transport operators due to better quality of service provided by the private bus operators.

There has been an exponential growth in the private mode of transportation during the last few years. Consequently, the share of state transport undertakings (STUs) has declined to around 76 per cent in 2009-10 from 88 per cent in 2004-05. The key reasons for the growth of private modes of transport are deterioration in quality of service provided by the public transport system and rising affordability. Hence, to improve service quality of state road transport operators and give a impetus to the bus transport industry, the government, as part of the stimulus package introduced in January 2009, announced a planned expenditure of around Rs 40 billion under the Jawaharlal Nehru National Urban Mission (JNNURM), whereby States were provided assistance for procuring buses for their urban transport systems, as a one-time measure up to March 2010. Transportation by state buses is expected to gain further traction with the sanctioning of bus rapid transit systems in nine cities.

The Working Group Report of Road Transport for the Eleventh Five Year Plan estimates BPKM under the alternative growth scenarios to be as follows:

BPKMs Projected with respect to GDP Growth		
Year	**BPKMs**	**Projections (BPKMs)**
10th Five Year Plan		
2005-06	4,110 *	
2006-07	4,833 #	

BPKMs Projected with respect to GDP Growth				
Year / BPKMs	Projections (BPKMs) (Assumption of GDP target)			
11th Five Year Plan	7%	8%	8.50%	9%
2007-08	5,578	5,684	5,737	5,790
2008-09	6,437	6,685	6,810	6,937
2009-10	7,428	7,861	8,084	8,310
2010-11	8,572	9,245	9,595	9,956
2011-12	9,892	10,872	11,390	11,927

** For the year 2005-06 Revised Estimate of GDP growth rate of 8.4% given by Central Statistical Organisation has been taken to estimate BPKM*

 # Estimate for 2006-07 has been worked out based on a target GDP growth rate of 8% assumed in the Tenth Five Year Plan.

(*Source: The Working Group Report on Road Transport for the Eleventh Five Year Plan, Planning Commission, Government of India*)

The number of buses required for the four alternative growth scenarios during the first year and the terminal year of the Eleventh Five Year Plan are given below.

Number of Buses required during Eleventh Five Year Plan				
Year	(Assumption of GDP target rate of growth)			
	7%	8%	8.5%	9%
2007-08	871,530	888,145	896,453	904,760
2011-12	1,545,631	1,698,687	1,779,632	1,863,635

(*Source: The Working Group Report on Road Transport for the Eleventh Five Year Plan, Planning Commission, Government of India*)

Market dynamics

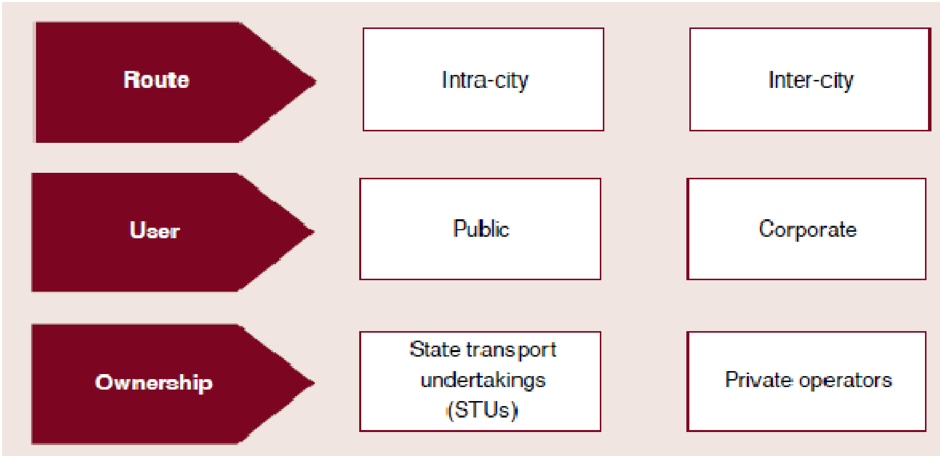
The Indian passenger transport services industry is fragmented and unorganised. The industry comprises around 2,000 private bus operators on long distance routes. Of these, the majority of bus operators have less than 10 buses, with only a small percentage having a fleet size in excess of 100 buses. Moreover, even the large players are concentrated within specific regions. In general, bus operators owing a fleet constitute about 25 per cent of the industry while bus operators leasing buses constitute about 75 per cent of the industry.

Role of intermediaries

The bus transport industry consists of a large number of intermediaries who enable ticketing and providing operators with passenger traffic. As most of the bus operators in this industry have small fleet and limited network it is not easy for them to attract customers at all times. Hence, companies rely on a network of travel agents. Agents are given quotas of seats from the bus operators; they inform the bus company by phone each time a seat is sold to a passenger. These intermediaries are unregulated and unorganised. As these agents become more familiar with the routes they also at times lease buses and start their own service.

Industry structure

The domestic bus transport industry can largely be categorised on the basis of routes of operation, type of end users of the service and ownership of the bus fleet. Demand in this industry can largely be determined by an analysis of demand across these categories. In terms of the total number of buses, there is a high degree of overlap among the following three categories:



(Source: CRISIL Research)

Route-based classification

This segment includes buses that ply on intra-city and inter-city routes.

Demand drivers for route-based classification of buses	
Intra-city	**Inter-city**
Improving road infrastructure Urban congestion Safer travel	Improving road infrastructure propensity to travel Better quality buses Economical over short distances Low cost of setting up infrastructure No gestation period Growth in urban population and increasing working age population

(Source: CRISIL Research)

User-based classification

This segment includes public transport services (for commuting within and outside city limits) and institutional demand, including niche segments such as the business process outsourcing industry, corporate travel and schools.

Demand drivers for user-based classification of buses	
Public	**Corporates**
Economical mode of transport Better connectivity and flexible timings (as compared to railways) Urban congestion Improving road infrastructure	Fast-growing BPO industry (mostly in the city outskirts) Demand from school buses and executive travel Growth in urban population and increasing working age population Better connectivity and flexible timings

(Source: CRISIL Research)

Ownership-based classification

This segment includes demand for buses from state transport undertakings (STUs) and private operators.

Demand drivers for owner-based classification of buses	
STUs	**Private Operators**
Increasing urbanisation and growing working age	Increasing urbanisation and growing working age population
Fleet replenishment	Demand from corporates
Low vehicle maintenance cost	Comfortable travelling
Social obligation	Customised service
	Better connectivity and flexible timings

(Source: CRISIL Research)

Profitability of bus operators

The profitability of bus operators is determined by bus occupancy rate, seasonal variations in demand, competition from alternative modes like railways and the price of diesel. To maximise profitability, bus operators maintain a suitable vehicle mix, based on seating capacity of the vehicle, passenger demand, consumer preference and demographic, routes covered, occupancy rates on the routes, long term contracts with customers and capital cost involved in vehicle purchase. The key revenue drivers for bus operators are occupancy rate and fare per passenger. The major expenditures involve cost of fuel and capital cost in terms of equated monthly installments.

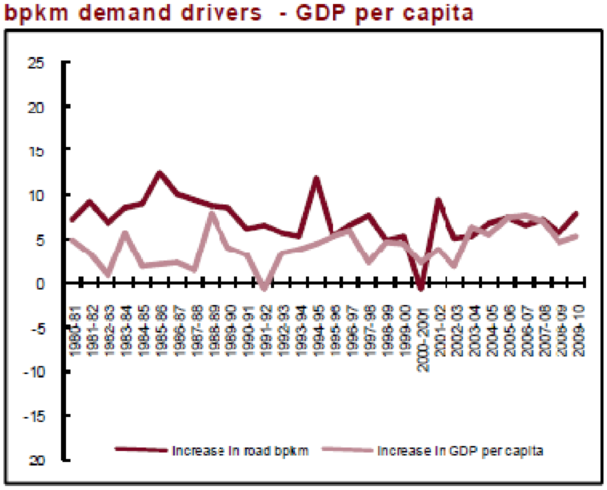
Growth drivers

CRISIL Research expects demand for passenger transport to grow by 6-8 per cent CAGR from 2009-10 to 2014-15. This demand will be primarily driven by:

Increase in population, household incomes, and industrial and commercial activities

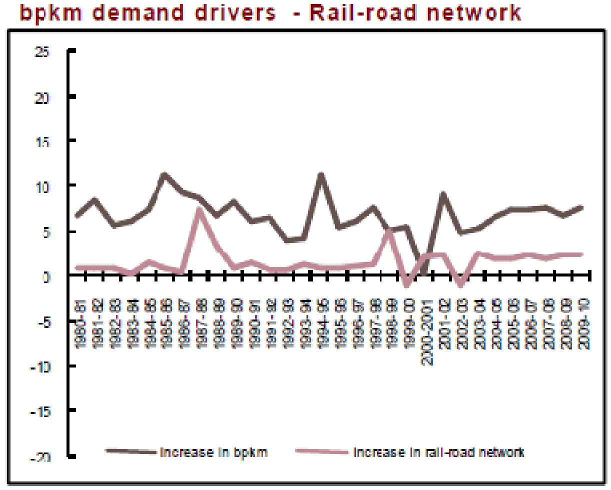
With a steady increase in the urban population, demand for inter-city travel has risen. Increased industrial and commercial activity has resulted in a rise in executive travel as well. This has pushed up the institutional or corporate demand for buses over the years. Since the Indian Railways and SRTUs have failed to keep pace with the rapid increase in demand for public transport over the past few decades, the private bus transport industry is expected to be the beneficiary.

bpkm demand drivers - GDP per capita



Source: CRISIL Research

bpkm demand drivers - Rail-road network



Source: CRISIL Research

Better road infrastructure

Improvement in the road infrastructure is likely to augur well for bus operators. Improvements in highway networks along with the completion of the Golden Quadrilateral and North-South East-West Corridor projects are expected to promote inter-city passenger movement by buses. Construction of expressways during the past few years has also influenced the preference for inter-city travel by road.

NHDP status (as on May 31, 2010)

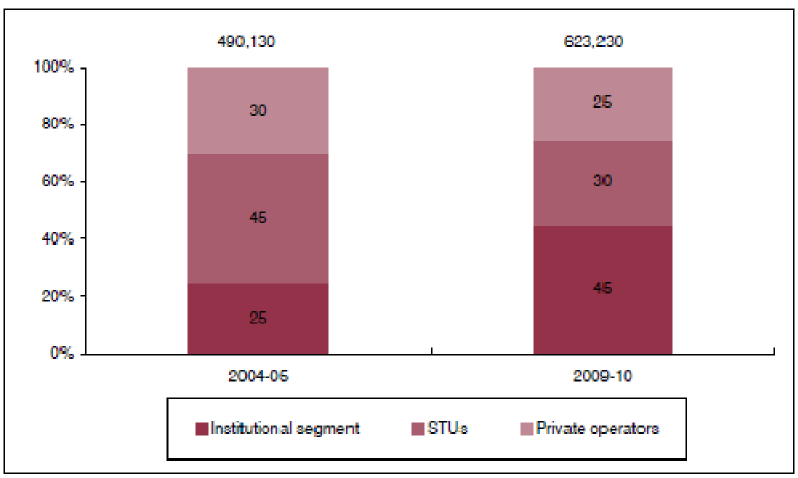
	Unit	Total
Total length	Km	49,599
Completed till date (1998-2010)	Km	14,093
Under implementation (UI)	Km	9,075
UI as a % of total	Per cent	18.3
Balance length for award (BFA)	Km	26,273
BFA as a % of total	Per cent	53.0
Total expected length to be constructed by 2014-15 (projected)	**25,714 km**	

Source: NHAI, CRISIL Research

Poor performance of STUs to push demand for private tour operators

Currently, passenger traffic is provided by private operators as well as STUs. However, the poor financial health and service quality pose obstacles to STUs in attracting passenger traffic. Conversely, private operators have recorded an increase in demand on account of increased inter-city travel through luxury buses. In the long run, CRISIL Research is of the opinion that regulatory measures such as privatisation of STUs or increase in public-private partnerships could accelerate the growth of the passenger transportation industry.

Break-up of bus fleet profile



Note: The numbers in the boxes above the bars indicate total bus population

Source: CRISIL Research

JNNURM - a government initiative to aid growth of the bus segment

The government launched JNNURM in December 2005 for a period of 7 years (2005 to 2011). The scheme's aim is to improve the quality of life in urban India, with a special focus on the urban poor. It is a centrally-sponsored scheme focusing on urban infrastructure. Improving the urban transport system is one of the important focus areas of the scheme.

As part of the stimulus package introduced in January 2009, the government announced a planned expenditure of around Rs 40 billion under JNNURM, whereby states were provided assistance for procuring buses for their urban transport systems as a one-time measure up to June 2009. This date was subsequently extended to March 2010. Post the announcement of the scheme, several STUs from Andhra Pradesh, Uttar Pradesh, Karnataka, Kerala, West Bengal and Delhi placed orders for buses. Under the stimulus package announced by the Centre in January 2009, of the 14,500 bus ordered, 7,800 buses were delivered till March 31, 2010.

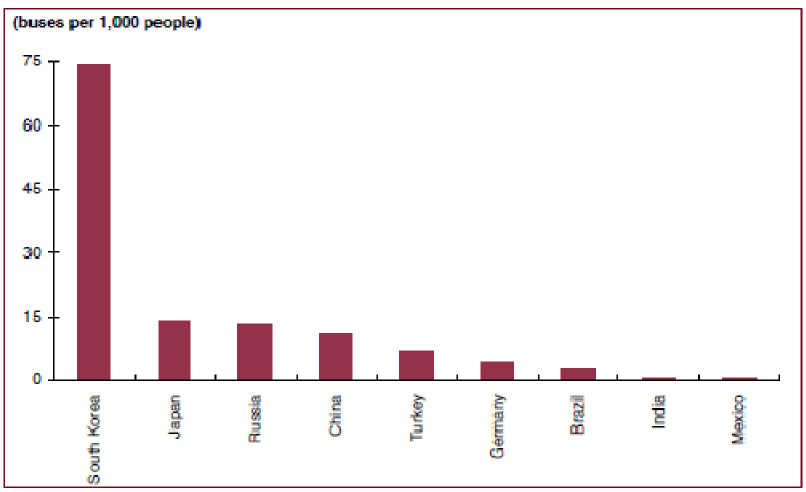
Improvement in quality of buses supplied by manufacturers

Over the past few years, there has been a significant improvement in the quality of buses used by bus operators, with manufacturers like Volvo entering the Indian bus industry. This has led to increased preference for bus travel on inter-city routes. Preference for intra-city travel by buses has also risen with the introduction of AC low floor buses by Tata Motors and Ashok Leyland. Going forward, increased penetration of manufacturers like Volvo and Mercedes is expected to drive demand for bus transportation.

Global standards indicate future potential

In 2008, bus penetration in India was estimated at 0.64 buses per 1,000 people as compared to an average penetration of 14 buses per 1,000 people in countries having similar bus transportation requirements. This signifies a huge demand potential for bus operators.

Bus penetration in key countries

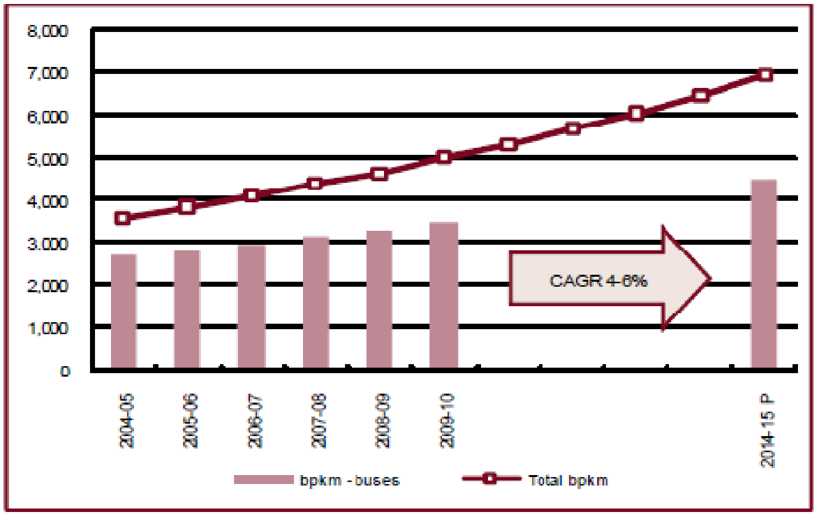


Source: Wards' World Motor Vehicle Data 2009

Outlook

The Indian passenger transport industry is slated to grow by 6-8 per cent CAGR, from around 5,000 BPKM in 2009-10 to 7,000 BPKM in 2014-15. This is expected to translate into a CAGR of 4-6 per cent in bus passenger traffic during the same period. Demand for bus transportation is likely to be primarily driven by population growth, development of the road infrastructure, supply constraints of Indian Railways, household incomes, and industrial and commercial activity in the country. During 2004-05 to 2009-10, road transport by buses had risen by 5.4 per cent CAGR, driven by growth in the urban population, increase in disposable income and government impetus through schemes like JNNURM.

Growth in passenger traffic



P: Projected

Source: CRISIL Research

Renewable Energy Generation

Overview

The power sector in India is slowly moving from a regulated return framework to a market driven pricing mechanism. This has provided a major boost for private entrepreneurs to enter the power sector and set up projects. *(Source: Ministry of Power).*

For FY 10, India faced an energy shortage of approximately 11.7% of total energy requirements and 13.3% of peak demand requirements. *(Source: CEA, "Power Scenario at a Glance", April 2010).* Over FY 00 – FY 10, the peak deficit has grown from 6.2% *(Source: Ministry of Power, Annual Report, FY 2002-03)* to 13.3%.

Renewable energy principally comprises wind power, hydro power, solar power, biomass energy and geothermal energy. Renewable energy sources are becoming increasingly important contributors to the world's energy supply portfolio as they contribute to the world energy supply security, reducing dependency on fossil fuel resources, and provide opportunities for mitigating greenhouse gases. Renewable energy-based power capacities have registered the highest pace of growth in the overall capacity additions in India compared to non renewable sources, increasing their share of total power capacity from 2% in FY 2003 to around 10% in FY 2010. Nonetheless, contribution from renewable energy sources towards overall generation has been low at around 3% due to low plant load factors of renewable capacities. *(Source: CEA).* According to the Ministry of New and Renewable Energy (MNRE), the country's renewable energy potential (excluding solar energy) is 88.5 GW, of which, about 19 per cent has been exploited until 2009-10. As of March 2010, nearly 76 per cent of the total wind power (excluding offshore wind farms) remains unexploited.

Source	Capacity potential (MW)	Installed capacity as on March 31, 2010 (MW)	% of potential
Wind Power	48,561	11,807	24%
Small Hydro Power	15,384	2,735	5%
Biomass Power	16,881	866	18%
Waste to Energy	2,700	65	27%
Solar power	50 MW/km^2	10	NA
Total	**88,526**		**100**

(Source: MNRE – www.mnre.gov.in)

The installed capacity of renewable sources of energy in India increased by 16 per cent in 2009-10. However, renewable sources of energy during the same year accounted for a mere 4 per cent of the total power generation in the country while its share in installed capacity stood at 11 per cent. Among the various sources of renewable energy, wind continues to lead in total installed capacity, accounting for 70 per cent of the total renewable power capacity in India, followed by small hydro power at 16 per cent. The following table shows the installed capacity of renewal sources of energy in India:

Source	Installed capacity as on March 31, 2010 (MW)	% of total installed capacity
Wind Power	11,807	70.2
Small Hydro Power	2,735	16.3
Biomass Power	866	7.9
Co-generation	1,334	5.1
Waste to Energy	65	0.4
Solar power	10	0.1
Total	**14,000**	**100**

(Source: MNRE – www.mnre.gov.in)

The aim for the Eleventh Five Year Plan, as stated by the working group of the Planning Commission in its Report of the Working Group on New and Renewable Energy for the Eleventh Five Year Plan (2007-2012), is a capacity addition of 14,000 MW from renewable energy (grid-interactive). In the report, the Planning Commission estimates that by the end of the Eleventh Five Year Plan, renewable energy power capacity in India could be around 23,000 MW out of total capacity of around 211,000 MW (or approximately 11% of total capacity).

Programme Component	Physical Target for XIth Plan (in MW)	Proposed Outlay for XIth Plan (Rs. in million)
Wind Power	10,500	750 (for demo only)
Small Hydro Power	1,400	7,000
Biomass Power	1,200	6,000
Co-generation	500	2,000
Urban Waste to Energy	200	1,500
Industrial Waste to Energy	200	750
Total	**14,000**	**18,000**

(Source: MNRE – www.mnre.gov.in)

Capacity addition of around 49,000 MW in the aggregate is envisaged for the Twelfth and Thirteenth Five Year Plans. According to the Planning Commission, renewable power capacity by the end of the Thirteenth Five Year Plan period is projected to reach 53,000 MW, comprised of 39,000 MW of wind power, 7,500 MW of biomass power and 6,500 MW of mini-hydroelectric power.

The key drivers for the renewable energy sector in India include:

(i) the demand-supply gap, especially as population increases;
(ii) regulatory incentives and the availability of CDM benefits and/or Indian renewable energy certificates ("RECs"), when fully-implemented by the Indian government;
(iii) a large untapped potential;
(iv) environmental concerns regarding the use of fossil fuels;
(v) the desire to strengthen India's energy security; and
(vi) a viable solution for rural electrification.

Renewable Energy in India

Renewable energy-based power capacities have registered the highest pace of growth in the overall capacity additions in India compared to non renewable sources, increasing their share of total power capacity from 2% in FY 2003 to around 10% in FY 2010. Nonetheless, contribution from renewable energy sources towards overall generation has been low at around 3% due to low plant load factors of renewable capacities. *(Source: CEA)* According to the Ministry of New and Renewable Energy (MNRE), the country's renewable energy potential (excluding solar energy) is 88.5 GW, of which, about 19 per cent has been exploited until 2009-10. As of March 2010, nearly 76 per cent of the total wind power (excluding offshore wind farms) remains unexploited.

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Waste to Energy	2,700	65	27%
Solar power	50 MW/km^2	10	NA
Total	**88,526**		**100**

(Source: MNRE – www.mnre.gov.in)

Regulatory Incentives

The Government of India and state governments provide a variety of regulatory incentives in respect of renewable energy, including the following:

Tax incentives. Indian renewable energy companies are entitled to take 80% accelerated depreciation on assets employed in renewable energy power generation and benefit from a 10-year tax holiday. Renewable energy companies may also receive excise duty relief on certain capital goods.

Generation Incentives. The GoI has recently announced a plan to offer an incentive of 50 paisa per unit of wind power supplied to the grid by independent wind power producers. The incentive is limited to wind farms with a maximum aggregate installed capacity of 4,000 MW. The generation based incentive is over and above the tariff fixed by the State Electricity Regulatory Commission for purchase of electricity from wind power projects for a period of 10 years provided that investors do not claim an accelerated depreciation benefit. The benefit is only available for independent power producers whose capacities are commissioned for sale of power to the grid; it is not available for captive wind power projects and merchant plants.

Preferential Tariffs. Pursuant to the Electricity Act, the National Electricity Policy of 2005 and the National Tariff Policy of 2006, SERCs are encouraged to set preferential tariffs for power produced from renewable energy. Preferential tariffs are established to take into account the externalities caused by conventional energy which may not be reflected in their price.

Renewable Purchase Obligation (RPO): Pursuant to the Electricity Act, the National Electricity Policy, 2005 and the National Tariff Policy, 2006, SERCs are required to specify a percentage of electricity purchased which comes from renewable sources. The renewable purchase obligation (RPO) per annum for the Karnataka is 5%. Failure to comply with RPOs will result in penalties that are yet to be established by the SERCs.

CDM/Kyoto Protocol. Pursuant to the Kyoto Protocol and the Clean Development Mechanism (CDM), to which India is a signatory country, certain developed or "Annex I" countries have committed to reduce global greenhouse gas emissions by approximately 5.2% over 1990 levels. To meet the binding commitment to reduce greenhouse gas emissions, Annex I countries have the option to reduce part of their emissions domestically, or purchase certified emission reduction certificates or CERs from projects undertaken in developing or "Annex 2" countries through the carbon finance market. Effectively, emission reductions purchased under carbon finance can be used against the greenhouse gas reduction obligations under the Kyoto Protocol or for other regulated or voluntary greenhouse gas emission reduction regimes.

Renewable Energy Certificates. On January 14, 2010, the CERC issued the Central Electricity Regulatory Commission (Terms and Conditions for Recognition and Issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010, as amended (the "REC Regulations"). The REC Regulations envision the designation of a central agency for registration of eligible entities, issuance of certificates, maintaining and settling accounts in respect of certificates, and other functions in respect of RECs after inviting comments from state electricity commissions. Solar certificates and non-solar certificates will be sold to entities with renewable purchase obligations and will be traded on a power exchange (subject to a floor price and a forbearance (or ceiling) price determined by the CERC). Therefore, a renewable energy generator will have the option to sell the renewable energy at the preferential tariff fixed by the relevant electricity regulatory commission or sell the electricity generated at a price equal to the equivalent weighted average power purchase cost of the distribution company and sell the REC separately. The aim of RECs is to address the mismatch between availability of renewable energy resources and power demand.

"Must Run" Status. Pursuant to the Central Electricity Regulatory Commission (Terms and Conditions for Tariff Determination from Renewable Energy Sources) Regulations, 2009, as amended (the "CERC Regulations") all renewable energy power plants, except for biomass power plants with installed capacity of 10 MW and above and non-fossil fuel based cogeneration plants are treated as "must run" power plants and are not subject to 'merit order despatch' principles.

Outlook

In 2008, India was the world's fourth largest emitter of CO_2. Between 1990 and 2004, emissions increased by 97%, one of the highest rates of increase in the world. In December 2009, India announced that it would voluntarily reduce its emission intensity by 20-25% by 2020 on a baseline of 2005. In March 2010, India agreed to be listed as a party on the Copenhagen Accord with the understanding that the accord was not binding. In addition, pursuant to the National Action Plan on Climate Change, the Government of India has called for 5% of electricity purchased from the grid in India to come from renewable sources by FY 10, with an increase of 1% per year. This means that renewable energy would grow at a faster rate than traditional power generation, accounting for around 20% of the total added capacity planned in the XIth FYP time frame. *(Source: National Action Plan on Climate Change; Global Wind Energy Council, Indian Wind Energy Outlook 2009, September 2009)*

OUR BUSINESS

Overview

We are engaged in the business of providing goods and passenger transportation services and are currently listed in the Limca Book of Records as the largest single owner of commercial vehicles in the private sector in India. We offer services for the transportation of goods across India using a range of road transportation solutions to our customers, including less than truck load ("LTL"), full truck load ("FTL") and express cargo services. We are also one of the private bus operators in the State of Karnataka, Maharashtra and Goa and with a fleet of over 256 owned passenger buses, we carried, approximately 1.56 million passengers in Fiscal 2010 and 1.03 million passengers in the six-month period ended September 30, 2010. As of September 30, 2010, our fleet of vehicles for the goods and passenger transportation business consisted of 2,829 owned vehicles.

We also operate in three other business segments, which are: courier services, wind power generation and the air charter business. In 1992, we commenced courier services for time sensitive documents and packages. In 2006, we commenced our wind power business and have since been supplying all the power generated by us to Hubli Electricity Supply Company Limited. We commenced our air charter business in 2008 for providing services to individuals and corporate passengers.

For the six-month period ended September 30, 2010, our revenues totalled Rs.4,330.08 million of which Rs.3,444.94 million or 79.56% was attributed to our goods transportation business, Rs.626.43 million or 14.47% to our passenger transportation business, Rs.174.83 million or 4.04% to our wind power business and Rs.14.31 million or 0.33% to our air charter business.

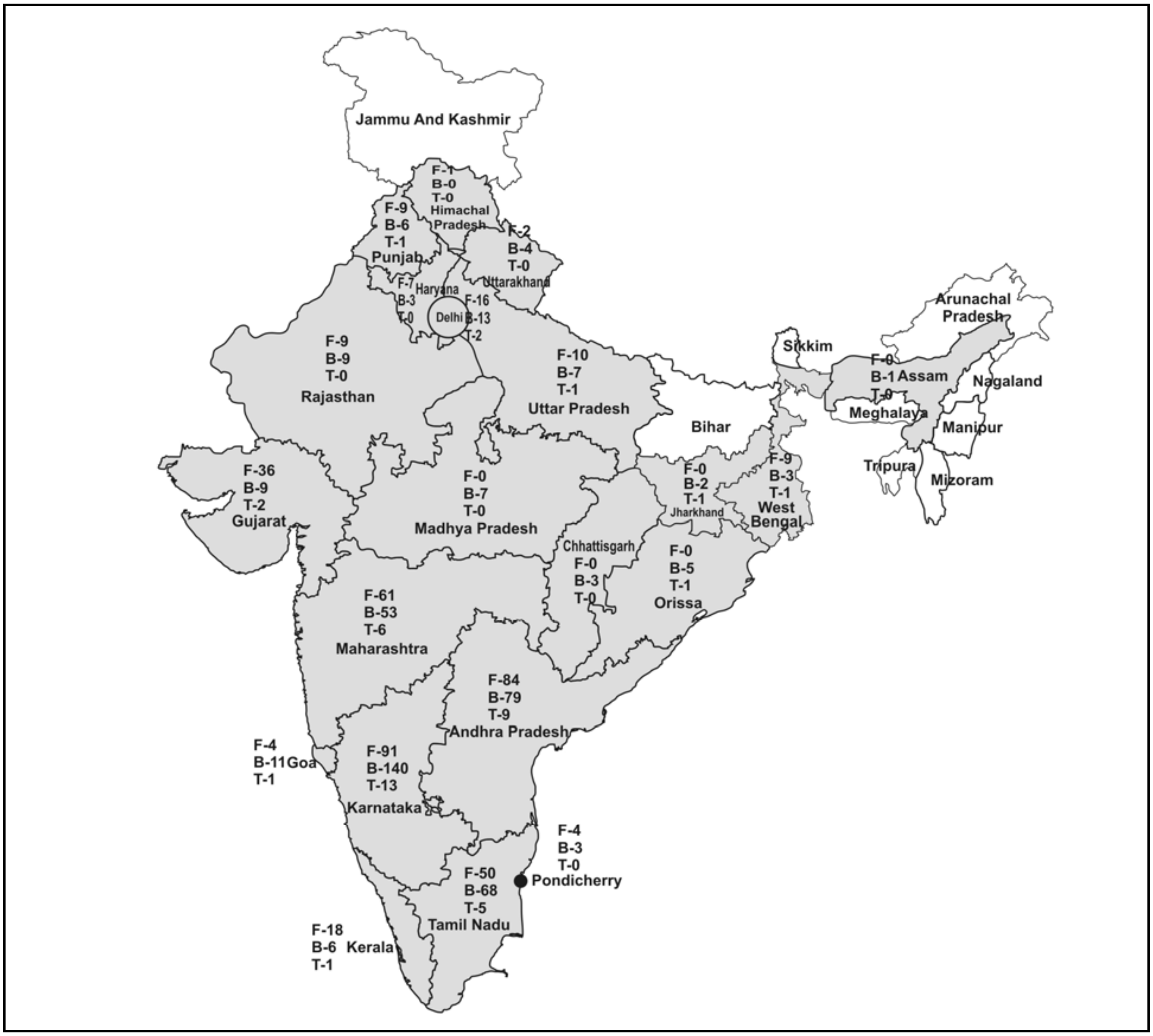
Our goods transportation network spans across 20 States and 6 Union Territories and covers 534 cities throughout India. We operate on a Hub-and-Spoke operating model, which gives us the flexibility to transport a broad range of parcel sizes for both regional and national customers while providing customers access to multiple destinations for delivery of their goods. This provides us the ability to offer customers a compelling value proposition and gives us a competitive advantage in sourcing freight.

Between Fiscal 2006 to 2010, our total revenues and EBITDA in the goods transportation business have recorded compound annual growth rates of 18.80% and 39.36%, respectively. During the six-months ended September 30, 2010, we generated total revenues of Rs. 4,330.08 million and EBITDA of Rs.961.20 million from our goods transportation business.

In the goods transportation business, our large network of branches and franchisees across the country allows us to maximize revenue per vehicle. Our primary focus is the attractive market for LTL freight services, which offers higher rates per load than FTL services. LTL services offers higher rates per load because it involves the consolidation and transportation of freight from numerous customers to multiple destinations and thus generates higher net revenue per vehicle than FTL services. Furthermore, for LTL services, we are paid a rate based on the weight and volume characteristics of the freight as well as the distances over which they need to be transported. FTL services involve the transportation of a single customer's freight to a single destination, for which, we are paid a rate per kilometer for our services. Our operating model, which primarily relies on ownership of vehicles as against hiring third-party vehicles, also helps us in realising higher margins in the LTL freight business, especially for remotely located and relatively inaccessible destinations.

Our goods transportation business services numerous industries. We transport fast moving consumer goods and general commodities, which include, food, textiles, apparel, furniture, appliances, pharmaceutical products, rubber, plastics, metal and metal products, wood, glass, automotive parts and machinery. During the six months period ended September 30, 2010, no single customer accounted for more than 2% of our revenues in the goods transportation business, and the ten largest customers accounted for 5.08% of our revenues in the goods transportation business.

The diagram below illustrates the spread of our goods transportation business in India, enlisting the state-wise break-up of the number of branches (B), franchisees (F) and transhipment hubs (T):



In the passenger transportation business we are a private operator of passenger buses and our operations are focused on high density urban commuter markets, such as Bangalore, Mumbai, Pune and Panjim. We also connect metropolitan and tier-2 cities, such as Hubli, Bijapur, Dharwad, Belgaum, Hospet, Mangalore, Bagalkot, Gulbarga, and Bhatkal. As on September 30, 2010, our passenger transportation business operates in the States of Karnataka, Maharashtra and Goa plying over 188 routes across 93 cities. We have in total 56 branches and 515 franchisees for our passenger transportation business. In Fiscal 2010, with a fleet of 211 owned passenger buses, we carried 1.56 million passengers and in the six months period ended September 30, 2010, with a fleet of 256 owned passenger buses, we carried 1.03 million passengers. We facilitate the booking of tickets for our passengers through a wide network of agents as well as the internet through leading web based travel agents and the online ticket booking facility on our website.

Business strengths

We have the following competitive strengths:

A nationally established transportation company

We have built a brand over three decades, owing to our commitment to quality, reliability and timeliness of services offered and our long-standing presence in the industry. Our brand has successfully made the transition from a local transportation service provider within the State of Karnataka to a pan-India service provider. We have expanded our service offerings over the years; having commenced operations with general cargo transportation, we presently offer services such as express cargo, courier services and passenger transportation. We also share good relationships with our business associates, such as vehicle and equipment manufacturers, fuel and spare part suppliers, etc.

Proven track record in the transportation business

We have an operating track record of over three decades in the transportation business. Our Chairman, Mr. Vijay Sankeshwar, who has been actively involved in the business and management of our Company, has over three decades of experience in the transport industry. Our extensive experience in the transport industry enables us to gauge and understand the changing trends and growth prospects. We have received numerous awards for excellence in customer satisfaction, operational efficiencies and technological advances. See the section below titled "Awards" on page 90 of this Draft Red Herring Prospectus for the list of awards received by our Company. We intend to continue to leverage the goodwill of our brand to enhance our relationships with existing customers and to seek new customers to help us grow our business.

Large and established size and scale of operations

We are a multi-service transportation services provider with a presence in 20 States and 6 Union Territories in India. We offer a wide range of transportation solutions, such as LTL, FTL, express cargo and courier services in addition to passenger transportation. Our service offerings enable us to serve a diversified customer base comprising both corporate and retail customers by capitalising on our brand visibility.

We have an extensive network of operations, with 436 owned branches and 423 franchisees in the goods transportation business as on September 30, 2010 and 56 owned branches and 515 franchisees in the passenger transportation business as on September 30, 2010, which enables us to provide connectivity even to certain remote locations. The large scale and broad geographic scope of our operations provide us with competitive advantages versus smaller goods transportation entities which primarily belong to the unorganised market. Although a large number of carriers may compete with us on a regional basis, only a limited number of carriers can compete with us in all of our geographic markets. Our customers include a growing list of corporate clients, distributors and traders who demand consistent capacity, reliable service, and competitive prices across multiple geographic markets. We believe that the large scale and scope of our operations allows us to meet our customers' requirements better than smaller or more limited carriers. In addition, our large scale of operations produce a higher freight density in a variety of geographic regions, which improves our asset utilization by reducing empty kilometres between loads.

As on September 30, 2010 we had a fleet strength of 2,829 owned vehicles for carrying on the goods and passenger transportation business. Our large fleet size provides us multiple benefits, such as, coverage of a larger number of routes, low dependence on hired vehicles and a reputation for reliable and timely delivery of the consignments. The variety of goods transportation vehicles in our fleet enables us to service a diverse mix of consignments and with a variety of passenger buses we are able to service the transportation requirements of different customer segments.

Young fleet of vehicles in the passenger transportation business

As of September 30, 2010, our fleet for the passenger transportation business consisted of 256 owned buses, with an average age of 3.41 years. Our young fleet of vehicles in the passenger transportation business enables us to enjoy a high degree of performance reliability and to develop a reputation for being a passenger bus operator that delivers a safe, on-time, modern and comfortable travel experience.

Low dependence on hiring third-party vehicles in the goods transportation business

We prefer to operate our owned vehicles and we hire third-party vehicles only on select routes during periods of high demand and in emergencies. Hiring third-party vehicles involves a higher cost of operation as we are required to pay for the operational cost of the hired vehicles. It also results in a lower payload capacity vis-à-vis our owned vehicles which we believe are lighter and have longer length bodies to carry a higher payload. Therefore, operating our owned vehicles enables us to eliminate hiring costs and also enables us to carry higher volumes leading to higher revenues per trip. Additionally, with third-party vehicles, there is no certainty that these vehicles will be available when we need them or whether we will be able to ensure safe delivery in a timely manner. Furthermore, in times of scarcity of third-party vehicles, the cost of hiring tends to increase significantly.

Strong in-house capabilities

We have invested significant resources in our in-house capabilities and have developed our scalable, in-house technology systems. Our in-house capabilities are key aspects of our operating model and our ability to deliver consistent levels of customer service. We have our in-house body designing facility equipped to build lighter vehicles with longer length bodies to carry a higher payload, resulting in increased margins. Our in-house capabilities also include a vehicle repair and maintenance facility at Varur in Hubli, Karnataka for carrying out preventive maintenance measures to minimize the events of breakdown or damage to vehicles along with six strategically located satellite workshops to cater to emergency and minor repairs of our vehicles.

In addition to managing the physical movement of freight, we offer real-time tracking. We have a research and development team that designs and re-engineers vehicle components to reduce operating cost and enhance their performance. Our information technology division located at Varur in Hubli, Karnataka oversees the information technology requirements of our Company including computerization of our branches, transhipment hubs and offices. We also have an online cargo tracking facility at www.vrlgroup.in, which facilitates customers in locating the movement of cargo.

Differentiated operating model

We believe our Hub-and-Spoke operating model is difficult to replicate and differentiates us from other goods transportation companies as it is supported by our wide geographical network, large fleet of owned vehicles and specialised/experienced professionals. Our Hub-and-Spoke operating model entails the consolidation of goods from multiple locations at our transhipment hubs and re-distribution thereof to their respective destinations. This ensures significant cost savings, rationalization of routes covered by our vehicles and optimum utilization of resources including vehicles and manpower. We have 44 transhipments hubs, 436 owned branches and 423 franchisees, which enables the smooth flow of consignments.

Successful implementation of our operating model requires professionals with experience in a Hub-and-Spoke or comparable operating model at multiple levels of the organization. In particular, our business model requires a strong focus on load planning, technologies and operating and marketing objectives as well as an ability to identify strategically located properties for expansion.

Experienced and motivated management team

We have been successful in attracting a knowledgeable and talented senior management team with a complementary mix of operational and technical capabilities, sales and marketing experience, and financial management skills. Our management team is led by our Chairman and Managing Director, Mr. Vijay Sankeshwar, who has over 30 years of industry experience. Our executives' experience is also expected to help our company address and mitigate various risks inherent in our business, including significant competition, reliance on independent contractors, the global economic crises and fluctuations in fuel prices.

Ability to recruit and retain experienced and professional drivers

Our experienced and non-unionized drivers are critical to our operating model. The operational flexibility and safety track record of our drivers allow us to offer a variety of services and to compete for freight requiring premium service levels. We believe that we will continue to be successful at recruiting and retaining skilled drivers.

Our wages and benefits are based on a monthly fixed pay plus incentives based on their performance, and other incentives designed to encourage driver safety, retention and long-term employment. We believe that our drivers are compensated very competitively, allowing us to attract and retain qualified drivers who fit into our high service culture. Our strong understanding of drivers' culture emanates from Mr. Vijay Sankeshwar, our Chairman and Managing Director, who himself operated a single vehicle in 1976 and continually emphasized the importance of a stable, high quality work-force. We believe our ability to recruit and retain experienced and professional drivers will be an increasing competitive advantage should the availability of drivers decrease in the future.

Business strategies

In order to capitalize on volume growth as well as key ongoing trends in the Indian freight and passenger transportation industry, the following are the key components of our operating and growth strategy:

Increase freight density in the existing system

We believe we have significant growth opportunities in the LTL market. One of the goals of our marketing and sales strategy is to increase our express cargo volumes and density by attracting corporate customers. We intend to offer a broad range of services to attract new customers and to cross-sell additional services to existing customers. We believe we are the one of the few companies in the organised sector that is well positioned in the freight transportation industry to cater to customers dependent on the unorganized market for their transportation services. We have proactively prepared ourselves for increased freight volumes by increasing our goods transportation fleet by 370 vehicles in 2008, 77 vehicles in 2009 and 143 vehicles in 2010. We intend to continue increasing the size of our goods transportation fleet in the coming years. The proceeds of this Issue will be partly utilized towards increasing our fleet of goods transportation vehicles. See also, the section "Objects of the Issue" beginning on page 32 of this Draft Red Herring Prospectus.

Expansion of passenger transportation business in India

Our passenger transportation business currently covers the States of Karnataka, Maharashtra and Goa. With 15 years of experience in the passenger transport business, we plan to expand this business into western, southern and central India. Our strategy is to provide safe and reliable passenger transportation services in our core markets. We intend to prioritise our growth in high density metropolitan and tier-2 cities in growing commuter regions of India by providing high quality, locally focused passenger transportation services and operating our buses in a safe and responsible manner. The passenger transportation business is attractive as it offers higher margins, advance cash realisation and higher return on assets. We have identified growing opportunities in certain routes which offer higher occupancy rates. Furthermore, we also intend to increase our focus on catering to the luxury segment. To achieve these goals, we will increase our fleet size with new and technologically advanced buses. The proceeds of this Issue will be partly utilized towards increasing our fleet of passenger buses. See also, the section "Objects of the Issue" beginning on page 32 of this Draft Red Herring Prospectus.

Selecting profitable routes for our passenger transportation business

As of September 30, 2010, we offer passengers a choice of 188 routes and 93 cities. Our growth strategy for the passenger transportation business includes increasing the number of routes by identifying routes that are profitable and which are not yet serviced by other transportation operators in the private sector or are being inadequately serviced, and increasing the frequency on existing profitable routes.

Focus on the attractive market for LTL services

LTL services produce higher margins for the Company than FTL services and provide the Company with incremental revenues and a more diversified customer base. LTL services accounted for approximately 74.73% of the Company's total revenues in the six months period ended September 30, 2010. We plan to increase our share of the LTL market by continuing to offer faster transit times and more reliable service at competitive prices. In recent years, the share of non-bulk commodities in freight movement has consistently increased and constituted 37.5 per cent in 2009-10 from 33.5 per cent in 2004-05. (*Source: CRISIL Report on Domestic Freight Transportation Services, 2010*) With high growth in the non-bulk commodities segment and overall economic conditions, we anticipate growth in freight levels in our LTL services business.

Continue to focus on operating efficiency by establishing high-capacity transhipment hubs

We are focused on operational and financial improvements to increase asset productivity, accelerate earnings growth, enhance returns and improve our competitive position. To achieve these goals, we have placed significant management emphasis on increasing our fleet size, adding owned transhipment hubs that serve as re-distribution points, optimizing freight mix, controlling costs and managing our revenue generating equipment. We use management information systems to improve truckload selection and maximize profitability. Addition of owned transhipment hubs will ensure better utilization of our vehicles and rationalization of routes covered by our vehicles which are expected to result in increasing freight volumes and improved cost efficiencies. We believe that owning, as against leasing transhipment hubs has several operational advantages including the flexibility to induct mechanical freight handling equipment, provision for maintenance and fuel facilities for our vehicles and an improved working environment for our staff. Further, owning transhipment hubs is expected to decrease our dependence on leased premises, provide operational flexibility and ensure strategic placement of our transhipment activities.

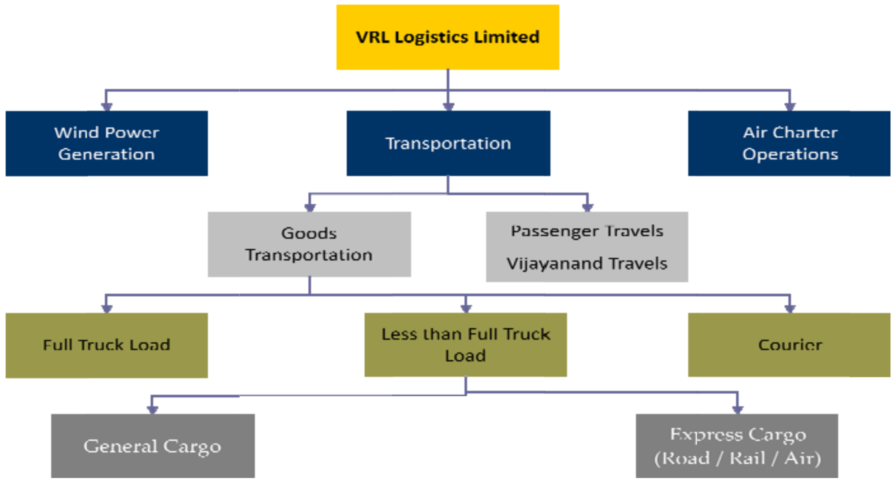
Focus on serving a diverse, underserved customer landscape

We serve a broad range of customers in our goods transportation business, with no single customer accounting for more than 2% of our Fiscal 2010 revenue in this business segment. In addition, we serve a diverse mix of end markets comprising several industry sectors. We concentrate primarily on small to mid-size customers, who we believe represent an underserved market. Our services are designed to satisfy these customers' unique needs. By having a majority customer base of small to mid-size customers, our revenues are not dependant on any single customer or a group of customers. Furthermore, we believe our target customer base presents attractive growth opportunities for each of our service offerings given that many small to mid-size customers have not yet capitalized on the benefits of third-party transportation.

Maintain our commitment to time bound service, safety and quality

We are committed to ensuring timely transport of goods and passengers and have also maintained our commitment towards safe delivery of goods. As we seek to expand the passenger and goods transportation businesses, our reputation for time bound service is very essential and we intend to continue to focus on ensuring timeliness and efficiency. For example, in the goods transportation business, we ensure that there are two drivers in vehicles carrying express cargo consignments and in vehicles covering a distance of more than 1,000 kilometres and in the passenger business, we maintain two drivers on each route. This is done to avoid excessive stress on one single driver and the chances of accidents due to stress on drivers are greatly reduced.

Our organisation structure



Our goods transportation business

We offer a full range of road transportation solutions to our customers, which include LTL, FTL and express services. We provide our customers with the flexibility to handle a wide range of parcel sizes, weights and types of freight which is not typically provided by other LTL or FTL carriers. In addition, we provide these services over a broad range of distances ranging from 25 to 3,500 kilometres. We believe our ability to transport multiple types of freight over multiple destinations differentiates us from our competitors.

Less-than-Truckload services

Our LTL services comprise two divisions: general cargo and express cargo.

General cargo

We provide our general cargo services in 20 States, 6 Union Territories covering 534 cities in India. We have in total 432 branches and 411 franchisees to cater to our general cargo business. The general cargo business represented Rs. 2,851.79 million or 65.86% of our total revenues or 82.78% of goods transportation revenues for the six-month period ended September 30, 2010 and Rs. 4,682.98 million or 65.48% of our total revenues and 80.80% of goods transportation revenues for the Fiscal year ended March 31, 2010.

The booking of a consignment is made at our branches or franchisees by the customer, and then the consignment is sent through one or more transhipment hubs. At each of the transhipment hubs the goods are segregated and finally delivered to the delivery office. The customer then collects it from our delivery office. We also provide door-to-door services at extra charges. If the consignment is not collected by the consignees from our branches within the specified period we collect demurrage charges, which are costs levied for delay in collection of goods. The general cargo business is not a time bound service, however, we aim to deliver faster than our competitors to enhance customer satisfaction.

Express cargo

The express cargo business involves door-to-door delivery in a time bound manner using road, rail and air as a mode of transport. Express cargo business is available in 20 States, 6 Union Territories covering 534 cities in India. We have in total 404 branches and 415 franchisees to cater to our express cargo business. We differentiate ourselves from other express cargo providers through our wide service network, as well as our ability to provide door-to-door service on company-owned vehicles. We provide our customers with billing, collecting, load tracking, pick-up, and delivery services. The express cargo business division represented Rs. 384.02 million or 8.87% of our total revenues and 11.15% of goods transportation revenues for the six-month period ended September 30, 2010, and Rs. 627.77 million or 8.78% of our total revenues and 10.83% of goods transportation revenues for the fiscal year ended March 31, 2010. Our express cargo business is mainly focused on the requirements of our corporate customers who want time bound deliveries of goods to their various locations. Apart from the normal freight rate, we levy additional charges for our door-to-door services.

Full-Truckload services

We provide FTL services to our customers by leveraging our broad base of over 61 branches or through our network of independent brokerage agents. We provide door-to-door FTL services to our customers, in which the goods are loaded on to our vehicles at the premises of the customer and then delivered to the specified destination. This service is typically used by manufacturers that have large quantities of goods to be transported and is offered at a pre-determined price. In general, we provide FTL services to optimize capacity utilization of our vehicles or to those customers who offer attractive margins.

We maintain a network of independent brokerage agents that have partnered with us for a number of years. Brokerage agents complement our network of our branches by bringing access to customers who require FTL services. The FTL business represented Rs. 209.13 million or 4.83% of our total revenues and 6.07% of goods transportation revenues for the six-month period ended September 30, 2010, and Rs. 484.70 million or 6.78% of our total revenues and 8.36% of goods transportation revenues for the fiscal year ended March 31, 2010.

Our goods transportation fleet and its maintenance

Fleet size

As of September 30, 2010, our fleet for the goods transportation business consisted of 2,573 company-owned vehicles and the average age of these vehicles was 6.30 years. The following table outlines certain information regarding our fleet as of September 30, 2010.

Financial year	**Small Vehicles***	**Light Commercial Vehicles****	**Heavy Commercial Vehicles*****	**Cranes & Tankers******	**Vehicles Owned**
2010 – 2011	62	1	-	-	63
2009 – 2010	2	140	1	-	143
2008 – 2009	34	27	9	-	70
2007 – 2008	71	288	6	2	367
2006 – 2007	276	218	30	5	529
2005 – 2006	66	131	4	-	201
2004 – 2005	122	233	51	3	409
2003 – 2004	9	18	-	1	28
2002 – 2003	2	52	-	-	54
2001 – 2002	56	30	16	-	102
2000 – 2001	72	-	-	-	72
1999 – 2000	64	80	-	-	144
Prior to 1999 – 2000	126	259	-	6	391
Total	962	1,477	117	17	2,573

* Small Vehicles have a gross vehicle weight of up to 2500 Kg
** Light Commercial Vehicles have a gross vehicle weight from 2500 Kg up to 7500 Kg
*** Heavy Commercial Vehicles have a gross vehicle weight of more than 7500 Kg
**** Cranes and Tractors are for internal use and do not contribute to revenue

In-house designing of vehicles

We purchase chassis from manufacturers and use our in-house designing capabilities to build vehicles that suit our requirements. We have an in-house body designing facility at Varur in Hubli, Karantaka for mounting the body of the vehicles on the chassis. The manufacturers supply chassis based on the specifications provided by us.

We evaluate the purchase of chassis based on factors such as cost, useful life, warranty terms, technological advances, expected maintenance costs, fuel economy, driver comfort and manufacturer support. The vehicle body designing activity is carried out by personnel contracted by us specifically for providing these services. Once the chassis are ordered, we structure the body either as low deck, high deck or closed, depending on the usage of the vehicles. We also reduce the overall weight of the vehicles, which enables us to carry higher tonnage on the vehicle without violating the permissible payload limits. We design vehicles with different specifications to ensure that we can allocate the appropriate vehicle for carrying goods. We generally take 10 to 15 days to convert the chassis into vehicles.

In-house maintenance facilities

Operating a well-maintained fleet allows us to minimize repairs and service interruptions. The age and other attributes of our fleet also enhance our ability to attract drivers, increase fuel efficiency and minimize breakdowns. Over the years, our management team has implemented new vehicle technologies (such as, GPS tracking, auto component wash, machine-shop technology) to keep pace with the technological developments in the transportation industry. We have a comprehensive preventive maintenance program which increases the life of our vehicles and perform regular servicing and repairs at our workshop in Varur in Hubli, Karantaka thus reducing costlier on-road repairs and out-of-route trips. We also undertake re-engineering of the vehicles by continuously adopting innovative processes which enhance the life of vehicle components.

Our workshop, which operates on a 24-hour basis, also has facilities for engine overhauling, assembly, painting, tyre retreading, distilled mineral water plant, vehicle battery maintenance, and storage for spare parts and tyres etc. for our goods and passenger transportation vehicles. We perform constant preventive and remedial maintenance of our vehicles. We use a software application that has been developed in-house, which provides alerts and reminders when a service or spare replacement is due on the basis of kilometres operated or the life of the vehicle.

We also try to improve our efficiency level by ensuring that our vehicles spend minimum time in the workshop. In order to achieve this we constantly conduct time-and-motion studies as part of our maintenance procedures at our workshops, for which we employ efficiency enhancement studies to modify the time spent per vehicle at the workshop. The same is also tracked with the consumption of the spare parts in order to ensure the quality of the same.

An integral part of the maintenance process involves retreading of tyres, which is a process designed to extend the useful service life of a previously-worn out tyre. The old tread of the tyre, which is the rubber on the tyre's circumference that makes contact with the road, is buffed away and a new rubber tread is applied to the bare "casing" using specialized machinery. Before retreading, we verify the future life expectancy of the tyre. Retreading reduces our tyre costs to a significant extent.

Spare parts for our vehicles

In addition to procuring spare parts from other major suppliers, we have an arrangement with Ashok Leyland for the supply of automobile spare parts. As per the arrangement, Ashok Leyland has set up a dedicated outlet for supply of spare parts at our facility at Varur in Hubli, Karnataka. These spares parts are available to us at competitive rates within our premises. The spare parts are used as and when required and paid for on a weekly basis. This eliminates the cost of carrying the inventory, cost of transport incurred in procuring the spare parts and at the same time ensuring timely availability.

The Hub-and-Spoke model

Pickup

In order to service our customers better, we have 436 branches and 423 franchisees, who handle customer pickups. We generally pick up freight within 20 kilometres of one of our branches or franchisees. The graphic below illustrates the state-wise break-up of our goods by origination during Fiscal 2010:

Pricing and payment options

The pricing of our services in the goods transportation business is determined on the basis of the weight or volume of consignment and the distance of the delivery point. We have three types of payment options, which are:

Paid: Under this payment option, the customer pays our freight at the time of booking. This facility is generally used by walk-in customers and this enables us to receive our revenues immediately. This mode of payment constituted 11.86% and 11.82% of our total revenues for LTL services for the six-month period ended September 30, 2010 and the fiscal year ended March 31, 2010, respectively.

To pay: Under this payment option, the customer does not pay the charges at the time of booking but the person to whom the goods are to be delivered is required to pay our freight upon collecting the goods. This payment option is commonly used by our customers and this mode of payment constituted 66.03% and 64.89% of our total revenues for LTL services for the six-month period ended September 30, 2010 and the fiscal year ended March 31, 2010, respectively.
This payment option is popular among customers belonging to the unorganised sector. Although we run the risk of non-payment by the consignee, we remain in possession of the consignment, which reduces the risk of default. We believe that this mode of booking along with our wide network coverage provides us with a competitive advantage in sourcing freight.

Running account: Under this payment option, service to the customer is provided on credit and we keep a running account of revenue receivable from the customer. The customer is required to settle the account on a periodic basis. This facility is only extended to select high-volume and regular customers. This payment option constituted 22.11% and 23.29% of our total revenues for LTL services for the six-month period ended September 30, 2010 and the fiscal year ended March 31, 2010, respectively.

Consolidation at transhipment hubs and delivery

Key to our operating model is a network of 44 transhipment hubs, as illustrated by the map below, that we lease or own in strategic locations throughout India.

SLNO.	NAME	STATE
1	ANANTAPUR TPT	AP
2	CHITTOOR TPT	AP
3	HYDERABAD TPT	AP
4	KURNOOL TPT	AP
5	NELLORE TPT	AP
6	PRODDATUR TPT	AP
7	RAJAHMUNDRY TPT (RAVULPALEM)	AP
8	VIJAYAWADA GOLLPUDI TPT	AP
9	VISHAKHAPATNAM TPT	AP
10	AHMEDABAD- TPT (BAREJA TPT)	GJ
11	VAPI	GJ
12	VERNA TPT	GOA
13	MANESAR- SOUTH TPT (DELHI)	DLI
14	SIDRAWALI - NORTH TPT (DELHI)	DLI
15	BAHARAGORA TPT	JK
16	BAGALKOT TPT	KA
17	BANGALORE TPT	KA
18	BELLARY TPT	KA
19	BIJAPUR TPT	KA
20	DAVANGERE TPT	KA
21	GADAG TPT	KA
22	GANGAVATI TPT	KA
23	GOKAK TPT	KA
24	GULBARGA TPT	KA
25	HUBLI (VARUR) TPT	KA
26	MANGALORE KLS TPT	KA
27	MYSORE TPT	KA
28	SHIMOGA TPT	KA
29	ERNAKULAM TPT (KALMASERY)	KL
30	AURANGABAD TPT DO	MH
31	KLP- SHIROLI TPT	MH
32	MUMBAI PANVEL &TPT	MH
33	NAGPUR TPT	MH
34	PUNE PHURUSUNGI TPT DO	MH
35	SHOLAPUR KONDI VILLAGE TPT DO	MH
36	BHUVANESHWAR TPT	OS
37	LUDHIANA TPT/TRANSPORT NAGAR	PJ
38	CHENNAI TPT	TN
39	CHENNAI TPT LOCAL	TN
40	MADURAI TPT	TN
41	PERANDURAI TPT	TN
42	SALEM TPT	TN
43	VARANASI DO & TPT	UP
44	DHULAGAR HOWRAH TPT (KOLKATTA)	WB

The transhipment hubs act as a connector between the booking offices and the delivery offices. We ensure that these transhipment hubs are strategically located and the goods that are booked for delivery to the various destinations are serviced by the nearest transhipment hub(s).

At these transhipment hubs, numerous smaller LTL consignments are unloaded from various locations, consolidated based on their destination and then dispatched directly to our delivery office or to the other transhipment hub, which connects to the delivery office. All our transhipment hubs are interlinked, which provides us with the opportunity to ensure effective delivery of the goods and also track the movement of goods. The consolidation of the goods at these hubs takes place with the use of equipment required to handle heavy goods in a safe, efficient and smooth manner.

In order to continually emphasize optimal load building and enhance operating margins, managers review every load before it is dispatched from our transhipment hubs. This ensures that every truck is filled to capacity. In case a transhipment hub does not have sufficient freight for a particular destination, the goods are unloaded onto the next nearest transhipment hub to be further consolidated at that hub before delivering them to their assigned destination.

Segregation and delivery

Once the goods are transported to the delivery offices, they are segregated and sent to the respective consignees. The graphic below illustrates our Fiscal 2010 goods by destination region:

Benefits of the Hub-and-Spoke operating model to our customers

Improved Transit Time and Lower Costs

We provide our customers with faster transit times and fewer delays of their LTL freight deliveries in multiple locations and at a lower cost. We believe this gives us a significant competitive advantage as customers have to otherwise rely on a number of transporters to transport goods to multiple destinations or remote locations.

Core carrier with operational flexibility to load all types of freight

We provide the flexibility to handle a wide range of goods in different sizes, weights and types of freight. We believe our customers value the ability to work with a flexible transportation service provider that can service a broad spectrum of their transportation needs.

Benefits of the Hub-and-Spoke operating model to our Company

Multiple sources of origin with multiple delivery points

Our Hub-and-Spoke operating model allows us to pick-up freight from multiple origins and to deliver them to multiple destinations. This translates into lower operating costs, allows us to cater to a wide range of customers who need multiple pickups and delivery points and focus our operations on higher margin LTL freight.

Optimized economics

Our Hub-and-Spoke operating model allows us to increase vehicle utilization and avoid unfavorable pricing of FTL freight and positions us to take advantage of higher margin LTL freight. We believe our Hub-and-Spoke operating model enables us to optimize the economics by combining our LTL and FTL services to maximize revenue per operating vehicle.

Cater to the growing demand for "one-stop" transportation

We believe that customers are increasingly seeking "one-stop" transportation providers that can offer a comprehensive suite of services across the country to meet all of their transportation needs. As a result, we believe we are well positioned by our Hub-and-Spoke operating model to take advantage of our broad geographic coverage to gain market share from smaller providers that typically lack the scale, resources, and expertise to remain competitive.

Our courier services business

We offer courier services for time sensitive documents and packages. Our courier business is operated in 77 cities. Apart from walk-in customers, this service often consists of picking up commercial documents and packages directly from customers and delivering them to their assigned destination in a time-bound manner and on a door-to-door basis. In compliance with Indian law, we do not provide services in relation to mail and letters. Our service offerings in the courier business include: time-certain deliveries of documents and packages and local ground transport of hand-deliveries. We also provide international delivery service at select locations by routing consignment through other service providers.

Due to the highly competitive nature of the express courier business, competitive pricing is critical to our ability to effectively compete in the market. Pricing is typically based on the weight and the destination of the package. The courier services business represented Rs. 20.62 million or 0.48% of our total revenues for the six-month period ended September 30, 2010, and Rs. 31.88 million or 0.45% of our total revenues for the fiscal year ended March 31, 2010.

Our passenger transportation business

Our passenger transportation business currently operates within the State of Karnataka, Maharashtra and Goa and covers 93 cities. With a fleet of 256 buses, we carried approximately 1.56 million passengers in Fiscal 2010 and 1.03 million passengers in the six-month period ended September 30, 2010.

The passenger transportation business represented Rs. 626.43 million or 14.47% of our total revenues in the six-months period ended September 30, 2010 and Rs. 932.09 million or 13.03% of our total revenues in the fiscal year ended March 31, 2010. This segment of our business offers higher margins, higher return on assets and advance cash realisation, thus it is a core focus area for us. We intend to prioritise our growth in high density metropolitan and tier-2 cities in growing commuter regions of India by providing high quality, locally focused passenger transport services and running our buses in a safe and responsible manner.

Performance

The following table sets forth certain information relating to revenues from our passenger transportation business:

	Six month period ended September 30, 2010	Fiscal 2010	Fiscal 2009	Fiscal 2008
Fleet Size[(1)]	256	211	196	217
Occupancy rate (%)[(2)]	83.76	82.55	81.38	80.94
Revenues from the passenger transportation services business (excluding revenue from carriage of commercial cargo) (Rs.	571.92	840.11	823.49	811.62

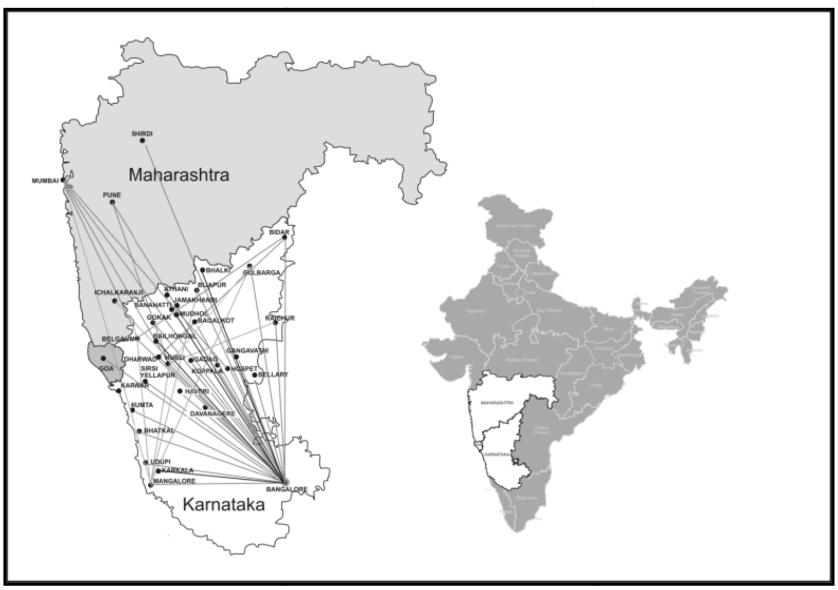
	Six month period ended September 30, 2010	Fiscal 2010	Fiscal 2009	Fiscal 2008
millions)				
Average revenue per passenger (Rs.) [(3)]	608.12	598.41	558.46	487.88

(1) *Fleet size represents the number of buses as on the last date of the reporting period.*
(2) *Defined as passengers travelled expressed as a percentage of total available seats.*
(3) *Defined as revenue from passenger transportation services divided by number of passengers travelled.*

Revenues from our passenger transportation business are dependent on available seats and ticket prices which in turn affect our occupancy rate. While substantial amount of our revenues from the passenger transportation business in current and historical periods have come from sale of tickets, it is part of our passenger transportation business model to earn ancillary revenue from the carriage of commercial cargo on our buses. See also, "Management's Discussions and Analysis of Financial Conditions and Results of Operations" on page 226 of this Draft Red Herring Prospectus.

Pricing forms the cornerstone of our revenue generation strategy and is also strongly linked to our route and schedule planning. We use our management information systems to understand pricing dynamics in our markets, respond or anticipate to changes in the market, and maximize our passenger revenues. The number of seats we offer at each fare level on each route results from a continual process of analysis and forecasting. Past ticket prices, seasonality, the effects of competition and current booking trends are used to forecast demand. Current fares and knowledge of upcoming events at destinations that will affect traffic volumes are included in our forecasting model to arrive at optimal seat allocations for our fares on specific routes. We use a combination of approaches, taking into account occupancy rates, to arrive at a strategy for achieving the best possible average revenue per passenger on a route. Various factors may affect our occupancy rate, including the opening of new routes, which generally begin with lower occupancy rates and stabilise at higher occupancy rates.

Routes



The main routes on which we operate our passenger buses are: Hubli-Bangalore, Hubli-Mumbai, Mumbai-Bangalore, Mumbai-Mangalore, Bidar-Bangalore, Bijapur-Bangalore, Bangalore-Mangalore, Bangalore-Goa, Bangalore-Shirdi, Hubli-Pune, Hubli-Mangalore, Bijapur-Bangalore, Hopset-Bangalore, Hospet-Mumbai, Belgaum-Bangalore, Belgaum-Mumbai, Belgaum-Pune, Mangalore-Bangalore and Gulbarga-Bangalore. The graphic on the left illustrates the routes that we cover in the passenger transportation business.

Our fleet of buses comprise: 8 Volvo multi-axle seater buses, 24 Volvo seater buses, 20 Isuzu seater buses, 7 air-conditioned sleeper buses, 113 Hi-tech sleeper and seater buses, 8 non-air-conditioned semi-sleeper buses and 76 seater buses. We intend to use our issue proceeds to purchase passenger buses. See also, the section "Objects of the Issue" beginning on page 32 of this Draft Red Herring Prospectus.

We facilitate ticket bookings for our passengers using a wide network of agents. We have in total 56 branches and 515 franchisees in the States of Karnataka, Maharashtra and Goa. Tickets can be purchased at any of our branches and franchisees. In addition, tickets can also be purchased from our website www.vrllogistics.com as well as website of e-agents, such as www.redbus.in, www.viaworld.in and www.makemytrip.com. Our agents and franchisees are remunerated on a commission basis. The revenue collected from such e-agents in the six months ended September 30, 2010 and Fiscal 2010 constituted 9.63% and 11.99% of the revenue from our passenger transportation business, respectively. Ticketing for our passenger buses can be done only through online booking, which enables us to determine the price on a centralised basis depending on the expected demand.

Some of the key aspects of our passenger business are:

Wide range of vehicles

We operate a wide range of vehicles (such as, Volvo seater, Hi-tech sleeper and seater buses) to cater to different customer segments. These vehicles are frequently upgraded to suit the changing needs of customers. Between Fiscal 2008 and six months period ended September 30, 2010, we invested over Rs. 360.84 million in new buses. These include 8 multi-axle Volvo buses which offer a comfortable, spacious, and smooth journey.

Safety

Safety is the cornerstone of our passenger transportation business. The provision of safe and secure services for our passengers underpins our operating strategy. We have introduced a number of initiatives and policies, such as, an exclusive driver's training centre, specialised training programs from vehicle manufacturers, a back-up driver, a spare bus for all routes and exclusive seats for female passengers. We also conduct surprise checks to ensure that our operations are carried out in an appropriate manner and as per the safety requirements. Our bus drivers are instructed about all the points of stoppage during a journey for fuel, refreshments, etc.

Customer service

We believe that providing high quality and reliable service will attract more customers. We monitor the scheduled departure and arrival times of our buses. We also provide value added services such as SMS alerts for booking confirmation, open ticket facility and facilities for customer care.

Our passenger transportation fleet and its maintenance

Fleet Size

As of September 30, 2010, our fleet for the passenger transportation business consisted of 256 company-owned buses and the average age of these buses was 3.41 years. The following table outlines certain information regarding our passenger transportation fleet as of September 30, 2010:

Financial Year	**Air-Conditioned Seater Volvo Multi Axle Buses**	**Air-Conditioned Seater Volvo Buses**	**Air-Conditioned Seater Isuzu Buses**	**Air-Conditioned Sleeper Buses**	**Non-air-Conditioned Sleeper & Seater Buses**	**Non-air-conditioned Semi-Sleeper buses**	**Non air conditioned Seater Buses**	**Total**
HY 2011	-	-	20	-	8	-	27	55
2009 - 2010	8	-	-	-	6	-	13	27
2008 - 2009	-	-	-	7	-	-	-	7
2007 – 2008	-	-	-	-	8	-	-	8
Prior to 2007	-	24	-	-	91	8	36	159
Total	**8**	**24**	**20**	**7**	**113**	**8**	**76**	**256**

Maintenance

We intend to open more satellite workshops for the regular upkeep and maintenance of our increasing fleet of vehicles. Presently, we ensure comfort for our passengers by maintaining clean and hygienic passenger buses, with regular change of seat and berth covers.

Our wind power generation business

In 2006 we commenced our wind power business in southern India at Kappatgudda, Gadag district in the State of Karnataka by setting up a wind farm of 42.5 MW. The wind farm consists of 34 Wind Turbine Generators (WTGs) having individual capacity of 1.25 MW. The turbines are of S66 technology developed by Suzlon Energy Limited and the power generated is sold to Hubli Electricity Supply Company Limited ("HESCOM") under six Power Purchase Agreements (PPAs). Two of these PPAs expire in September, 2026 and four PPAs expire in February, 2027, however, they can be renewed on mutually agreed conditions for a further 10 years, subject to regulatory approvals. We have also entered into an Operations and Management Agreement and Maintenance Agreement with Suzlon for a period of six years for operational and maintenance activities relating to our wind power project.

The details of power generated by our wind power business along with the revenue accruing to us from it for the past 3 years and the six months period ended September 30, 2010 is set out in the table below:

	Six month period ended September 30, 2010	**Fiscal 2010**	**Fiscal 2009**	**Fiscal 2008**
Gross Power Generated (kWh)	52,447,755	79,484,670	78,939,800	79,260,225
Net Power Generated (kWh)*	51,432,471	77,547,450	77,010,280	77,437,358
Revenue Generated (Rs. million)	174.83	263.63	261.76	263.21
Plant Load Factor	28.17%	21.35%	21.20%	21.29%

* Net of transmission and step up loss

Carbon credits

Our wind power project has been registered with the Clean Development Mechanism Board (under the UNFCCC mechanism) in accordance with the Kyoto Protocol. The Government of India, Ministry of Environment and Forests has, in its meeting held on 22 October 2007, given our wind power project the host country approval. During Fiscal 2010, we earned Rs. 20.21 million from the sale of VERs.

In the project design document filed with UNFCCC, we have chosen a fixed crediting period of 10 years from March 2009 to March 2019, in which the CERs shall be credited to our wind power project. We engaged Mitcon Consultancy Services Limited ("Mitcon") as our project consultants to advise and undertake the CDM registration, registration with the UNFCCC, and to facilitate the verification and issuance of CERs. As per the arrangement with Mitcon, we are required to pay them consultancy fess equivalent to 10% of income generated from sale of CERs. We have entered into an agreement with Asian Development Bank ("ADB") for sale of carbon credits from March 2009 to December 2012. As per this agreement, ADB would make an advance payment for 171,176 CERs at a price of USD 15.83. After delivery of these CER units, the balance units would be purchased by ADB at a price of USD 17.18 per CER.

The wind power generation business (including the revenue from the sale of carbon credits) represented Rs. 174.83 million or 4.04% of our total revenues for the six-month period ended September 30, 2010, and Rs. 283.84 million or 3.97% of our total revenues for the fiscal year ended March 31, 2010.

Our air charter business

We entered the air charter business in 2008 to provide services to individuals and corporate clients. We purchased a new Premier 1A aircraft from Hawker Beechcraft Inc., USA. The Premier 1A aircraft is a twin engine sophisticated aircraft with space for 2 pilots and 6 passengers. This aircraft has a Non Scheduled Operator Permit issued by the Director General of Civil Aviation (**DGCA**), Government of India.

In order to manage the operational aspects of our air charter business, we have engaged Aerosource India Private Limited to co-ordinate the requirements of the DGCA for all our flights. We have entered into an agreement with Indamer Company Private Limited to provide maintenance services and with SS Aviation, Bangalore for marketing our air chartering services.

The aircraft is used by corporate houses, high net worth individuals and the Government of Karnataka. The aircraft is also used by senior management of our Company to visit various offices and supervise the broad geographical spread of our operations. The aircraft was utilised for air chartering for 100.50 hours during the six-month period ended September 30, 2010.

The air charter business represented Rs. 14.31 million or 0.33% of our total revenues and for the six-month period ended September 30, 2010, and Rs. 16.64 million or 0.23% of our total revenues for the fiscal year ended March 31, 2010.

Marketing

We currently market and sell our goods and passenger transportation services through over 148 sales personnel located throughout India. Our objective is to leverage our national sales force to sell our full suite of transportation services. Our marketing activities are headed by our Managing Director, Mr. Anand Sankeshwar, at the corporate level and he is supported by senior executives at the regional levels.

In our general cargo and express cargo business, 59.49% of the bookings were made on a “to pay” basis in the goods transportation business in the fiscal year ended March 31, 2010, wherein the consignee bore the cost of the transportation. Our sales personnel at our delivery offices aim to get letters recommending our services from our consignees, which are then taken to our booking office to persuade potential consignors to use our services. We call this marketing strategy as consignee marketing.

Customers

We have a large and diverse base of customers built around our Hub-and-Spoke operating model, with whom we work closely. We serve a large number of customers in the goods transportation business, with no single customer accounting for more than 2% of our Fiscal 2010 revenue in this business segment. In addition, we serve a diverse mix of end markets across several industry sectors. We concentrate primarily on small to mid-size customers, who we believe represents an underserved market. Our services are designed to satisfy these customers’ unique needs and desired level of integration. Furthermore, we believe our target customer base presents attractive growth opportunities for each of our service offerings given that many small to mid-size customers have not yet capitalized on the benefits of third-party transportation, such as sourcing commodities from multiple locations.

Of our top 200 customers by total revenue in Fiscal 2010, we continued to provide services to approximately all these customers in the six months period ended September 30, 2010. We believe this high level of retention and the fact that we have increased the number of customers our company services exemplifies the compelling value proposition we provide and positions us for growth in the coming years.

Awards

Over the last two years, our Company has received several awards and honours, including:

- the National Award for Environmental Conservation at the Ceat India Road Transportation Awards 2010;
- the Regional Award for “Operational Excellence” at the Ceat India Road Transportation Awards 2010;
- the New Era Award for Technology, Innovation and Quality by Otherways Management Association, France, 2010;
- the Technology Best Practices Adopter award at the Apollo CV Awards 2010;
- the Frost & Sullivan 2009 Voice of the Customer Award for Best Logistics Provider in the Indian Retail Sector; and

- the Frost & Sullivan 2009 Voice of the Customer Award for Best Logistics Provider in the Indian FMCG Sector.

Competition

The goods and passenger transportation industry is extremely competitive and highly fragmented. We believe that the principal competitive factors are service, price and the availability and configuration of vehicles that comprehensively meet a variety of customers' needs. We believe that we are able to compete effectively in our markets by providing consistently high quality and timely-service at competitive prices.

In the goods transportation industry, we compete with a variety of local, regional, and national carriers of varying sizes and, to a lesser extent, with railroads and air freight carriers. The LTL services market in particular comprises a small number of transportation companies having more than 20 vehicles. We believe we are one of the larger organised large fleet owners operating in the LTL services market. For express cargo services, we compete with numerous transportation companies such as Transport Corporation of India, Gati and Safe Express and for FTL services, our primary competitors include Transport Corporation of India and Delhi Assam Roadways. (*Source: CRISIL Report on Domestic Freight Transportation Services, 2010*)

Recent economic trends have led to the beginning of consolidation of small carriers in the goods transportation industry. We believe that the market will continue to experience further consolidation due to a number of economic factors that have forced many smaller carriers to exit the business, merge or close their operations. These factors include potential changes to the regulatory and tax regime applicable to the goods transportation industry, rising insurance costs, scarcity of capital, volatility of fuel prices, purchasing advantages available to larger carriers and customer demand for total service solutions that can only be provided by a large carrier. We believe that our large network and operating capabilities, and long standing reputation position us favourably to compete effectively in these economic trends.

We believe that there are substantial aspects of our operations that restrict the ability of competitors to adopt our Hub-and-Spoke operating model. Other LTL and FTL carriers are able to efficiently manage freight that is compatible with their respective operating systems but typically do not have the flexibility to accommodate a wide range of parcel sizes and delivery options. Small LTL carriers typically lack the necessary critical mass, freight density and capital to adopt such a system. FTL carriers lack a system to accommodate both multiple pick-ups and multiple deliveries and would require a substantial capital investment to build the necessary transhipment hubs and significantly larger sales forces. Additionally, the Hub-and-Spoke operating model requires advanced operating and management information systems, which we have developed internally over an extended period of years.

In the passenger transportation business we compete, and expect to continue to compete with state owned road transport corporations and a variety of local, regional and inter-regional private bus operators. In Karnataka and Maharashtra, we compete with state owned corporations such as the Karnataka State Road Transport Corporation, ("KSRTC"), and the Maharashtra State Road Transport Corporation, ("MSRTC"), respectively.

Our Employees

As of September 30, 2010 and March 31, 2010, 2009 and 2008, we had 11,685; 11,052; 12,857 and 12,591 total employees, respectively, including drivers. Our administrative employees play an important role in our centralised support services such as load planning, accounting, information technology, marketing and human resource functions. None of our employees is covered by a collective bargaining agreement. We believe that our relationship with our employees is strong. The following table details our employees by function as of the dates indicated below:

Function	**As of March 31, 2010**	**As of September 30, 2010**
Drivers	4,711	5,149
Administrative and Senior Management	792	678
Workshop	828	716
Branches	3,455	3,149
Transhipment	1,266	1,993
Total	**11,052**	**11,685**

Drivers

As of September 30, 2010, we employed 5,149 non-unionized drivers who have been trained to operate various types of vehicles. The recruitment, training and retention of qualified drivers are essential to our growth and to meet the service requirements of our customers. We recruit drivers based on criteria relating to their safety record, road test evaluations, driving experience and other personal evaluations, including physical examinations and mandatory medical testing. The Vehicle Traffic Section is actively involved in the selection of new drivers. The performance of the drivers is periodically evaluated.

We believe our driver friendly culture emanates from Mr. Vijay Sankeshwar, our promoter and Chairman and Managing Director, who himself operated a single vehicle in 1976 and continually emphasized the importance of a stable, high quality driver force. We provide comfortable equipment, direct communication with senior management, wages and benefits at the high end of the market range that comprise fixed monthly payments, statutory benefits and other incentives designed to encourage performance, safety and long-term employment. These incentive schemes are provided on a monthly basis and include, incentives for distance travelled, reaching the destination before the scheduled time and saving fuel. We also have a loss recovery charge levied for late service and high fuel consumption. Drivers receive cash awards for providing superior service and developing satisfactory safety records.

Fuel

We have our own high speed diesel consumer pumps located at Varur and Chitradurga in the State of Karnataka to provide fuel to our own vehicles. We also purchase fuel from major oil companies. We actively manage our fuel costs by purchasing fuel in bulk for storage at Varur and Chitradurga. Apart from this, we also have authorised our drivers to purchase fuel from certain designated pumps when in transit.

In addition to operating a fuel efficient fleet, we further manage our exposure to changes in fuel prices through fuel surcharge programs with our customers. We have historically been able to pass a significant portion of long-term increases in fuel prices and related taxes to customers in the form of fuel surcharges or increases in our base freight rate. These fuel surcharges or increases in our base freight rate, which adjust with the incremental cost of fuel, enable us to recover a substantial portion of the higher cost of fuel as prices increase.

Research and development

Our research and development division is located at Varur in Hubli, Karnataka and is responsible for innovating and developing products and practices which help improve the performance, efficiency and life of our vehicles and facilitates better monitoring and management of our business. Our research and development division also identifies certain products and technologies which are in use in non-automobile sectors and which can be adopted in automobile sectors. Our research and development division is headed by the Chief Technical Officer and consists of four engineers, who are in charge of designing and pre-production testing and locating manufacturers to manufacture prototypes.

Information technology

Our information technology division is located at Varur in Hubli, Karnataka. This division oversees the information technology requirements of our Company including the computerization of our branches, hubs and offices. The computerization of our transhipment hubs has facilitated mailing delivery reports and quick flow of information between different offices, delivery offices and transhipment hubs. This enables effective coordination and tracking of any consignment.

We have installed GPS based tracking devices in select vehicles that operate on long routes. In addition to helping us keep track of the movement of the vehicles, the GPS system also tracks the time spent by the vehicle when not in motion and the location it has stopped in addition to tracking pre-assigned route to be followed by the vehicle. This discourages our drivers from not complying with the instructions given to them regarding the route and schedule that they are required to comply with. Most of the software requirements are met in-house. Some of the important developments of our information technology division include:

Vehicle Maintenance Tracker: This application schedules the maintenance of the entire fleet and generates reminders and alerts automatically when routine maintenance is due. These reminders help in avoiding the premature engine failures and the excess consumption of parts.

Vehicle Traffic Application: This application controls the entire movement of the vehicles and keeps track of the drivers' performances in terms of the fuel average and the distance travelled. This also tracks the advance amount paid to the drivers and the diesel vouchers issued for en-route fuelling. This application is online and ensures remote access to this data.

Consignment Delivery Application: This application is used in delivery branches to raise online cash receipts and track the goods. This application also maintains a record of the stock in our godowns and is used to answer customers' queries regarding the delivery time of goods. The records of stock and the delivery particulars are updated every 24 hours.

Hub Application: This application records the receipt of consignments from other hubs and booking branches and despatches the consignments to the final destination, as also re-routes them to other hubs as required.

Online bus ticket booking system: This application is hosted online on our web server and all agents and passengers log on to this application for booking passenger tickets.

Accounting package: This application consolidates all accounting programs and helps in the preparation of periodical financial statements, management information reports, etc.

Quality management, health, safety and environment

We are committed to best practices and comply in material respects with applicable health, safety and environment laws and regulations. To help ensure effective implementation of the best practices, we ensure that all our vehicles have the required permits, emission test certificates and insurance as required under law at all times. We believe that accidents and occupational health hazards can be significantly reduced through the systematic analysis and control of risks and by providing appropriate training to management and employees. We ensure that our facility at Varur in Hubli, Karnataka has all the first aid requirements for the safety of our employees. We also maintain an effluent treatment and water treatment plant at Varur in accordance with relevant environmental laws.

We have also received an ISO 9001:2008 certification from BSI Management Systems with respect to the goods and passenger transportation business, vehicle maintenance activities, transshipment operations and courier services business, which is valid until April 11, 2012.

Intellectual property

We own the rights in our corporate logo, which is provided on the cover page of this Draft Red Herring Prospectus. We also own certain domain names, which include: www.vrlgroup.in, www.vrllogistics.com and www.vrlindia.com. See also, the section "Government and Other Approvals" beginning on page 291 of this Draft Red Herring Prospectus.

Insurance

Our operations are subject to hazards inherent to the transport industry, such as accidents, fires, earthquakes, riots, political disturbances, floods and other force majeure events, acts of terrorism and explosions, including hazards that may cause injury and loss of life, severe damage to and the destruction of property and equipment and environmental damage. We obtain policies for all our vehicles to cover third-party liabilities during transit, in addition to the comprehensive coverage we obtain for new vehicles. We generally maintain insurance covering certain assets and operations at levels that we believe to be appropriate. Our drivers are covered under road safety policy, which group personnel accident policy.

Properties

Our registered office is located at 351/1, Chebbi Village, Varur, Hubli Taluk Dharwad District, Karnataka. In addition to the above, we also own additional space adjoining the above premises which is used for transhipment, workshop and working area. Our registered office located at Varur is owned by us. Our corporate headquarters is located at Giriraj Annexe, Circuit House Road, Near Court Cicle, Hubli – 580 029, Karnataka, where we have taken on lease 12,660 square feet of space.

Our major transhipment hubs are located at Bangalore, Hubli, Chennai, Gurgaon, Hyderabad, Panvel and Kolkata. All of these transhipment hubs, except for the transhipment hub in Hubli, are held by us on a leasehold basis. In addition to the above transhipment hubs, we also have important transhipment hubs at other places, such as, Sholapur, Ahmedabad, Vijayawada and Pune. In addition, we also take premises on rent, lease or leave and licence basis for our branches across various locations in India. The terms of these rental premises, leases, and licenses executed by us are varied. See also, the "Risk Factor - Most of our transhipment hubs and branch offices are obtained on a lease or licence basis and the agreements for most of these premises have not been registered as required under Indian law" beginning on page xxx.

Details of the properties owned by the Company are provided below[A]:

Sr. No.	Location	Area of Land (in square meters)	Built-up Area (in square meters)	Date of Sale Deed	Purpose
1.	CTS No - 4883/95A, 4883/95B, 4883/95F, 4883/95E and 4883/95G, Aralikatti Deshpande Galli, Belgaum.	392.11	542.34	December 18, 1997	Booking and delivery office for goods transportation business
2.	CTS No -4883/95C, 4883/95H, Aralikatti Deshpande Galli, Belgaum.	359.32	273.97	December 18, 1997	Booking and delivery office for goods transportation business
3.	CTS No - 4883/96A/1A, 4883/96A/1B Aralikatti Deshpande Galli, Belgaum.	395.08	323.86	December 18, 1997	Booking and delivery office for goods transportation business
4.	CTS No. - 4102, Dharwad Road, Belgaum.	565.64	565.84	February 1, 2006	Booking and delivery office for goods transportation business
5.	CTS No. - 4883/95/I (partly), Aralikatti Deshpande Galli, Belgaum.	84.73	70.88	June 2, 2010	Booking and delivery office for goods transportation business
6.	CTS No. - 808, Ward No. V, Bijapur.	801.57	639.12	October 4, 2006	Booking office for passenger transportation business
7.	CTS Nos. – 1761/C and 1763 (partly), Ward No - III, Station Back Road, Mahalbagayat, Bijapur.	9,320.41	2,457.97	September 1, 2009	Transshipment hub
8.	R. S. No.-27/2, Grama Hobali Kunchiganalu, Chitradurga.	27,923.31	2722.34	June 8, 1998	Fuel station, workshop and utility area for passenger and goods transportation
9.	CTS No. - 2659/6B, Municipal Door No. 94/5-B-7 and 94/6-4, 3rd ward, 5th division, Davangere.	1,076.45	580.21	October 8, 1993	Delivery office for goods transportation business
10.	CTS No. - 2658, Municipal Door No. - 95/1-B, 3rd ward, 5th division, Davangere.	863.98	502.05	March 21, 2005	Booking office, transshipment hub and parking area for the goods transportation office
11.	CTS No. – 2655, Door No. - 97, 3rd ward, 5th division, Davangere	1,615.32		November 15, 2006	
12.	CTS No. - 15 B/MF, Market Fort, Maratha Colony, Dharwad.	1,163.10	1,260.02	April 24, 2006	Booking and delivery office for goods transportation business
13.	R. S. No-58/2, Vaddarahatti, Gangavati.	15,175.71	3,604.84	August 2, 2004	Transshipment hub

Sr. No.	Location	Area of Land (in square meters)	Built-up Area (in square meters)	Date of Sale Deed	Purpose
14.	CTS No. - 430/2, Block No. II, Sanjeeva Nagar, Vakkalgera, Gulbarga.	775.65	1,338.21	February 8, 1993	Transshipment hub
15.	CTS No. -3778/1/1/A, 3778/1/4, 3778/1/5, 3778/1/6, Ward No - 26, Pala Badami Road, Gadag.	3,773.07	998.34	August 21, 2007	Booking and delivery office for goods transportation business
16.	R. S. No. -351/1, Chabbi Village, Varur.	63,130.96	68,991.32	September 24, 2001	Registered office, Transshipment hub, maintenance area, workshop, utility area, fuel station, body-building unit, tyre-retreading plant for goods and passenger transportation business
17.	R. S. No - 352/2+3A, Chabbi Village, Varur.	999.07		December 14, 2004	
18.	R. S. No - 352/1, Chabbi Village, Varur.	15,055.57		December 14, 2004	
19.	R. S. No - 352/2+3B, Chabbi Village, Varur.	11,938.23		December 22, 2004	
20.	R. S. No. - 353/1B, Chabbi Village, Varur.	10,224.64		December 14, 2004	
21.	R. S. No. - 354/3, Chabbi Village, Taluk Hubli.	12,241.74		November 20, 2009	
22.	R. S. 351/2A, 351/2B, 351/2K, 351/2D, 351/2E, 351/2F, Chabbi Village, Varur.	40,468.56		March 4, 2006	
23.	CTS No. - 122/78A, Ward No. – III, New Cotton Market, Hubli.	1,011.72	1,367.58	May 16, 2005	Booking and delivery office for goods transportation business and a portion has been leased out
24.	CTS Nos. -146/B, 147, 148, 149, 150/B, 151/B and 152, Ward No. – III, Neeligin Road, Hubli.	4,325.29	-	July 27, 2006	Parking for goods and passenger transport vehicles
25.	CTS No. - 121/A, Shop Nos. - 223, 224 & 225, 'Tirukaram Complex', Hosur, P. B. Road, Hubli.	-	114.15	August 21, 2006	Booking office for passenger transportation business
26.	S. Nos. -34-4A, 34-6, 34-10 and 34-5, Bangrakulur Village and S. No. 40/9A (partly), Padukodi Village, Mangalore.	6,991.42	6497.01	August 21, 2003	Transshipment hub and parking area for goods transportation business
27.	CTS Nos. – 35-2A2BP5, 35-2A2C and 35 - 2A2D, Bangra Kuloor Village, Mangalore.	3,394.68	-	December 14, 2006	Parking for goods and passenger transport vehicles
28.	R. S. No. - 16/P1, 16P/2 and 16P/3, Siddalingpur Village, Mysore.	14,695.15	-	January 6, 2006	Unused vacant land
29.	Shop Nos. - 4, 5, 6 & 7, Ground Floor, Plot No. 160 – 163, Sector No. 19 (Part), Vashi, Navi Mumbai	-	108.60	January 13, 2009	Booking and delivery office for goods transportation business
30.	Plot No. - 145, Transport Nagar, Bhilwara.	174.20	1733.31	September 27, 2004	Transshipment hub
31.	Plot No. - 146, Transport Nagar, Bhilwara.	174.20		September 27, 2004	
32.	Plot No. -147, Transport Nagar, Bhilwara.	174.20		September 27, 2004	
33.	Khewat No. 240, Khatauni No. 259, Rect No. 12 Kill Nos. 3/2), 4 and 5 Sidhrawali Village, Gurgaon.	11,052.98	-	February 5, 2007	Unused vacant land
34.	Khewat No. 219, Khatauni No. 235, Rect No. 12, Killa Nos. 6, 7, 8/1, 14/2/2 and 15/1/2, Sidhrawali Village, Gurgaon.	3,055.38		February 5, 2007	

Sr. No.	Location	Area of Land (in square meters)	Built-up Area (in square meters)	Date of Sale Deed	Purpose
35.	Khewat No. 219, Khatauni No. 235, Rect No. 12, Killa Nos. 6, 7, 8/1, 14/2/2 and 15/1/2, Sidhrawali Village, Gurgaon.	9,434.23		February 5, 2007	
36.	Khewat No. – 152, Khatauni No. 163, Rect No. 12, Killas Nos. 1 and 2, Sidhrawali Village, Gurgaon.	8,093.71		February 5, 2007	
37.	Khewat No. 240, Khatauni No. 259, Rect No. 12 Killa Nos. 3/1 (1-11) Sidhrawali Village, Gurgaon.	784.08		November 6, 2007	
38.	Shop No. - 07, Building No. B-1, Wing C, Wonder City, Survey No. 75, Hissa No. 1A, 2A, 3A and 4A, Katraj, Pune.	24.16	78.52	August 6, 2010	Booking office for passenger transport business
39.	Shop No. - 08, Building No. B-1, Wing C, Wonder City, Survey No. 75, Hissa No. 1A, 2A, 3A and 4A, Katraj, Pune.	24.16		July 16, 2010	
40.	Shop Nos. 1-3, HIG, Block No. 5 at R. S. No - 108, 109A, 109B1, (partly) Krishnapur Village, Hubli.	-	105.9	November 30, 1998	Booking and delivery office for goods transportation business
41.	Unit No. – 7, Sector 19A, CIDCO Building, Vashi, Navi Mumbai.	-	1760.31	January 3, 2007	Booking and delivery office, and regional office for goods transportation business
42.	Unit No. – 8, Sector 19A, CIDCO Building, Vashi, Navi Mumbai.	-		January 3, 2007	
43.	Unit No. – 9, Sector 19A, CIDCO Building, Vashi, Navi Mumbai.	-		January 3, 2007	

(A) *These details have been provided based on the certificate dated December 6, 2010 from M/s. Vaishnavi Consultants.*

In the past, we have entered into two transactions with our Promoter, Mr. Vijay Sankeshwar, in relation to the sale and purchase of property. See also "Other Regulatory and Statutory Disclosures" beginning on page 296 of this Draft Red Herring Prospectus for details.

Litigation

In the ordinary course of our business, we are party to various legal actions that we believe are incidental to the operation of our business. Except as disclosed in this Draft Red Herring Prospectus, as of the date hereof, we are not a party to any proceeding that, if finally determined against us, would result in a material adverse effect on our results of operations and financial condition. See also "Risk Factors – There are outstanding legal proceedings involving our Company, Directors and Promoters, which, if finally determined against us, could adversely affect our business." and the section "Outstanding Litigation and Material Developments" beginning on pages xii and 266, respectively, of this Draft Red Herring Prospectus.

REGULATIONS AND POLICIES

We are engaged in the business of, *inter alia*, providing goods and passenger transportation services along with having the businesses of courier services, air charter and generation of electricity through wind power. Our business is subject to central and state legislation which regulates substantive and procedural aspects of the transport and logistics sector, wind power generation and the air charter business. The information detailed in this chapter has been obtained from the various legislations, including rules and regulations promulgated by the regulatory bodies that are available in the public domain. The following is an overview of certain laws and regulations which are relevant to our business. The information set out below is not exhaustive, and are only intended to provide general information to the investors. Prospective investors should seek independent legal advice on the laws and regulations applicable to our businesses and the sectors in which we operate.

Foreign Ownership of Indian Securities

Foreign investment in Indian securities is governed by the provisions of the FEMA read with the applicable FEMA Regulations. The DIPP has issued 'Circular 2 of 2010' ("**FDI Circular**") which consolidates the policy framework on FDI, with effect from October 1, 2010. The FDI Circular consolidates all the press notes, press releases, and clarifications on FDI issued by DIPP.

Foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, where approval from the Government of India or RBI is required, depending upon the sector in which foreign investment is sought to be made.

Under the automatic route, the foreign investor or the Indian company does not require any approval from the RBI or Government of India for investments. However, if the foreign investor has any previous joint venture/tieup or a technology transfer/trademark agreement in the "same field" in India as on January 12, 2005, prior approval from the FIPB is required even if that activity falls under the automatic route, except as otherwise provided.

Under the approval route, prior approval of the Government of India through FIPB is required. FDI for the items or activities that cannot be brought in under the automatic route may be brought in through the approval route. Where FDI is allowed on an automatic basis without the approval of the FIPB, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. In cases where FIPB approval is obtained, no approval of the RBI is required except with respect to fixing the issuance price, although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company.

100% FDI is allowed in the "courier services for carrying packages, parcels and other items which do not come within the ambit of the Indian Post Office Act, 1898" with prior approval of the FIPB. The Company has accordingly applied to the FIPB on November 20, 2010 to approve the foreign investment in the company pursuant to this Issue. For the "non-scheduled air transport service/ non-scheduled airlines, chartered airline, and cargo airlines", FDI is allowed upto 74% (49% under the automatic route, and beyond that up to 74%, one needs the prior approval of the FIPB) and for "non-conventional energy generation and distribution", 100% FDI is allowed under the automatic route.

Investment by FIIs

FIIs including institutions such as pension funds, mutual funds, investment trusts, insurance and reinsurance companies, international or multilateral organizations or their agencies, foreign governmental agencies, sovereign wealth funds, foreign central banks, asset management companies, investment managers or advisors, banks, trustees, endowment funds, university funds, foundation or charitable trusts or societies and institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under the FEMA. FIIs must also comply with the provisions of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time ("**FII Regulations**"). The initial registration and the RBI's general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely, securities issued by Indian companies, to realize capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.!

FIIs are permitted to purchase shares of an Indian company through public/private placement under:

i. Regulation 5 (1) of the FEMA Regulations, subject to terms and conditions specified under Schedule 1 of the FEMA Regulations ("**FDI Route**").
ii. Regulation 5 (2) of the FEMA Regulations subject to terms and conditions specified under Schedule 2 of the FEMA Regulations ("**PIS Route**").

In case of investments under FDI Route, investments are made either directly to the company account, or through a foreign currency denominated account maintained by the FII with an authorised dealer, wherein Form FC-GPR is required to be filed by the company. Form FC-GPR is a filing requirement essentially for investments made by non-residents under the 'automatic route' or 'approval route' falling under Schedule 1 of the FEMA Regulations.

In case of investments under the PIS Route, investments are made through special non-resident rupee account, wherein Form LEC (FII) is required to be filed by the designated bank of the FII concerned. Form LEC (FII) is essentially a filing requirement for FII investment (both in the primary as well as the secondary market) made through the PIS Route. Foreign investment under the FDI Route is restricted/ prohibited in sectors provided in part A and part B of Annexure A to Schedule 1 of the FEMA Regulations.

Ownership Restrictions of FIIs

The issue of securities to a single FII under the PIS Route should not exceed 10% of the issued and paid-up capital of the company. In respect of an FII investing in securities on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued and paid-up capital. The aggregate FII holding in a company cannot exceed 24% of its total paid-up capital. The said 24% limit can be increased up to 100% by passing a resolution by the board of directors followed by passing a special resolution to that effect by the shareholders of the company. As on the date of filing of this Draft Red Herring Prospectus, no such resolutions have been passed either by our Board or the shareholders of our Company.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the FII Regulations, an FII may issue, deal or hold, offshore derivative instruments such as "Participatory Notes", equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed on any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or their Sub-Account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity. FIIs and their Sub-Accounts are not allowed to issue offshore derivative instruments with underlying as derivatives.

Laws relating to the transportation business

Carriers Act, 1865 ("Carriers Act")

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

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

The Carriage by Road Act, 2007 has been notified and is to come into force on March 1, 2011. A summary of which is provided below.

Carriage by Road Act, 2007 ("Carriage by Road Act")

The Carriage by Road Act was notified on September 29, 2007 and on coming into force, will repeal the Carriers Act, 1865. The Carriage by Road Act has been enacted for the regulation of common carriers, limiting their liability and declaration of value of goods delivered to them to determine their liability for loss of, or damage to, such goods occasioned by the negligence or criminal acts of themselves, their servants or agents and for matters connected therewith. No person can engage in the business of a common carrier, unless he has a certificate of registration.

A "common carrier" has been defined under the Carriage by Road Act as a person engaged in the business of collecting, storing, forwarding or distributing goods to be carried by goods carriages under a goods receipt or transporting for hire of goods from place to place by motorised transport on road, for all persons indiscriminatingly and includes a goods booking company, contractor, agent, broker, and courier agency engaged in the door-to-door transportation of documents, goods or articles utilising the services of a person, either directly or indirectly, to carry or accompany such documents, goods or articles, but does not include the Government.

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

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

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

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

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

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

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

The Petroleum Act, 1934 ("Petroleum Act")

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

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

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

The Petroleum Rules, 1976 ("Petroleum Rules")

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

Laws applicable to companies engaged in the courier business

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

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

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

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

Laws applicable to aircrafts and air charter business

The Aircraft Act, 1934 ("Aircraft Act")

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

Aircraft Rules, 1937 ("Aircraft Rules")

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

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

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

Laws applicable to companies engaged in wind power generation

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

The MNES issued the MNES Guidelines for Wind Power Projects ("**MNES Guidelines**") on July 13, 1995, which have been subsequently revised from time to time, on establishment and operation of wind power projects. The MNES Guidelines were issued to ensure healthy and orderly growth of the wind power sector as well as high-quality of wind farm projects and equipments for the benefit of State Electricity Boards ("**SEBs**"), manufacturers, developers and end-users of energy to ensure proper and orderly growth of the wind power sector. The MNES Guidelines, inter alia, make provision for proper planning, sighting, selection of quality equipment, implementation and performance monitoring of wind power projects.

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

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

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

The Electricity Act, 2003

The Electricity Act was enacted to consolidate the laws relating to the generation, transmission, distribution, trading and use of electricity and generally for taking measures conducive to the development of the electricity industry. These include promoting competition, protecting interests of consumers and the supply of electricity to all areas, rationalization of electricity tariffs, ensuring transparent policies regarding subsidies, promotion of efficient and environmentally benign policies, the constitution of the Central Electricity Authority and regulatory commissions and the establishment of an appellate tribunal.

The Central Electricity Authority's functions include, *inter alia*, (a) specifying technical standards for construction of electrical plants, electric lines and connectivity to the grid; (b) specifying grid standards for operation and maintenance of transmission lines; (c) specifying the conditions for installation of meters for transmission and supply of electricity; (d) advising the Central Government on matters relating to the National Electricity Policy; and (e) advising the appropriate government and commission on all technical matters relating to the generation, transmission and distribution of electricity. The Electricity Act also provides for a Central Electricity Regulatory Commission ("CERC") and a State Electricity Regulatory Commission ("SERC") for each state. Among other functions, the CERC is responsible for: (a) regulating of interstate transmission of electricity; (b) determining of tariff for inter-state transmission of electricity; (c) issuing of licenses to function as a transmission licensee with respect to inter-state operations; and (d) specifying and enforcing standards with respect to the quality, continuity and reliability of service by a licensee. SERCs perform similar such functions at the state level.

Electricity Rules, 2005

The Electricity Rules, 2005, as amended, were framed under the Electricity Act and provide the requirements in respect of captive generating plants and generating stations. The authorities constituted under these rules may give appropriate directions for maintaining the availability of the transmission system of a transmission licensee.

National Electricity Policy

The National Electricity Policy, as amended (the "NEP"), was notified by the Central Government on February 12, 2005, pursuant to Section 3 of the Electricity Act.

The main objectives of the NEP are as follows:

- providing access to electricity for all households in next five years;
- meeting the power demand fully by 2012, overcoming energy and peaking shortages and creating an adequate spinning reserve;
- providing a supply of reliable and quality power at specified standards in an efficient manner and at reasonable rates;
- increasing per capita availability of electricity to over 1,000 units by 2012;
- establishing the minimum lifeline consumption of 1 unit/household/day by 2012;
- creating a financially and commercially viable electricity sector; and
- protecting consumers' interests.

Labour and Environmental Regulations

Labour Laws

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

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

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

The Contract Labour (Regulation and Abolition) Act, 1970, as amended (the "CLRA")

The CLRA requires establishments that employ or employed on any day in the previous twelve months, twenty or more workmen as contract labour to be registered and prescribes certain obligations with respect to the welfare and health of contract labour.

The CLRA requires the principal employer of an establishment to which the CLRA applies to make an application to the registering officer in the prescribed manner for registration of the establishment. In the absence of registration, contract labour cannot be employed in the establishment. Likewise, every contractor to whom the CLRA applies is required to obtain a license and not to undertake or execute any work through contract labour except under and in accordance with the license issued.

To ensure the welfare and health of the contract labour, the CLRA imposes certain obligations on the contractor in relation to establishment of canteens, rest rooms, drinking water, washing facilities, first aid facilities, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period.

Penalties, including both fines and imprisonment, may be levied for contravention of the provisions of the CLRA.

The Factories Act, 1948 ("Factories Act")

The Factories Act defines a 'factory' to cover any premises which employs ten or more workers and in which manufacturing process is carried on with the aid of power and any premises where there are at least twenty workers even though there is or no electrically aided manufacturing process being carried on. Each State Government has rules in respect of the prior submission of plans and their approval for the establishment of factories and registration and licensing of factories. The Factories Act provides that an occupier of a factory i.e. the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety and welfare of all workers. There is a prohibition on employing children below the age of fourteen years in a factory. The occupier and the manager of a factory may be punished with imprisonment for a term up to two years or with a fine up to Rs.100,000 or with both in case of contravention of any provisions of the Factories Act or rules framed there under and in case of a contravention continuing after conviction, with a fine of up to one thousand rupees per day of contravention.

Karnataka Shops and Commercial Establishments Act, 1961 ("Karnataka Shops Act")

The Karnataka Shops Act provides for the regulation of conditions of work and employment in shops & commercial establishments in the State of Karnataka. Under this Act, registration of all shops and commercial establishments in areas specified by the State government is compulsory. The Karnataka shops Act is a beneficial legislation for protecting the interest of labour which prescribes certain obligations, inter alia, with respect to hours of work, annual leave, wages, compensation and employment of women and children.

Karnataka Labour Welfare Fund Act, 1965 ("Karnataka Labour Welfare Fund Act")

The Karnataka Labour Welfare Fund Act provides for the constitution of a fund for financing and conducting activities to promote welfare of labour in the State of Karnataka. It is applicable to all industrial and other establishments. The Karnataka Labour Welfare Act establishes a separate Board for administration of the Fund which consists of representatives of employers, employees and the State. The Fund consists of, *inter alia*, all unpaid accumulations, all fines realized from the employees, voluntary donations and other contributions and sums as prescribed by the Act.

Public Liability Insurance Act, 1991 ("Public Liability Act")

The object of the Public Liability Act is to provide through insurance immediate relief to persons affected due to accident while handling hazardous substance by the owners on no fault liability basis. Where death or injury to any person (other than a workman) or damage to any property has resulted from an accident, the Public Liability Act mandates that the owner is liable to give relief to such person as specified by the Act. The Public Liability Act requires the owner to take out insurance policies before he starts handling any hazardous substance whereby he is insured against liability to give such relief.

Fatal Accidents Act, 1855 ("Fatal Accidents Act")

The Fatal Accidents Act provides that whenever the death of a person is caused by a wrongful act, neglect or default, such that, if death had not ensued, the act would have entitled the injured party to maintain an action and recover damages in respect thereof, the party who would have been liable if death had not ensued, shall be liable to an action or suit for damages, notwithstanding the death of the person injured.

Maternity Benefit Act, 1961 ("Maternity Benefit Act")

The Maternity Benefit Act provides that a woman who has worked for at least eighty days in the twelve months preceding her expected date of delivery is eligible for maternity benefits. Under the Maternity Benefit Act, a woman working in a factory may take leave for six weeks immediately preceding her scheduled date of delivery and for this period of absence she must be paid maternity benefit at the rate of the average daily wage. The maximum period during which a woman shall be paid maternity benefit is twelve weeks. Women entitled to maternity benefit are also entitled to medical bonus of two hundred and fifty rupees. Contravention of the Maternity Benefit Act is punishable by imprisonment up to one year or a fine up to five thousand rupees or both.

The Employees Provident Funds and Miscellaneous Provisions Act, 1952, as amended (the "EPF Act")

The EPF Act provides for the institution of compulsory provident fund, pension fund and deposit linked insurance funds for the benefit of employees in factories and other establishments. A liability is placed both on the employer and the employee to make certain contributions to the funds mentioned above.

The Employees' State Insurance Act, 1948, as amended (the "ESI Act")

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

Payment of Wages Act, 1936, as amended (the "Payment of Wages Act")

Every employer is required to pay wages to persons employed by him within wage-periods not exceeding one month under the Payment of Wages Act. This Act also provides for certain authorized deductions that may be made from the wages payable to such employed persons, including fines imposed for acts or omissions specified by notice with the previous approval of the appropriate Government or prescribed authority, deductions for absence from duty, deductions for house-accommodation amenities and services rendered by the employer and accepted as terms of employment by the employed person, deductions for recovery of advances and loans and deductions for payments to co-operative societies and insurance schemes. The appropriate Government has the power, under the Payment of Wages Act, to appoint authorities to hear and decide claims arising out of deductions from wages or delay in payment of wages, including all matters incidental to such claims.

Employees' Compensation Act, 1923, as amended (the "Employees' Compensation Act")

The Indian Parliament approved certain amendments to the Workmen's Compensation Act, 1923, as amended, to substitute, inter-alia, references to "workmen" with "employees" including in the name of the statute. The amendment came into force on January 18, 2010.

Under the Employees' Compensation Act, if personal injury is caused to an employee by accident arising out of and in the course of employment, the employer would be liable to pay such employee compensation in accordance with the provisions of the Employees' Compensation Act. However, no compensation is required to be paid (i) if the injury does not disable the employee for a period exceeding three days, (ii) where the employee, at the time of injury, was under the influence of drugs or alcohol, or (iii) where the employee wilfully disobeyed safety rules or wilfully removed or disregarded safety devices.

The Minimum Wages Act, 1948, as amended (the "Minimum Wages Act")

State Governments may stipulate the minimum wages applicable to a particular industry. The minimum wages may consist of a basic rate of wages and a special allowance; or a basic rate of wages with or without the cost of living allowance and the cash value of the concessions in respect of supplies of essential commodities; or an all-inclusive rate allowing for the basic rate, the cost of living allowance and the cash value of the concessions, if any. Every employer is required to maintain such registers and records as prescribed by the Minimum Wages Act.

Workmen are to be paid for overtime at overtime rates stipulated by the appropriate State Government. Contravention of the provisions of this legislation may in certain cases result in imprisonment up to six months or a fine up to Rs. 500 or both.

The appropriate State Government may prescribe rules including the mode of calculating the cash value of wages, time and conditions of payment and permissible deductions from wages.

The Payment of Bonus Act, 1965, as amended (the "Bonus Act")

Pursuant to the Bonus Act, an employee in a factory or in any establishment where twenty or more persons are employed on any day during an accounting year, who has worked for at least thirty working days in a year is eligible to be paid bonus on the basis of profits, production or productivity.

The Bonus Act also provides for the Government of India to make rules regarding preparation of registers, records, and other documents provided and grants powers to be exercised by the inspectors appointed under the Bonus Act.

Contravention of the provisions of the Bonus Act by a company is punishable by imprisonment for up to six months or a fine of up to Rs. 1,000 or both, against persons in charge of, and responsible to the company for, the conduct of the business of the company at the time of contravention.

The Payment of Gratuity Act, 1972, as amended (the "Gratuity Act")

Under the Gratuity Act an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his retirement or resignation, superannuation or death or disablement due to accident or disease. However, the entitlement to gratuity in the event of death or disablement will not be contingent on an employee having completed five years of continuous service. The maximum amount of gratuity payable may not exceed Rs. 1,000,000.

An employee is said to be in 'continuous service' for a certain period notwithstanding that his service has been interrupted during that period by sickness, accident, leave, absence without leave, lay-off, strike, lock-out or cessation of work not due to the fault of the employee. The employee is also deemed to be in continuous service if the employee has worked (in an establishment that works for at least six days in a week) for at least 240 days in a period of twelve months or 120 days in a period of six months immediately preceding the date of reference.

Contravention of the provisions of the Gratuity Act by an employer is punishable by imprisonment for minimum of three months up to one year or a minimum fine of Rs. 10,000 and a maximum of Rs. 20,000 or both.

Environmental Laws

Our business is subject to environment laws and regulations. The applicability of these laws and regulations varies from operation to operation and is also dependent on the jurisdiction in which we operate. Compliance with relevant environmental laws is the responsibility of the occupier or operator of the facilities.

Our operations require various environmental and other permits covering, among other things, water use and discharges, stream diversions, solid waste disposal and air and other emissions. Major environmental laws applicable to our operations include:

The Environment (Protection) Act, 1986, as amended (the "EPA")

The EPA is an umbrella legislation in respect of the various environmental protection laws in India. The EPA vests the Government of India with the power to take any measure it deems necessary or expedient for protecting and improving the quality of the environment and preventing and controlling environmental pollution. This includes rules for *inter alia*, laying down the quality of environment, standards for emission of discharge of environment pollutants from various sources, inspection of any premises, plant, equipment, machinery, examination of manufacturing processes and materials likely to cause pollution. Penalties for violation of the EPA include fines up to Rs. 100,000, imprisonment of up to five years or both.

There are provisions with respect to certain compliances by persons handling hazardous substances, furnishing of information to the authorities in certain cases, establishment of environment laboratories and appointment of Government analysts.

The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008, as amended (the "Hazardous Wastes Rules")

The Hazardous Wastes Rules impose an obligation on every occupier of a facility generating hazardous waste for safe and environmentally sound handling of hazardous waste generated at such facility. Every person engaged in generation, processing, treatment, packaging, storage, transportation, use, collection, destruction, conversion, offering for sale and transfer of hazardous waste must obtain an approval from the applicable State Pollution Control Board. The occupier, the importer, the transporter and the operator are liable for damages to the environment or third party resulting from the improper handling and disposal of hazardous waste. The operator and the occupier of a facility are liable for any fine that may be levied by the respective State Pollution Control Boards, penalty for the contravention of the provisions of the Hazardous Waste Rules includes imprisonment up to five years and imposition of fines as may be specified in the EPA or both.

The Water (Prevention and Control of Pollution) Act, 1974, as amended (the "Water Act")

The Water Act aims to prevent and control water pollution as well as restore water quality by establishing and empowering the Central Pollution Control Board and the State Pollution Control Boards. Under the Water Act, any person establishing any industry, operation or process, any treatment or disposal system, use of any new or altered outlet for the discharge of sewage or new discharge of sewage, must obtain the consent of the relevant State Pollution Control Board, which is empowered to establish standards and conditions that are required to be complied with. In certain cases the State Pollution Control Board may cause the local Magistrates to restrain the activities of such person who is likely to cause pollution. Penalty for the contravention of the provisions of the Water Act include imposition of fines or imprisonment or both.

The Central Pollution Control Board has powers, *inter alia*, to specify and modify standards for streams and wells, while the State Pollution Control Boards have powers, *inter alia*, to inspect any sewage or trade effluents, and to review plans, specifications or other data relating to plants set up for treatment of water, to evolve efficient methods of disposal of sewage and trade effluents on land, to advise the State Government with respect to the suitability of any premises or location for carrying on any industry likely to pollute a stream or a well, to specify standards for treatment of sewage and trade effluents, to specify effluent standards to be complied with by persons while causing discharge of sewage, to obtain information from any industry and to take emergency measures in case of pollution of any stream or well.

A central water laboratory and a state water laboratory have been established under the Water Act.

The Air (Prevention and Control of Pollution) Act, 1981, as amended (the "Air Act")

Pursuant to the provisions of the Air Act, any person, establishing or operating any industrial plant within an air pollution control area, must obtain the consent of the relevant State Pollution Control Board prior to establishing or operating such industrial plant. The State Pollution Control Board is required to grant consent within a period of four months of receipt of an application, but may impose conditions relating to pollution control equipment to be installed at the facilities. No person operating any industrial plant in any air pollution control area is permitted to discharge the emission of any air pollutant in excess of the standards laid down by the State Pollution Control Board. The penalties for the failure to comply with the above requirements include imprisonment of up to six years and the payment of a fine as may be deemed appropriate.

Under the Air Act, the Central Board for the Prevention and Control of Water Pollution has powers, *inter alia*, to specify standards for quality of air, while the State Board for the Prevention and Control of Water Pollution have powers, *inter alia*, to inspect any control equipment, industrial plant or manufacturing process, to advise the State Government with respect to the suitability of any premises or location for carrying on any industry and to obtain information from any industry.

Applicable taxation legislations

The tax regime is both transport-specific and commodity-specific. Vehicles are detained for checking essential documents such as registration book, driving license, permits, etc. (Regional Transport Office (RTO) checking). They are also detained for checking payment of commercial taxes such as sales tax, entry tax, octroi and other local levies. In addition, detentions take place for booking traffic rule violations (Police checking) and also at State borders (Border Post checking). All transport vehicles must be carrying required documents which will be examined at check-posts through which the transport department monitors the flow of goods into the State and also makes an assessment of tax. Under the Constitution of India, the basis of excise duties and sales tax, the two principal components of the domestic trade taxes, are distinctly defined – excise duty as tax on production of goods and sales tax on consumption (sale or purchase). At the same time, there are specific taxes levied on the transportation sector, for instance, road tax, national and state permits, etc. Taxation of motor vehicles is also a widely used instrument for raising resources.

Karnataka Tax on Entry of Goods Act, 1979 ("Karnataka Entry Tax Act")

The Karnataka Entry Tax Act levies tax on entry of any specified goods into a local area for consumption, use or sale, at specified rates not exceeding five percent of the value of the goods as may be specified. The tax levied is payable by every registered dealer or a dealer liable to get himself registered under this Act. A dealer is defined in the Karnataka Entry Tax Act as any person who, in the course of business, whether on his own account or on account of a principal or any person, brings or causes to be brought into a local area any goods or takes delivery or is entitled to take delivery of goods on its entry into a local area.

Karnataka Special Tax on Entry of Certain Goods Act, 1979 ("Karnataka Special Entry Tax Act")

The Karnataka Special Entry Tax Act levies a tax on the entry of any notified goods into any local area for consumption, use or sale therein, on the value of the notified goods. The tax is payable by the importer in accordance with the Act and the Rules there under.

Karnataka Motor Vehicle Taxation Act, 1957 ("Karnataka Motor Vehicle Taxation Act")

The Karnataka Motor Vehicle Taxation Act imposes a tax on all motor vehicles suitable for use on road also provides that a motor vehicle for which the certificate of registration is current shall be deemed to be a vehicle suitable for use on roads. The Karnataka Motor Vehicle Taxation Act requires every owner of or every person in possession of a motor vehicle liable to tax under this Act to file a declaration in the prescribed form giving all relevant particulars with the taxation authority. When the tax levied with respect to the motor vehicle is paid, a receipt and a taxation card is issued by the taxation authority to the person paying the tax.

Central Sales Tax Act, 1956 ("Central Sales Tax Act")

The Central Sales Tax Act formulates principles for determining (a) when a sale or purchase takes place in the course of inter-state trade or commerce; (b) when a sale or purchase takes place outside a State and (c) when a sale or purchase takes place in the course of imports into or export from India.

This Act provides for levy, collection and distribution of taxes on sales of goods in the course of inter-state trade or commerce and also declares certain goods to be of special importance in inter-State trade or commerce and specifies the restrictions and conditions to which State laws imposing taxes on sale or purchase of such goods of special importance (called as declared goods) shall be subject. Central Sales tax is levied on inter State sale of goods. Sale is considered to be inter-state when (a) sale occasions movement of goods from one State to another or (b) is effected by transfer of documents during their movement from one State to another.

A sale or purchase of goods shall be deemed to take place in the course of inter-state trade or commerce if the sale or purchase is affected by a transfer of documents of title to the goods during their movement from one state to another. When the goods are handed over to the carrier, he hands over a receipt to the seller. The seller sends the receipt to buyer. The buyer gets delivery of goods on submission of the receipt to the carrier at other end. The receipt of carrier is 'document of title of goods'. Such document is usually called Lorry Receipt (LR) in case of transport by Road or Air Way Bill (AWB) in case of transport by air. Though it is called Central Sales Tax Act, the tax collected under the Act in each State is kept by that State only. Central Sales Tax is payable in the State from which movement of goods commences (that is, from which goods are sold). The tax collected is retained by the State in which it is collected. The Central Sales Tax Act is administered by sales tax authorities of each State. The liability to pay tax is on the dealer, who may or may not collect it from the buyer.

Karnataka Sales Tax Act, 1957 ("Karnataka Sales Tax Act")

The Karnataka Sales Tax Act levies a tax payable by every dealer on his taxable turnover. This Act also lays down provisions concerning production of accounts and other necessary documents by the dealer, establishment of check post or barrier and inspection of goods while in transit and the issue of transit pass for a vehicle carrying taxable goods. Under the Karnataka Sales Tax Act, every transporting agency or courier agency engaged in the business of transporting taxable goods in the State has the duty to furnish required information to the concerned Officer.

Central Excise Act ("Excise Act")

Excise is a duty on excisable goods manufactured or produced in India. The Excise Act prescribes four basic conditions for levy of central excise duty: (1) The duty is on goods; (2) The goods must be excisable; (3) The goods must be manufactured or produced; (4) Such manufacture or production must be in India. The liability of payment of excise is on the manufacturer.

Karnataka Value Added Tax Act, 2003 ("Karnataka Value Added Tax Act")

Value Added Tax (VAT) is based on a system of taxation whereby only value addition at each stage of sale or purchase of goods, in series of transactions of sale from the producer/manufacturer until the goods reach the actual consumer, alone is subjected to tax. Section 53 of the Karnataka Value Added Tax Act requires the owner or a person in charge of a goods vehicle to carry a goods vehicle record, a trip sheet or a log book and a tax invoice or a bill of sale or a delivery note or such other documents as may be prescribed in respect of the goods carried in the goods vehicle.

The owner or a person in charge of a goods vehicle should report at the first check-post or barrier situated on the route ordinarily taken from the place in the State, from which the movement of goods commences, to its destination and produce the necessary documents before any officer-in-charge of check post or barrier and obtain the seal of such officer affixed thereon and in respect of a bill of sale, give one copy thereof and, in respect of a delivery note, give a copy marked as original, to such officer and carry and retain with him the other copy until termination of the movement of goods. On entering the State limits, the owner or a person in charge of a goods vehicle should report at the first situated check post or barrier and on leaving the state limits, report at the last situated check post or barrier and give a declaration containing such particulars as may be prescribed in respect of the goods carried in the goods vehicle.

Where a vehicle is carrying goods which are taxable under the Karnataka Value Added Tax Act, from any place outside the State and bound for any place outside and passes through the state of Karnataka; or imported into the State from any place outside the country and such goods are being carried to any place outside the State; the driver or any other person-in-charge of such vehicle is required to furnish the necessary information and obtain a 'transit pass' from the officer-in-charge of the check post. The Act also requires every transporting agency and courier agency to engage din the business of transporting taxable goods in the State to furnish t the prescribed authority information relating to such goods.

Service Tax Laws

Service tax is imposed on courier services, cargo handling services; goods transport agency services, transport of goods by air services and travel agent's services. Service provided by a cargo handling agency in relation to cargo handling services have been subjected to service tax by the Finance Act, 2002. Cargo handling service refers to loading, unloading, packing or unpacking of cargo and includes cargo handling services provided for freight in special containers or for non-containerised freight, services provided by a container freight terminal or any other freight terminal, for all modes of transport and cargo handling service incidental to freight, but does not include handling of export cargo or passenger baggage or mere transportation of goods. Service provided to a customer by a goods transport agency in relation to transport of goods by road in a goods carriage is a taxable service subject to service tax. A goods transport agency means any commercial concern which provides service in relation to transport of goods by road and issues consignment note. Service provided to any person, by an aircraft operator, in relation to transport of goods by aircraft is subject to service tax. An aircraft operator is any commercial concern which provides the service of transport of goods by air craft. Service provided to a customer by a travel agent, in relation to the booking of passage for travel has been made subject to service tax by the Finance Act, 2004.

Other Laws those are applicable to our Company

Consumer Protection Act 1986 ("Consumer Protection Act")

The Consumer Protection Act was enacted to provide cheap, speedy and simple redressal to consumer disputes through quasi-judicial machinery set up at each District, State and National level. The provisions of this Act cover 'Products' as well as 'Services'. The products are those which are manufactured or produced and sold to consumers through wholesalers and retailers. The services are of the nature of transport, telephones, electricity, constructions, banking, insurance, medical treatment and other such services.

HISTORY AND CERTAIN CORPORATE MATTERS

Mr. Vijay Sankeshwar, our Promoter, commenced the good transportation business in the State of Karnataka through a proprietary firm in 1976. The assets and liabilities of the proprietary firm was subsequently purchased by a private limited company under the name “Vijayanand Roadlines Private Limited” and a certificate of incorporation dated March 31, 1983 was issued by the RoC. The Company became a deemed public limited company in 1994 and an endorsement to this effect was made by the RoC on July 1, 1994 on its certificate of incorporation. Pursuant to a special resolution passed by the shareholders in the Extraordinary General Meeting held on February 14, 1997 the status of the Company was changed from a deemed public limited company to a public limited company. The name of the Company was changed to “VRL Logistics Limited” to underscore the broad range of services the Company provides, and a fresh certificate of incorporation, consequent on change of name, was issued by the RoC on August 25, 2006.

Pursuant to a shareholders’ resolution dated March 29, 2003 the Company’s registered office was changed from Tulaja Bhavani Temple Premises, Dajibanpeth, Hubli - 581 207 to R.S No. 351/1, NH-4, Bangalore Road, Varur, Hubli - 581 207 with effect from April 1, 2003 due to operational reasons.

Major Events:

Calendar Year	Key Events, Milestones and Achievements
1976	The goods and passenger transportation business was commenced by Mr. Vijay Sankeshwar, our Promoter, through a proprietary concern.
1983	The assets and liabilities of the proprietorship firm were purchased by a private limited company by the name of Vijayanand Roadlines Private Limited.
1992	Our Company commenced its courier service business in the State of Karnataka.
1994	Our Company became a deemed public limited company.
1996	Our Company’s passenger transportation service business was commenced.
1997	The status of our Company was changed from a deemed public limited company to a public limited company.
2003	Vijayanand Printers Limited became a wholly owned subsidiary of our Company.
2003	Our Company was listed in the Limca Book of Records as the “Single largest fleet owner of commercial vehicles in the private sector in India”.
2004	Our Company acquired Vijayanand Travels, a proprietorship concern, to take over its passenger transportation business.
2004	Our Company commenced commercial operations out of owned infrastructure facilities at Varur, Hubli
2005	Our Company was certified ISO 9001:2000 for its passengers travel service at Hubli, Bangalore and Belgaum.
2006	Our Company was certified ISO 9001:2000 for providing logistics services for transportation of cargo, express cargo and courier services.
2006	The equity and preference shareholding in Vijayanand Printers Limited was divested in full to Times Group.
2006	Our Company commenced its wind power business and installed 34 wind turbine generators with a capacity of 1.25 MW each.
2007	Our Company purchased a Premier 1A aircraft from Hawker Beechcraft Incorporation, USA to commence its air charter business.
2009	Our Company was awarded the “Best Logistics Service Provider” in the FMCG and retail sectors by Frost & Sullivan.
2010	Our wind power project is registered as Clean Development Mechanism (CDM) project with the United Nations Framework Convention on Climate Change (UNFCCC).

As of the date of filing this Draft Red Herring Prospectus, the Company had 8 shareholders. For further details, please see the section “Capital Structure” beginning on page 19 of this Draft Red Herring Prospectus.

For details regarding the raising of capital, please see the sections “Capital Structure”, “Our Business”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Financial Indebtedness” beginning on pages 19, 74, 226 and 257, respectively, of this Draft Red Herring Prospectus.

For details regarding the market of each of our business segments and our competitors, please see the sections "Industry Overview" and "Our Business" beginning on pages 53 and 74, respectively, of this Draft Red Herring Prospectus.

For details regarding the business profile, technology, managerial competence and capacity build-up, major suppliers and customers, please see the sections "Our Business" and "Our Management" beginning on pages 74 and 116, respectively, of this Draft Red Herring Prospectus.

Main Objects:

The main objects of the Company contained in its Memorandum of Association are:

1. To carry on the business of the public carriers, transporters and carriers of goods, passengers, merchandise, commodities and luggage of all kinds and descriptions in any part of India and/or abroad, on land, water, rail or road and air or by any means of conveyance whatsoever, in its own name or as an agent.

2. To take over all the assets and liabilities of "Vijayanand Roadlines" which is an existing Proprietorship concern.

3. To undertake and carry on the business of loading and unloading forwarding and clearing agents, warehousemen, muccadams and caremen for and on behalf of owners of goods, luggage, parcels, materials, articles, commodities, live-stock & other movables of all kinds and descriptions.

4. To generate electrical power by non-conventional, conventional by utilising wind, thermal, solar, hydel, geo-hydel, tidal waves, bio-mass fuels, coal, gas, lignite, diesel, oil, waste or any other source of energy and for the purpose establish co-generation power plants, Energy conservation projects, power houses, transmission and distribution systems for generation, distribution, transmission and supply of electrical power, energy to the State Electricity Board, State Government, Appropriate Authorities, licenses specific industrial units and other consumers for industrial, commercial, agricultural, household and any other purpose in India and elsewhere in any area to be specified by the State Government, Central Government, Local Authority, State Electricity Boards and any other competent authority in accordance with the provisions of Indian Electricity Act, 1910 and/or Electricity (Supply) Act, 1948 or any other modifications or re-enactment thereof and rules made thereunder; and to undertake trading of Certified Emission Reduction as part of Clean Development Mechanism in connection with generation of electrical power.

5. To act as agents, representatives, surveyors, sub-insurance agents, franchisors, consultants, advisors, collaborators, in life and general insurance in all its branches and manifestations.

The main object clause of our Memorandum of Association enables us to undertake activities for which funds are being used through this Issue. The existent activities of the Company are in accordance with the object clause of the Memorandum of Association.

Amendments to the Memorandum of Association of the Company

Since incorporation, the following changes have been made to the Company's Memorandum of Association:

Date	Nature of Amendment
May 20, 1988	Increase in the authorized capital from Rs. 0.5 million comprising of 500 equity shares of Rs. 1,000 each to Rs. 1.5 million comprising of 1,500 equity shares of Rs. 1,000 each
July 8, 1995	Increase in the authorized capital from Rs. 1.5 million comprising of 1,500 equity shares of Rs. 1,000 each to Rs. 5.0 million comprising of 5,000 equity shares of Rs. 1,000 each
February 14, 1997	Increase in the authorized capital from Rs. 5.0 million comprising of 5,000 equity shares of Rs. 1,000 each to Rs. 200 million comprising of 200,000 equity shares of Rs. 1,000 each.
March 3, 2005	Increase in the authorized capital from Rs. 200 million comprising of 200,000 equity shares of Rs. 1,000 each to Rs. 400 million comprising of 400,000 Equity Shares of Rs. 1,000 each.
August 7, 2006	Alteration of Object Clause as described below: Rewording of existing clause 1, deletion of clauses 3 and 5 of the main objects, renumbering clause 4 as clause 3

	and insertion of new clause 4 and 5. The clauses 1, 4 and 5, as modified state as follows: 1. To carry on the business of the public carriers, transporters and carriers of goods, passengers, merchandise, commodities and luggage of all kinds and descriptions in any part of India and/or abroad, on land, water, rail or road and air or by any means of conveyance whatsoever, in its own name or as an agent. 4. To generate electrical power by non-conventional, conventional by utilising wind, thermal, solar, hydel, geo-hydel, tidal waves, bio-mass fuels, coal, gas, lignite, diesel, oil, waste or any other source of energy and for the purpose establish co-generation power plants, Energy conservation projects, power houses, transmission and distribution systems for generation, distribution, transmission and supply of electrical power, energy to the State Electricity Board, State Government, Appropriate Authorities, licenses specific industrial units and other consumers for industrial, commercial, agricultural, household and any other purpose in India and elsewhere in any area to be specified by the State Government, Central Government, Local Authority, State Electricity Boards and any other competent authority in accordance with the provisions of Indian Electricity Act, 1910 and/or Electricity (Supply) Act, 1948 or any other modifications or re-enactment thereof and rules made thereunder; and to undertake trading of Certified Emission Reduction as part of Clean Development Mechanism in connection with generation of electrical power. 5. To act as agents, representatives, surveyors, sub-insurance agents, franchisors consultants, advisors, collaborators, in life and general insurance in all its branches and manifestations.
August 7, 2006	Sub-division of 400,000 equity shares of the face value of Rs. 1,000 each into 40,000,000 Equity Shares of Rs. 10 each.
December 2, 2006	Increase in the authorized capital from Rs. 400 million comprising of 40,000,000 Equity Shares of Rs. 10 each to Rs. 1,000 million comprising of 100,000,000 Equity Shares of Rs. 10 each.
March 24, 2007	Increase in the authorized capital from Rs. 1,000 million comprising of 100,000,000 Equity Shares of Rs. 10 each to Rs. 1,250 million comprising of 125,000,000 Equity Shares of Rs. 10 each.

Details regarding acquisition of business/undertakings, mergers and schemes of amalgamation

(a) Acquisition of business of Vijayanand Travels

In 1996, the Company acquired passenger buses and and provided them on hire to Vijayanand Travels, a proprietary concern of Mrs. Lalita Sankeshwar. Vijayanand Travels initially started its operations within the State of Karnataka in 1996 and over a period of time, began operating buses between various destinations within Karnataka and Maharashtra. The business of Vijayanand Travels was acquired by the Company on June 30, 2004 for a total consideration of Rs. 5 million and the Company continued operating the passenger bus business with its name as a separate division. No independent valuation was obtained at the time of acquisition of Vijayanand Travels.

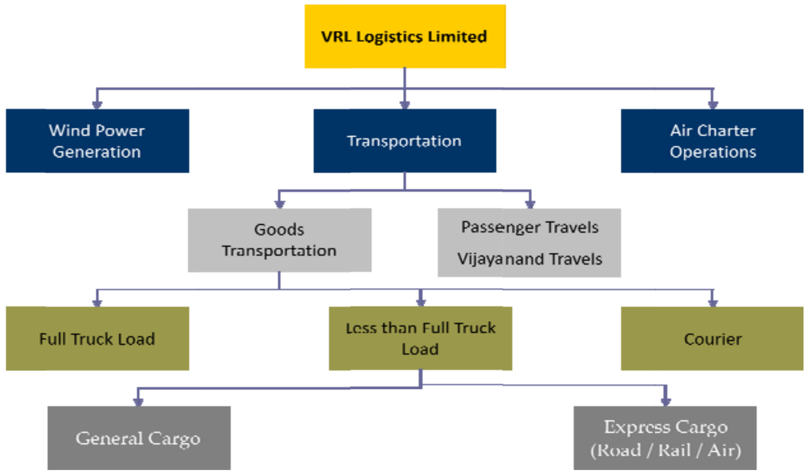
(b) Acquisition of business of Maruti Parcel Carriers

Maruti Parcel Carriers was a proprietary concern of Mrs. Vani Sankeshwar, wife of Mr. Anand Sankeshwar. This business was started by taking vehicles on hire from the Company. On June 30, 2004, the Company acquired the business of Maruti Parcel Carriers for a total consideration of Rs. 5 million and continued operating the parcel business with its name as a separate division of the Company. No independent valuation was obtained at the time of acquisition of Maruti Parcel Carriers.

(c) Acquisition and sale of Hubli Apparels Private Limited

Hubli Apparels Private Limited was a company promoted by Dr. Prashant Holkunde and Ms. Bharati Holkunde, who is is the daughter of Mr. Vijay Sankeshwar. Subsequently, Mr.Vijay Sankeshwar was allotted some shares in Hubli Apparels Private Limited thereby making him the largest shareholder in the company. On October 27, 2006, Dr. Prashant Holkunde and Ms.Bharati Holkunde transferred their compelte shareholding in Hubli Apprarels Private Limited to the Company for a consideration of Rs. 6 million. The Company thereafter sold its entire shareholding to Mr. Anand Sankeshwar for Rs. 7 million thereby making Mr.Vijay Sankeshwar and Mr. Anand Sankeshwar the major shareholders of Hubli Apparels Private Limited. On March 16, 2007, by way of an agreement with Prateek Apparels Private Limited, the Promoters sold their entire stake in Hubli Apparels Private Limited.

Corporate Organization Structure (as of the date of filing this Draft Red Herring Prospectus)



Subsidiaries

The Company does not have any subsidiaries as on the date of filing of this Draft Red Herring Prospectus.

Shareholder Agreements

The Company has not entered into any shareholders' agreements as on the date of filing of this Draft Red Herring Prospectus.

Guarantees

For details of the guarantees given by our Promoters, Mr. Vijay Sankeshwar and Mr. Anand Sankeshwar, to our lenders, please see the section "Financial Indebtedness" beginning on page 257 of this Draft Red Herring Prospectus.

Strategic and Financial Partners

As of the date of filing this Draft Red Herring Prospectus, the Company does not have any strategic or financial partners.

OUR MANAGEMENT

Under the Articles of Association, the Company can have not less than three and not more than twelve Directors.

The following table sets forth details regarding the Board of Directors as of the date of this Draft Red Herring Prospectus.

Name, Designation, Occupation, Term and Director Identification Number ("DIN")	Age	Nationality	Address	Other Directorships
Mr. Vijay Sankeshwar Chairman and Managing Director Occupation: Business Term: 5 years from January 1, 2007 being the date of re-appointment DIN: 00217714	60	Indian	No. 120 to 125, "Lalit Mahal", Naveen Park, Kusugal Road, Keshwapur, Hubli 580 023	1. VRL Securities Limited 2. VRL Media Limited 3. VRL Cements Limited
Mr. Anand Sankeshwar Managing Director Occupation: Business Term: 5 years from April 1, 2009 being the date of re-appointment DIN: 00217773	35	Indian	No. 120 to 125, "Lalit Mahal", Naveen Park, Kusugal Road, Keshwapur, Hubli 580 023	1. VRL Securities Limited 2. VRL Media Limited 3. VRL Cements Limited **Proprietorship** 1. Shiva Agencies **Trusts** 1. Aradhana Trust 2. Shri Ayyappa Bhakta Vrunda Trust (R)
Mr. Sudhir Ghate Independent Director Occupation: Business Term: Liable to retire by rotation DIN: 00035949	52	Indian	"Needam", Behind S.D.M. Law College M.G. Road Mangalore 575 003 India	1. Magnum Intergrafiks Private Limited 2. Trichur Heart Hospital Limited 3. Mangalore Infotech Solutions Private Limited 4. Avon Organics Limited
Mr. Chantam Karunakara Shetty Independent Director Occupation: Business Term: Liable to retire by rotation DIN: 01560349	57	Indian	"Bhagavathi", No. 100, 1st Cross, Sharadha Colony, Basaveshwara Nagar Bangalore 560 079 India	1. Bhagavathi Chits Private Limited 2. Bhagavathi Stocks and Shares Private Limited
Mr. Jayateerth S. Korlahalli Independent Director Occupation: Educationist Term: Liable to retire by rotation DIN: 00528428	70	Indian	Srinivas 4th Cross, Vidyanagar Gadag – 582101	NIL
Mr. Prabhakar Kore Independent Director Occupation: Educationist, Business and Agriculture Term: Liable to retire by rotation DIN: 00509836	63	Indian	Ajmer House, B.C. 92 Church Road, Camp, Belgaum – 590009	1. Rajkumar Forge Limited, Pune 2. Shiva Shakti Sugars Ltd.

Neither any Director nor any company in which the Director was or is a promoter, director or person in control is debarred or prohibited from accessing the capital markets by SEBI or any other authority.

Rajkumar Forge Limited, which is one of the companies on which Mr. Prabhakar Kore is a Director was suspended on November 30, 2007 on account of non-compliance with the listing agreement and subsequently, this suspension has been revoked by BSE on March 18, 2008. The details are provided in the table below:

Name of the Company	Listed on Exchange	Date of suspension	Reasons for suspension	Date of revocation	Term of director on board of Rajkumar Forge Limited
Rajkumar Forge Limiated	BSE	November 30, 2007	Non-compliance with the listing agreement	March 18, 2008	June 22, 1990 to date

Other than as disclosed, none of the Directors were directors of any company at the time when the shares of such company were either (a) suspended from trading by the stock exchange(s) for a period of more than three months during the last five years or (b) delisted.

Brief Profile of the Directors

Mr. Vijay Sankeshwar, our Chairman, Managing Director and Promoter, is actively involved in the day-to-day affairs of the Company, as an executive non-independent Director. He holds a Bachelor's Degree in commerce from Karnataka University, Dharwad. He was a former Member of Parliament and was elected from the Dharwad (North) constituency in the 11th, 12th and 13th Lok Sabha elections and is presently a sitting member of the Legislature of the State of Karnataka. He was a member of Central Government committees, such as, the Committee of Finance between 1996 and 1997, the Consultative Committee, Ministry of Surface Transport between 1996 and 2000 and the Committee of Transport and Tourism between 1998 and 2000. He has over three decades of experience in the transport industry. He has received various awards including the 'Udyog Ratna' in 1994 by the Institute of Economic Studies, New Delhi, Aaryabhat Award in 2002, Sir M. Visvesvaraya Memorial Award in 2007 and the Transport Samrat in 2008. He started the Company in the year 1976 as a proprietary concern. Gross remuneration (including commission) paid to him in Fiscal 2010 was Rs. 25.43 million.

Mr. Anand Sankeshwar, our Managing Director and Promoter, supervises our marketing operations and is actively involved in the day-to-day affairs of the Company, as an executive non-independent Director. He holds a Bachelor's Degree in commerce from Karnataka University, Dharwad. He has 19 years of experience in the transport industry. He has been awarded the 'Youth Icon' award in 2004 by Annual Business Communicators of India and 'Marketing Professional of the Year' in the year 2005 by the Indira Group of Companies. He was also awarded the Best 2nd Generation Entrepreneur by TiE Global, USA in 2010. Gross remuneration paid to him in Fiscal 2010 was Rs. 18 million.

Mr. Sudhir Ghate, an Independent and non-executive Director, holds a Bachelor's Degree in commerce from Mysore University and is a fellow member of the Institute of Chartered Accountants of India. He was a partner at Ganesh and Sudhir, Chartered Accountants, Mangalore between 1982 and 1994. He is a Managing Director in Magnum Intergrafiks Private Limited, a national advertising design and communication company accredited with the Indian News Paper Society, a member of Audit Bureau of Circulation and Advertising Agency Association of India. He was a member of National Council of Textiles Design, New Delhi between 2002 and 2004 and he is a member of the National Executive Committee of the Advertising Agency Association of India since 2004. He has been a Director of our Company since June 15, 2005. Sitting fees paid to him in Fiscal 2010 was Rs. 40,000.

Mr. C. Karunakara Shetty, an Independent and non-executive Director, holds a post graduation degree in commerce from Karnataka University, Dharwad and is also a Certified Associate member of Indian Institute of Banking (C.A. IIB). He was employed with Vijaya Bank between 1974 and 1998. He has over 20 years of experience in the banking industry. Currently, he is the managing director of Bhagavathi Chits Private Limited, which is also a member of Bangalore Stock Exchange. He has been on our Board since June 15, 2005. Sitting fees paid to him in Fiscal 2010 was Rs. 80,000.

Mr. Prabhakar Kore, an Independent and non-executive Director, is a member of the Parliament, the Chancellor of Karnataka Lingayat Education University and the Chairman of Karnataka Lingayat Education Society. He is a commerce graduate from Karnataka Unversity and is involved in various activities such as Education, Agriculture, Co-operative endeavor, community building and politics. He is a currently a Member of the Parliament from Belgaum, Karnataka. He is the recipient of several awards and recognitions such as "Life time achievement award for Education, Service and Commitment to Society by Veerashaiva Society of Noth America", "Suvarna Karnataka Rajyothsava Award" for outstanding contribution in the field of education by the Government of Karnataka and an Honorary Doctorate from the Karnataka University. He has over 38 years of experience in the industry. He has been a Director of our Company since August 14, 2009. Sitting fees paid to him in Fiscal 2010 was Rs. 20,000.

Mr. J. S. Korlahalli, an Independent Director and non-executive Director, is the president of Shri Krishna Shikshana Samsthe, Gadag. He is a member on the advisory committee of the Manorama Institute of Management Studies, Gadag, and is also a Managing Committee member of Adarsh Shikshana Samiti, Gadag. He has a post graduate degree in commerce from Karnataka University and is an outstanding academician. As an academician he holds several positions of honour such as Member of the Senate and Academic Council, Karnataka University and Member of the Board of Studies in Commerce and Management Studies, Karnataka University. He has over 45 years of experience in the industry. He has been a Director of our Company since August 14, 2009. Sitting fees paid to him in Fiscal 2010 was Rs. 40,000.

Relationship between Directors

None of our Directors are related to each other, except Mr. Anand Sankeshwar who is the son of Mr. Vijay Sankeshwar.

Details of Appointment and Compensation of the Directors

Name of Directors	Date of contract/Appointment Letter/Resolution	Term	Compensation
Mr. Vijay Sankeshwar	March 31, 1983	As the Chairman and Managing Director for a period of five years commencing from January 1, 2007	Salary: Rs. 2,000,000 (per month) Commission: 0.5% of the net profits of the Company, subject to overall limit of remuneration drawn during the financial year.
Mr. Anand Sankeshwar	January 4, 1993	As the Managing Director, for a period of five years commencing from April 1, 2009	Salary: Rs. 1,500,000 (per month)
Mr. Sudhir Ghate	June 15, 2005	Liable to retire by rotation	Sitting fee
Mr. C. Karunakara Shetty	June 15, 2005	Liable to retire by rotation	Sitting fee
Mr. J. S. Korlahalli	August 14, 2009	Liable to retire by rotation	Sitting fee
Mr. Prabhakar Kore	August 14, 2009	Liable to retire by rotation	Sitting fee

Payments to Non-Executive Directors

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

The sitting fees paid to the non-executive independent Directors during the year ended March 31, 2010 is set forth below. Other than the sitting fees, the independent Directors did not receive any other remuneration, commission or payment from the Company during this period.

S. No.	Name of the Non-Executive Director	Sitting Fees paid (In Rs.)
1.	Mr. Sudhir Ghate	40,000
2.	Mr. C. Karunakara Shetty	80.000
3.	Mr. J. S. Korlahalli	40,000
4.	Mr. Prabhakar Kore	20,000

Payments to Executive Directors

The shareholders pursuant to an extraordinary resolution passed at a meeting held on March 24, 2007 reappointed Mr. Vijay Sankeshwar as a Chairman and Managing Director of the Company for a period of five years with effect from January 1, 2007. Vide a resolution passed at the extra-ordinary general meeting held on November 21, 2009, Mr. Vijay Sankeshwar's terms of appointment were revised, to the extent of an increase in the remuneration paid to him, with effect from April 1, 2009, as follows:

Salary	Rs. 2,000,000 per month
Commission	0.5% of the net profits of the Company, subject to overall limit of remuneration drawn during the financial year[(A)]
Provident fund, etc. contribution	Contribution towards provident fund, pension fund and superannuation fund, provided that such contribution shall now exceed the limit laid down under the Income Tax Act, 1961
Gratuity	Contribution which shall not exceed one half month's salary for each completed year of service
Other expenses	Company shall reimburse the Director, entertainment, travelling and all other expenses actually and properly incurred for the business of the Company

[(A)] Commission is payable pursuant to a reolution passed at the AGM held on August 25, 2007.

Vide a resolution passed at an extra-ordinary general meeting held on November 21, 2009, Mr. Anand Sankeshwar was reappointed as a whole time Director of the Company for a period of five years, with effect from April 1, 2009. Mr. Anand Sankeshwar's terms of appointment were revised as follows:

Basic salary	Rs. 1,500,000 per month
Provident fund contribution	Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961
Gratuity	As per the rules of the Company, which shall not exceed one half month's salary for each completed year of service
Earned leave	Earned leave with full pay or encashment as per the rules of the Company
Car and telephone	Use of the Company's car for official duties and telephone at residence (excluding long distance calls)
Non-compete	Mr. Anand Sankeshwar shall not directly or indirectly engage himself in any business or activity substantially similar or competing with the business activity of the Company during his term as a managing Director.

The following table sets forth the details of the remuneration paid or payable to the executive directors for the year ended March 31, 2010:

S. No.	Name of the Executive Director	Gross remuneration paid or payable (In Rs.) during Fiscal 2010
1.	Mr. Vijay Sankeshwar	25.43 million
2.	Mr. Anand Sankeshwar	18 million

No service contracts have been entered into with Directors providing benefits or payments of any amount upon termination of employment.

Changes in the Board of Directors during the last three years

Name	Date of Appointment	Date of Cessation	Reason
Mr. R.P. Raichur	June 15, 2005	January 1, 2010	Resignation
Mr. Mallesh Budihal	February 24, 2007	March 13, 2009	Resignation
Mr. R.S Hugar	May 28, 2007	March 11, 2009	Resignation
Mr Suresh Angadi	July 28, 2007	March 13, 2009	Resignation
Mr. Prabhakar Kore	August 14, 2009	-	Appointed as Additional Director
Mr. J.S. Korlahalli	August 14, 2009	-	Appointed as Additional Director
Mr. Prabhakar Kore	July 6, 2010	-	Regularised from Additional Director to Independent Director in the AGM
Mr. J.S. Korlahalli	July 6, 2010	-	Regularised from Additional Director to Independent Director in the AGM

Borrowing Powers of the Directors in the Company

The Articles of Association, subject to the provisions of the Companies Act, authorize the Board, to raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company. The shareholders have, pursuant to a resolution adopted at the AGM dated August 7, 2006, authorized the Board to borrow monies from time to time, for the purpose of the business of the Company such sums or monies as they may deem requisite notwithstanding the money to be borrowed together with the money already borrowed by the Company (apart from temporary loans/facilities obtained or to be obtained from the Company's bankers in the ordinary course of business) will or may exceed an aggregate of the paid-up capital of the Company and its free reserves, provided that the total amount up to which the money may be borrowed by the Board of Directors shall not exceed at any time Rs. 10 billion.

Shareholding of the Directors

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

	Pre-Issue		Post-Issue	
Shareholder	**No. of shares**	**% of paid-up capital**	**No. of shares**	**% of paid-up capital**
Mr. Vijay Sankeshwar	33,075,000	46.7822	33,075,000	[•]
Mr. Anand Sankeshwar	37,197,000	52.6124	37,197,000	[•]
Total	**70,272,000**	**99.3946**	**70,272,000**	**[•]**

Interest of Promoters, Directors and Key Managerial Personnel

Except as stated in the section "Financial Statements" beginning on page 144 of this Draft Red Herring Prospectus, and to the extent of compensation and/or commission, if any, and their shareholding in the Company, the Promoters do not have any other interest in our business.

All of the Directors may be deemed to be interested to the extent of any fees payable to them for attending meetings of the Board or a committee thereof and to the extent of other remuneration and reimbursement of expenses payable to them, if any, under our Articles of Association, and to the extent of remuneration paid to them, if any, for services rendered as an officer or employee of the Company. Other than as disclosed in this Draft Red Herring Prospectus, none of the Directors are entitled to receive remuneration from the Company. For further details, see the paragraph "Details of Appointment and Compensation of the Directors" above.

All of the Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares.

Except as disclosed in the section "Our Promoters and Group Companies of our Promoters" beginning on page 132 of this Draft Red Herring Prospectus, respectively, the Directors and the Promoters do not have any interest in any property acquired by the Company within two years of the date of filing of this Draft Red Herring Prospectus.

The Company has not entered into any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the directors was related as a director or member of senior management of the Company.

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

Corporate Governance

The provisions of the listing agreements to be entered into with the Stock Exchanges with respect to corporate governance become applicable to the Company at the time of seeking in-principle approval of the Stock Exchanges.

The Board has six Directors, of which four are independent and non-executive Directors.

The Company has complied with the requirements of corporate governance contained in the listing agreements to be entered into with the Stock Exchanges, particularly with respect to the composition of the Board of Directors and the constitution of the following committees of the Board: the Audit Committee, the Remuneration cum Compensation Committee and the Shareholders and Investors Grievance Committee. The Company undertakes to take all necessary steps to comply with all the requirements of the guidelines on corporate governance and adopt the Corporate Governance Code as per Clause 49 of the listing agreement to be entered into with the Stock Exchanges, as would be applicable to the Company upon the listing of its Equity Shares.

Audit Committee

The Audit Committee was first constituted by the Directors at a Board meeting held on June 15, 2005. The Audit Committee was reconstituted on November 14, 2009. The terms of reference of Audit Committee comply with the requirements of Clause 49 of the listing agreement to be entered into with the Stock Exchanges. Two-thirds of the members of the Audit Committee are independent directors. All the members are financially literate and at least one member has accounting or related financial management expertise.

The constitution of the Audit Committee is as follows:

S. No.	Name of the Director	Executive/Non-Executive/Independent
1.	Mr. Sudhir P. Ghate (Chairman)	Independent
2.	Mr. C. Karunakara Shetty	Independent
3.	Mr. J.S. Korlahalli	Independent

The Audit Committee provides directions to and reviews functions of the Company's audit department. The Committee evaluates internal audit policies, plans, procedures and performance and reviews the other functions through various internal audit reports and other year-end certificates. Quarterly and annual accounts will be placed before the Audit Committee, prior to being presented to the Board along with the recommendations of the Audit Committee.

The Audit Committee has the powers as prescribed under Clause 49 of the listing agreement including the following:

1. *Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible as also comply with the applicable Accounting Standards.*

2. *Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.*

3. *Approval of payment to statutory auditors for any other services rendered by the statutory auditors.*

4. *Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:*
   - *Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956*
   - *Changes, if any, in accounting policies and practices and reasons for the same*
   - *Major accounting entries involving estimates based on the exercise of judgment by management*
   - *Significant adjustments made in the financial statements arising out of audit findings*
   - *Compliance with listing and other legal requirements relating to financial statements*
   - *Disclosure of any related party transactions*
   - *Qualifications in the draft audit report.*

5. *Reviewing, with the management, the quarterly financial statements before submission to the board for approval and adoption.*

6. *Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems.*

7. *Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.*

8. *Discussion with internal auditors any significant findings and follow-up there on.*

9. *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 system of a material nature and reporting the matter to the board.*

10. *Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.*

11. *To look into the reasons for substantial defaults in the payment to the bankers, depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.*

12. *To review the functioning of the Whistle Blower Mechanism, in case the same exists.*

13. *Carrying out any other function as is mentioned in the terms of reference of the Audit Committee*

The Audit Committee met four times during Fiscal 2010.

Remuneration Committee

The Remuneration Committee was re-constituted by the Directors at a Board meeting held on August 14, 2009. The Remuneration Committee consists of all non-executive directors, with the Chairman being an independent director. The Remuneration Committee decides on specific remuneration packages (including pension rights and compensation payments) of executive directors, including the Managing Director and the whole time directors of the Company. The Remuneration Committee also has the power to alter and vary the existing terms and conditions of remuneration of the different managerial personnel of the Company.

The Remuneration Committee performs the functions of a remuneration committee as recommended in the listing agreement to be entered into with the Stock Exchanges. It will determine the Company's compensation policy and other benefits for executive directors. The Remuneration Committee also acts as the Compensation Committee as referred in Schedule XIII of the Companies Act. It comprises of:

S. No.	Name of the Director	Executive/Non-Executive/Independent

1.	Mr. J. S. Korlahalli (Chairman)	Independent
2	Mr. Karunakara Shetty	Independent
3.	Mr. Sudhir Ghate	Independent

The Remuneration Committee did not meet during Fiscal 2010.

Shareholders and Investors Grievance Committee

The Shareholders and Investors Grievance Committee was re-constituted by the Directors at a Board meeting held on September 23, 2010.

The constitution of the Shareholders and Investors Grievance Committee is as follows:

S. No.	Name of the Director	Executive/Non-Executive/Independent
1.	Mr. C. Karunakara Shetty	Independent
2.	Mr. Sudhir Ghate	Independent
3.	Mr. J. S. Korlahalli	Independent

The terms of reference of the Shareholders and Investors Grievance Committee are:

1. *To supervise and ensure efficient share transfers, share transmission, transposition, etc;*

2. *To approve allotment, transfer, transmission, transposition, consolidation, split, name deletion and issue of duplicate share certificates for equity shares of the Company;*

3. *To redress shareholders complaints like non-receipt of balance sheet, non-receipt of declared dividends, etc.;*

4. *To review service standards and investor service initiatives undertaken by the company*

5. *To place before the board meeting a quarterly report giving details such as number of complaints received, resolved, pending during the quarter.*

6. *To report immediately to the board specific grievance raised by the shareholders/investors which could not be resolved by the committee and which need immediate attention.*

7. *To address all matters pertaining to Registrar and Transfer Agent including appointment of new Registrar and Transfer Agent in place of existing one;*

8. *To address all matters pertaining to Depositories for dematerialisation of shares of the Company and other matters connected therewith; and*

9. *To attend to any other responsibility as may be entrusted by the Board to investigate any activity within terms of its reference*

IPO Committee

The IPO Committee was re-constituted by the Directors at a Board meeting held on September 23, 2010 and its constitution is as follows:

The constitution of the IPO Committee is as follows:

S. No.	Name of the Director	Executive/Non-Executive/Independent
1.	Mr. Vijay Sankeshwar	Executive
2.	Mr. Anand Sankeshwar	Executive

3.	Mr. J. S. Korlahalli	Independent

The terms of reference of the IPO Committee are:

1. *To decide on the timing, pricing and all the terms and conditions of the issue of the shares for the Public Issue, including the price, and to accept any amendments, modifications, variations or alterations thereto;*

2. *To appoint and enter into arrangements with the book running lead managers, underwriters to the Public Issue, syndicate members to the Public Issue, brokers to the Public Issue, escrow collection bankers to the Public Issue, registrars, legal advisors and any other agencies or persons or intermediaries to the Public Issue and to negotiate and finalise the terms of their appointment, including but not limited to execution of the BRLM's mandate letter, negotiation, finalisation and execution of the memorandum of understanding with the BRLM etc.;*

3. *To finalise and settle and to execute and deliver or arrange the delivery of the draft red herring prospectus, the red herring prospectus, the final prospectus, syndicate agreement, underwriting agreement, escrow agreement and all other documents, deeds, agreements and instruments as may be required or desirable in relation to the Public Issue;*

4. *To open with the bankers to the Public Issue such accounts as are required by the regulations issued by SEBI;*

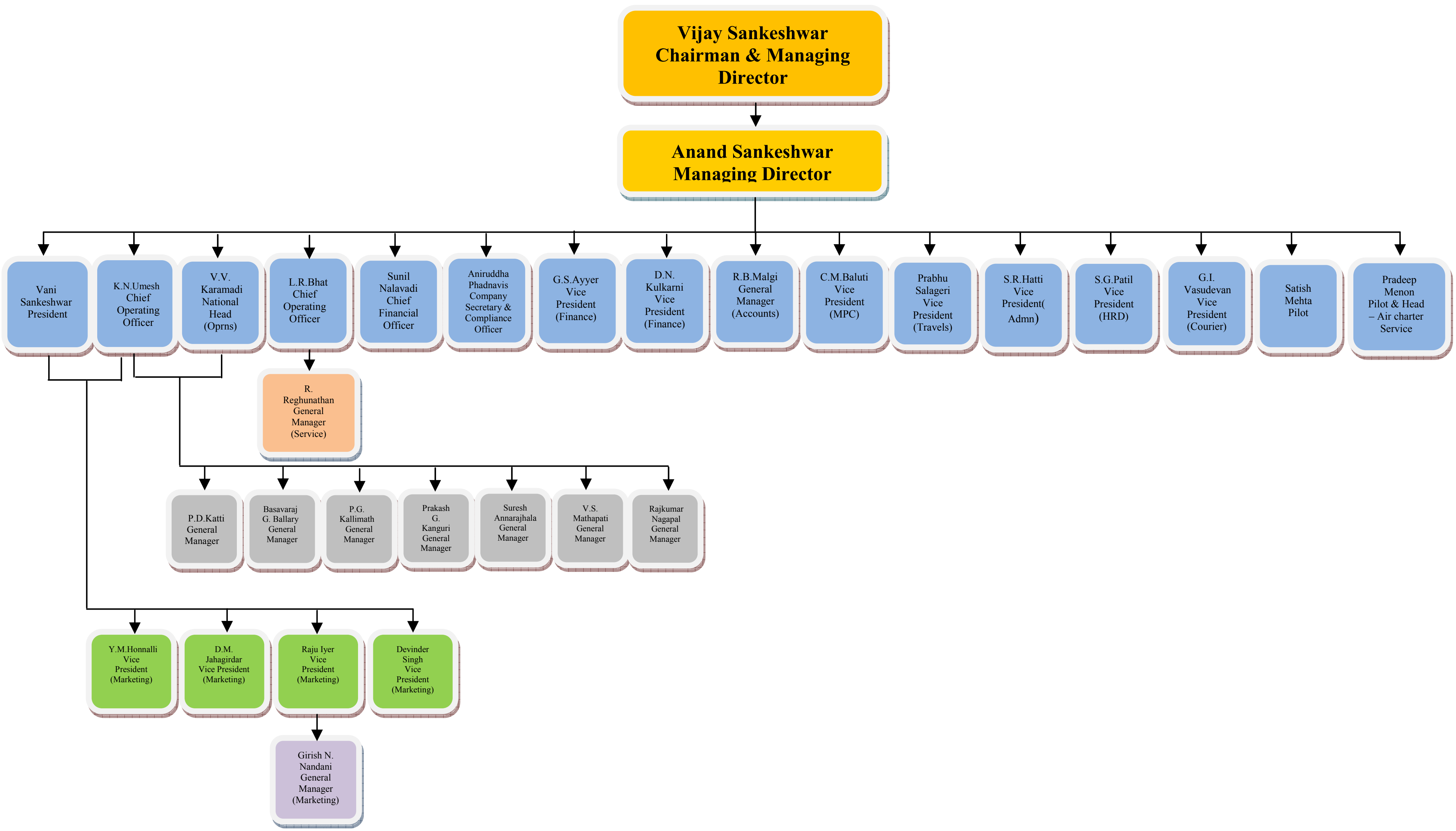
5. *To do all such acts, deeds, matters and things and execute all such other documents, etc. as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, finalizing the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of share certificates in accordance with the relevant rules;*

6. *Do all such acts, deeds and things as may be required to dematerialise the equity shares of the Company and to sign agreements and/or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) limited and such other agencies, authorities or bodies as may be required in this connection;*

7. *To make applications for listing of the shares in one or more stock exchange(s) for listing of the equity shares of the Company and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s); and*

8. *To settle all questions, difficulties or doubts that may arise in regard to such issues or allotment as it may, in its absolute discretion deem fit.*

Management Organization Chart (as of the date of filing this Draft Red Herring Prospectus)



Key Managerial Personnel

The key managerial personnel of the Company, other than the executive Directors mentioned above, are as follows:

Mrs. Vani Sankeshwar, aged 31 years, is the President of the Company. She is involved in the policy formulation within the Company, broader management activities as well as the monitoring of the trade receivables of the Company. She was appointed in the Company on December 1, 2009. She has considerable experience in transportation industry and used to be the proprietrix of Maruti Parcel Carriers, which was engaged in the transportation of LTL freight in the past. Her remuneration for Fiscal 2010 was Rs. 0.20 million.

Mr. K. N. Umesh, aged 56 years, is the Chief Operating Officer of the Company. He is a Bachelor of Commerce from Mysore University. Prior to joining the Company, he was working as an accountant with M/s. Anil Rerolling Mills (P) Ltd., Bangalore. He joined the Company on March 12, 1984. His responsibilities in the Company include formulation of business policies and other important decisions towards growth of business. His remuneration for Fiscal 2010 was Rs. 2.88 million.

Mr. L. Ramanand Bhat, aged 51 years, is the Chief Technical Officer of the Company. He completed his Diploma in Mechanical Engineering with Automobile Technology as the elective subject from the State Board of Technical Education & Training, Tamil Nadu. Prior to joining the Company, he was working with M/s Ashok Leyland as Deputy Manager, Service and has around 14 years of experience in automobile engineering. He joined the Company on July 1, 1995 and is presently in charge of our workshop related activities. His responsibilities in our Company include the overall responsibility for effective vehicle utilization and also a key role in formulation of key operational policies and decision making. He is also responsible for information technology and communications infrastructure as well as the management of hardware and software, including software development of the Company. His remuneration for Fiscal 2010 was Rs. 2.90 million.

Mr. Sunil Nalavadi, aged 33 years, is the Chief Financial Officer of the Company and has over 5 years of experience. He is a Bachelor of Commerce from Karnataka University and a Chartered Accountant from The Institute of Chartered Accountants of India. He is presently a panel member on the Regional Advisory Committee constituted by the Belgaum Commissionerate of Central Excise, Customs and Service Tax. He joined the Company on April 1, 2005 and is presently in-charge of the accounts, finance and taxation departments in the Company. His remuneration for Fiscal 2010 was Rs. 1.38 million.

Mr. V. V. Karamadi, aged 51 years, is the National Head (Operations) of the Company. Prior to joining our Company, he operated his own transportation business for over 15 years. He joined the Company on October 3, 1995 and is presently in charge of all transhipments and vehicle routing activities in the Company. He is involved in the formulation of key operational policies and his responsibilities in the Company include effective utilization of vehicles, allotment of vehicles to transhipment hubs and ensuring faster movement of consignments. He is also the overall in-charge for the FTL business of the Company. His remuneration for Fiscal 2010 was Rs. 1.02 million.

Mr. Aniruddha Phadnavis, aged 30 years, is the General Manager (Finance), Company Secretary and Compliance Officer of the Company. He is a Bachelor of Commerce and Bachelor of Laws from Karnataka University. He is also a Chartered Accountant from The Institute of Chartered Accountants of India, Company Secretary from The Institute of Company Secretaries of India, C.A.I.I.B. from The Indian Institute of Banking & Finance, CISA from Information Systems & Audit Control Association, USA and CFP from Financial Planning Standards Board, Mumbai. Prior to joining the Company he was employed with Canara Bank as a Manager in the Corporate Credit Wing at its Head Office for a period of two and a half years. He joined the Company on June 1, 2007 and is presently the Company Secretary and Compliance Officer in the Company. His responsibilities in our Company include certain financial matters and matters relating to corporate legal compliances. His remuneration for Fiscal 2010 was Rs. 1.60 million.

Mr. D. N. Kulkarni, aged 48 years, is the Vice President (Finance) of the Company. He is a Bachelor of Commerce from Karnataka University, Dharwad. Prior to joining the Company, he was employed with Mysore Kirloskar Ltd., Hubli as a clerk, for six months, M/s. Dubeer & Co., Hubli as an accountant for 2 and half years and With M/s. Classic Associates, Hubli as an accountant for two years and has around 5 years of experience with the above companies. He joined the Company on November 1, 1987 and is presently in charge of the Finance division. His responsibilities in the Company include the activities of sourcing and managing the funds of the Company. His remuneration for the Fiscal 2010 was Rs. 0.82 million.

Mr. Gopalkrishna S. Ayyer, aged 59 years, is the Vice President (Finance) of the Company. He is a Post Graduate from Pune University. Prior to joining our Company, he was employed with The United Western Bank as the Chief Manager and has around 31 years of experience in field of banking. He joined the Company on March 8, 2007 and presently handles the finance function alongwith Shri D N Kulkarni. His responsibilities in the Company include overseeing a few of the banking related transactions of the Company. He also manages the Windmill and Air Chartering businesses of the Company. His remuneration for Fiscal 2010 was Rs. 0.59 million.

Mr. Raghavendra B. Malgi, aged 33 years, is the General Manager (Accounts) of the Company. He is a Bachelor of Commerce and Bachelor of Laws from Karnataka University and a Chartered Accountant from The Institute of Chartered Accountants of India. Prior to joining the Company he was employed with M/s Divigi Warners Ltd., Somaiya Organo Chemicals and Gokak Textiles Ltd., and has around 9 years experience in the accounts divisions of these companies. He joined the Company on June 1, 2009 and is presently in charge of the accounts function. His responsibilities in the Company include overseeing the working of the accounts division and finalisation of accounts and compilation of periodic financial statements and MIS reports. His Remuneration for Fiscal 2010 was Rs. 0.83 million.

Mr. Y. M. Honnalli, aged 54 years, is a Vice President of the Company. He is a Bachelor of Commerce from Karnataka University. Prior to joining our Company, he was employed with Sundatta Foods & Fibers Ltd., Hubli for 3 years, with M/s. HSN Murthy & Co., Chartered Accountants as an Audit Assistant for 3 years, as an Accountant with Cotmac Ltd. Hubli for 4 years and as a Manager with Narasingsa Enterprises for one year, and has around 11 years of experience in the field of accounts. He joined the Company on January 1, 1988 and is presently in charge of the Company's operations in the eastern region of India. His responsibilities in our Company include overall business growth of the eastern region. He earlier handled the infrastructure function within the Company and was instrumental in setting up the infrastructure facilities of the Company at Varur in Hubli, Karnataka. His remuneration for Fiscal 2010 was Rs. 1.10 million.

Mr. D. M. Jahagirdar, aged 57 years, is a Vice President (Marketing) of the Company. He is a Bachelor of Commerce from Karnataka University. Prior to joining our Company, he was employed with M/s. Metasun Telecom Pvt. Ltd. for 6 years, M/s Express Lines Ltd. for 6 years, with M/s Southern Roadways for 3 Yrs., and with M/s Transport Corporation India Ltd., and has around 28 years of experience in various capacities. He joined the Company on May 1, 2008 and is presently in charge of the operations of the Company in the Hyderabad region. His responsibilities in the Company include overall business growth of the Hyderabad region. His remuneration for Fiscal 2010 was Rs. 0.86 million.

Mr. Raju Iyer, aged 56 years, is a Vice President (Marketing) of our Company. He is a Bachelor of Commerce from University of Bombay and also holds a Post Graduate Diploma in Advertising & Public Relations. Prior to joining the Company, he was employed with various logistics companies and has around 24 years of experience in various capacities. He joined the Company on March 2, 2010 and is presently in charge of the operations of the Company in the Mumbai region. His responsibilities in our Company include overall business growth of the Mumbai region. His remuneration for Fiscal 2010 was Rs. 0.1 million per month.

Mr. Devender Singh, aged 55 years, is a Vice President of the Company. He completed his higher secondary education from Punjab School Education Board. Prior to joining the Company, he was employed with various logistics companies and has around 26 years of experience in various capacities. He joined the Company on August 2, 2010 and is presently in charge of the operations of the Company in Northern India. His responsibilities in the Company include overall business growth in Northern India. His present per month remuneration is Rs. 0.13 million.

Wg. Cdr. G. I. Vasudevan (Retd.), aged 65 years, is the Vice President (Courier Division) of the Company. He completed his graduation in Commerce from Madras University and is a Post Graduate in Military Science from Madras University as also Post Graduate M.A. in Psychology from Rohilkhand University. He has also completed Post Graduate Diploma in Labour Law from Law Institute, Delhi, Post Graduate Diploma in Personnel Management from Punjab University, Post Graduate Diploma in Counselling & Guidance from Annamalai University. He has passed out from the prestigious Defence Services Staff College, Wellington and served as a Commissioned Officer for 22 years in the Indian Air Force, from where he retired as a Wing Commander. He later served for 21 years in M/s Prakash Air Freight (Pafex) in various capacities and retired as an executive director. He joined the Company on May 1, 2009 and is presently in charge of the courier business of the Company. His responsibilities in the Company include the overall business growth of the Company's courier business. His remuneration for Fiscal 2010 was Rs. 0.54 million.

Mr. Prabhu A. Salageri, aged 42 years, is the Vice President (Travels) of the Company and has over 16 years of experience. He is a Master of Commerce from Karnataka University. He joined the Company on March 7, 1994 and is presently in charge of the passenger transportation business of the Company. His responsibilities in the Company include formulation of policies relating to the passenger travel division and developing and implementing business growth strategies for this business division. His remuneration for Fiscal 2010 was Rs. 0.72 million.

Mr. C. M. Baluti, aged 52 years, is a Vice President of the Company and has over 24 years of experience. He is a Bachelor of Commerce from Karnataka University, Dharwad. He joined the Company on November 1, 1986 and is presently in charge of Maruti Parcel Carriers, a business division of the Company operating in LTL goods transportation segment. His responsibilities in the Company include the development of business strategies for growth of the Maruti Parcel Carriers. He also oversees the business activities of the Company at Goa and Gujarat. His remuneration for Fiscal 2010 was Rs. 0.85 million.

Mr. S. R. Hatti, aged 64 years, is the Vice President (Administration) of the Company. He is a Master of Arts from Karnataka University, Dharwad. Prior to joining our Company, he was employed with the State Commercial Taxes Department from where he retired as the Joint Commissioner of Commercial Taxes and has around 32 years of experience in government service. He joined the Company on December 1, 2004 and is presently in charge of the Company's head office at Varur in Hubli, Karnataka. His responsibilities in the Company include the implementation of the business policies evolved by the top management and administrative functions within the Company. He also oversees the working of the branch inspection function within the Company and the booking, delivery and consignment stock sections at the Company's head office. His remuneration for Fiscal 2010 was Rs. 0.94 million.

Mr. S. G. Patil, aged 56 years, is the Vice President (HRD) of the Company. He is a Master of Arts and Bachelor of Laws from Karnataka University, Dharwad. Prior to joining the Company, he was employed with M/s West Coast Paper Mills Ltd., Dandeli, for 32 Years in several capacities and has around 37 years of experience in the human resources field. He joined the Company on June 1, 2005 and is presently in charge of the human resources. His responsibilities in the Company include overall administration of personnel and human resources related activities. His remuneration for Fiscal 2010 was Rs. 0.66 million.

Mr. R. Reghunathan, aged 58 years, is the General Manager (Service) of the Company. He completed his diploma in mechanical engineering. Prior to joining the Company, he was employed with M/s Sundaram Motors and has around 28 years of experience in the automobile industry. He joined the Company on July 1, 1999 and is presently in charge of the workshop of the Company. His oversees the overall maintenance activities of vehicles in the Company as also monitors the body building activities for the goods transportation vehicles. His remuneration for Fiscal 2010 was Rs. 0.80 million.

Mr. Girish N. Nandani, aged 34 years, is a General Manager (Marketing) in the Company. He is a Bachelow of Sciences from Karnataka University, Dharwad and Master of Business Adminstration from Shivaji University, Kolhapur. Prior to joining the Company, he had worked with M/s. Mallikarjun Chemicals and Gati Ltd., and has around 12 years experience. He joined the Company on September 1, 2006 and is presently in charge of operations and marketing functions at Pune. His responsibilities in the Company include the monitoring of operations and marketing. His remuneration for Fiscal 2010 was Rs. 0.62 million.

Mr. P. D. Katti, aged 52 years, is a General Manager in the Company and has over 26 years of experience. He joined the Company on August 1, 1984 and is presently in charge of goods transportation operations at select locations in Karnataka, Kerala and Uttar Pradesh. His responsibilities in the Company include the monitoring of operations and marketing. His remuneration for Fiscal 2010 was Rs. 0.66 million.

Mr. Basavaraj G. Bellary, aged 55 years, is a General Manager in the Company and has over 24 years of experience. He completed his degree in Arts from Karnataka University, Dharwad. He joined the Company on May 1, 1988 and is presently in charge of the operational activities at Mumbai. His responsibilities in the Company include the monitoring and development of Company's goods transportation business at Mumbai. His remuneration for Fiscal 2010 was Rs. 0.58 million.

Mr. P. G. Kallimath, aged 48 years, is a General Manager in the Company and has over 23 years of experience. He completed his degree in Arts from Karnataka University, Dharwad. He joined the Company on January 1, 1987 and is presently in charge of the Company's goods transportation activities at Hubli and certain areas of Northern Karnataka and Madhya Pradesh. His responsibilities in the Company include the monitoring of operations and marketing at these locations. His remuneration for Fiscal 2010 was Rs. 0.34 million.

Mr. Prakash. G. Kanguri, aged 40 years, is a General Manager (Marketing) in the Company. Prior to joining the Company he worked with various companies engaged in the transportation of goods and parcels such as Professional Couriers, Cordial Merchandising India Limited and AFL Logistics, and has around 17 years of experience. He joined the Company on December 5, 2008 and is presently in charge of operations and marketing at Delhi region. His remuneration for Fiscal 2010 was Rs. 0.74 million.

Mr. Suresh Annavajhala, aged 42 years, is a General Manager in the Company. He is a Master of Sciences from the Government Engineering College, Jabalpur, Madhya Pradesh. Prior to joining the Company he worked with various logistics companies and has around 17 years of experience. He joined the Company on July 1, 2009 and is presently in charge of marketing activities at Mumbai. His remuneration for Fiscal 2010 was Rs. 0.57 million.

Mr. V. S. Mathapati, aged 41 years, is a General Manager in the Company and has over 17 years of experience. He joined the Company on March 1, 1993 and is presently in charge of operations in the state of Andhra Pradesh. His responsibilities in the Company include the monitoring of operational activities and development of goods transportation business in the state of Andhra Pradesh. His remuneration for Fiscal 2010 was Rs. 0.73 million.

Mr. Rajkumar Nagpal, aged 49 years, is a General Manager in the Company and has over 20 years of experience. He joined the Company on October 1, 2009 and is presently oversees operations and marketing activities at Delhi. His remuneration for Fiscal 2010 was Rs. 0.59 million.

Capt. Satish Chandra Mehta, aged 63 years, is the Chief Pilot of the Company. He completed his graduation from National Defence Academy, Pune. Prior to joining the Company, he had worked with various aviation companies and has significant flying experience. Prior to joining the Company, he had clocked 3358 flying hours on military aircrafts and 4171 hours on civil aircrafts. He joined the Company on October 1, 2007 and is presently in charge of air chartering services business. His responsibilities in the Company include the overseeing of this business divisions and ensuring the smooth functioning of the Company owned aircraft including its maintenance. His remuneration for Fiscal 2010 was Rs. 6.16 million.

Capt. Pradeep Menon, aged 42 years, is a Co- Pilot in the Company and has over 19 years of experience. He completed his graduation in Science from Karnataka University, Dharwad and MBA from IIM, Lucknow. Prior to joining the Company he had worked with various aviation companies. He joined the Company on February 1, 2008 and presently works as a Co-Pilot in the Aviation Division at Bangalore. His responsibilities in the Company include regular monitoring of operational and marketing activities of the Aviation Division. He is also actively involved in the liaisoning and compliance work related to this business division. His remuneration for Fiscal 2010 was Rs. 3.30 million.

Relationship between Directors and Key Managerial Personnel

None of our key managerial personnel are related to Directors or each other, except Mrs. Vani Sankeshwar is the wife of Mr. Anand Sankeshwar, and the daughter-in-law of Mr. Vijay Sankeshwar.

Bonus or Profit Sharing Plan

The Company does not have any bonus or profit sharing plans with its key managerial personnel.

Status of Key Managerial Personnel

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

Employee Stock Option Plan

As on the date of the filing of this Draft Red Herring Prospectus, the Company does not have ESOP/ESPS scheme for employees.

Changes in the Key Managerial Personnel

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

The key managerial personnel who have resigned in the last three years are as follows:

Name	Date of Appointment/ Change in Designation	Date of Cessation	Reason
Mr. Raju Iyer	April 1, 2005	December 17, 2007	Resignation
Mr. G.S.Sripathi	September 1, 2006	January 25, 2008	Resignation
Mr. Vikas Shekhar	June 1, 2007	June 15, 2008	Resignation
Mr. Ramesh Narayanrao Shantageri	April 1, 2003	August 21, 2008	Resignation
Mr. Nagaraja	May 1, 2006	September 6, 2008	Resignation
Mr. Subroto Barua	April 8, 2008	October 30, 2008	Resignation
Mr. Nitin Vijay Adarkar	August 1, 2008	December 31, 2008	Resignation
Mr. Nagabhushanaradya R.	October 1, 2008	January 29, 2009	Resignation
Mr. Chittibomma Dhanunjay	March 1, 2008	January 31, 2009	Resignation
Mr. Pishu Santosh Malkani	May 7, 2007	January 31, 2009	Resignation
Capt. Sanju Mathew Varughese	June 1, 2008	February 9, 2009	Resignation
Mr. Ramesh Kumar Manohar Lal Nayyar	May 1, 2008	March 3, 2009	Resignation
Mr. K. V. Raghavendra	October 1, 2008	April 30, 2009	Resignation
Mr. Rohit Kochhar	January 4, 2009	May 8, 2009	Resignation
Mr. Mohan H. Baddi	November 1, 2007	May 16, 2009	Resignation
Mr. Anjan Srinivas Rao	October 1, 2007	June 12, 2009	Resignation
Mr. Anil Ningappa Annigeri	October 1, 2006	July 23, 2009	Resignation
Mr. V. S. Shankar	February 1, 2007	September 3, 2009	Resignation
Mr. Aashish Ghoshal	May 1, 2008	September 24, 2009	Resignation
Capt. G. K. Suresh	September 17, 2009	October 20, 2009	Resignation
Mr. Rang. P. Raichur	April 27, 2005	December 31, 2009	Resignation
Capt. P.K.Iyer	March 19, 2010	October 25, 2010	Resignation

The key managerial personnel appointed in the last three years are as follows:

Capt. Pradeep Viswanathan.Menon	February 1, 2008
Mr. Chittibomma Dhanunjay	March 1, 2008
Mr. Subroto Barua	April 8, 2008
Mr. Ramesh Kumar Manohar Lal Nayyar	May 1, 2008
Mr. Aashish Ghoshal	May 1, 2008

Mr. Dhruvaraj M. Jahagirdar	May 1, 2008
Capt. Sanju Mathew Varughese	June 1, 2008
Mr. Nitin Vijay Adarkar	August 1, 2008
Mr. Nagabhushanaradya R.	October 1, 2008
Mr. K.V.Raghavendra	October 1, 2008
Mr. Prakash G. Kanguri	December 5, 2008
Mr. Rohit Kochhar	January 4, 2009
Mr. G.I. Vasudevan	May 1, 2009
Mr. Raghavendra Bhimacharya Malgi	June 1, 2009
Mr. Suresh Annavajhala	July 1, 2009
Capt. G. K. Suresh	September 17, 2009
Mr. Rajkumar K Nagpal	October 1, 2009
Mrs. Vani Sankeshwar	December 1, 2009
Mr. Devendra Singh	August 2, 2010
Mr. Raju Iyer	March 2, 2010

Shareholding of the Key Managerial Personnel

Except as set out below, none of our key managerial personnel hold any Equity Shares in the Company as of the date of this Draft Red Herring Prospectus.

S.No.	Name of the Shareholder	Pre-Issue Number of Equity Shares	Pre-Issue Percentage Shareholding (%)	Post-Issue Number of Equity Shares	Post-Issue Percentage Shareholding (%)
1.	Mr. K. N. Umesh	1,750	0.0025	[●]	[●]
2.	Mr. L. Ramanand Bhat	1,750	0.0025	[●]	[●]
3.	Mr. Y.M. Honnalli	1,750	0.0025	[●]	[●]
4.	Mrs. Vani Sankeshwar	400,000	0.5658	[●]	[●]

For details of the shareholding of the Company's Directors, refer to the paragraph "Shareholding of the Directors" above.

Payment of Benefit to Officers of the Company

Except as disclosed in this Draft Red Herring Prospectus and any statutory payments made by the Company, the Company has not paid any amounts to its officers in connection with superannuation payments, ex-gratia rewards or any non-salary amounts or benefits in the last two years.

No service contracts have been entered into with Key Managerial Personnel for provision of benefits or payments of any amount upon termination of employment. None of the Key Managerial Personnel have been given any benefits in kind.

Except as disclosed in the section "Financial Statements" beginning on page 144 of this Draft Red Herring Prospectus, none of the beneficiaries of loans and advances and sundry debtors are related to the Company, the Directors or the Promoters of the Company.

OUR PROMOTERS AND GROUP COMPANIES OF OUR PROMOTERS

PROMOTERS

Mr. Vijay Sankeshwar and Mr. Anand Sankeshwar are the Promoters of the Company.

PROMOTERS

Mr. Vijay Sankeshwar

Age	60 years
Residential Address	House No. 120 to 125, Lalith Mahal, Naveen Park, Kusugal Road, Hubli - 580 023, India
Voter ID Number	KT/24/117/081141
Driving License Number	No. 8873/DW
Permanent Account Number	AGVPS4682H
Bank Account Number	10466980494 (State Bank of India, Main Branch, Hubli)
Passport Number	E8508456
Designation	Chairman and Managing Director
Educational qualifications and professional experience	Mr. Vijay Sankeshwar has completed his bachelor's degree in commerce from Karnataka University, Dharwad. Mr. Sankeshwar has been a director of the Company since March 31, 1983. Mr. Sankeshwar has over three decades of experience in the transport industry.
Other Directorships	Please see the section "Our Management" beginning on page 116 of this Draft Red Herring Prospectus.
Other Ventures Promoted by Mr. Vijay Sankeshwar	Please see under "Group Companies of our Promoters" below.
Special Achievements of Mr. Vijay Sankeshwar	Please see the section "Our Management" beginning on page 116 of this Draft Red Herring Prospectus.

Mr. Anand Sankeshwar

Age	35 years
Residential Address	House No. 120 to 125, Lalith Mahal, Naveen Park, Kusugal Road, Hubli - 580 023, India
Voter ID Number	NNA0467944
Driving License Number	FDC 405/2002/03
Permanent Account Number	AGVPS4683G
Bank Account Number	10466980245 (State Bank of India, Main Branch, Hubli)
Passport Number	Z1731438
Designation	Managing Director
Educational qualifications and professional experience	Mr. Anand Sankeshwar has completed his Bachelor's Degree in commerce from Karnataka University, Dharwad. Mr. Sankeshwar has been a director of the Company since January 4, 1993. Mr. Sankeshwar has approximately 19 years of experience in the transport industry.
Other Directorships	Please see the section "Our Management" beginning on page 116 of this Draft Red Herring Prospectus.
Other Ventures Promoted by Mr. Anand Sankeshwar	Please see under "Group Companies of our Promoters" above.
Special Achievements of Mr. Anand Sankeshwar	Please see the section "Our Management" beginning on page 116 of this Draft Red Herring Prospectus.

Shareholding in the Company

Mr. Vijay Sankeshwar holds 33,075,000 Equity Shares, representing 46.78% of the pre-Issue equity share capital of the Company and after the completion of the Issue, he will own [●]% of the equity share capital of the Company.

Mr. Anand Sankeshwar holds 37,197,000 Equity Shares, representing 52.61% of the pre-Issue equity share capital of the Company and after the completion of the Issue, he will own [●]% of the equity share capital of the Company.

GROUP COMPANIES OF OUR PROMOTERS

The following companies, firms and ventures have been promoted by the Promoters of the Company and are referred to in this Draft Red Herring Prospectus as the "Group Companies of our Promoters".

1. VRL Cements Limited
2. VRL Media Limited
3. VRL Securities Limited

The constitution of the Promoter Group is set forth below:

The natural persons who are part of the Promoter Group, apart from the individual Promoters mentioned above on page 132 of this Draft Red Herring Prospectus, are set forth below:

a) Mrs. Lalita Sankeshwar (wife of Mr. Vijay Sankeshwar and mother of Mr. Anand Sankeshwar)
b) Mr. Dayanand Sankeshwar (brother of Mr. Vijay Sankeshwar)
c) Mr. Mrutyunjay Sankeshwar (brother of Mr. Vijay Sankeshwar)
d) Mr. Mallikarjun Sankeshwar (brother of Mr. Vijay Sankeshwar)
e) Mrs. Sumitra Arali (sister of Mr. Vijay Sankeshwar)
f) Mrs. Uma Pattanashetti (sister of Mr. Vijay Sankeshwar)
g) Mrs. Parvati Angadi (sister of Mr. Vijay Sankeshwar)
h) Mrs. Bharati Holkunde (daughter of Mr. Vijay Sankeshwar and sister of Mr. Anand Sankeshwar)
i) Mrs. Arati Patil (daughter of Mr. Vijay Sankeshwar and sister of Mr. Anand Sankeshwar)
j) Mrs. Deepa Sidnal (daughter of Mr. Vijay Sankeshwar and sister of Mr. Anand Sankeshwar)
k) Mr. Sangappa Byali (brother-in-law of Mr. Vijay Sankeshwar)
l) Mrs. Channamma Chunmuri (sister-in-law of Mr. Vijay Sankeshwar)
m) Mrs. Kamala Jigbaddi (sister-in-law of Mr. Vijay Sankeshwar)
n) Mrs. Shakuntala Sankeshwar (sister-in-law of Mr. Vijay Sankeshwar)

o) Mrs. Suvarna Neelakanthanavar (sister-in-law of Mr. Vijay Sankeshwar)
p) Mrs. Vani Sankeshwar (wife of Mr. Anand Sankeshwar)
q) Master Shiva Sankeshwar (son of Mr. Anand Sankeshwar)
r) Ms. Vaishnovi Sankeshwar (daughter of Mr. Anand Sankeshwar)
s) Ms. Chhaya Sankeshwar (daughter of Mr. Anand Sankeshwar)
t) Mr. Chandrakant Baswaraj Patil (brother-in-law of Mr. Anand Sankeshwar)
u) Mr. Kailash Patil (brother-in-law of Mr. Anand Sankeshwar)
v) Mr. Amit Patil (brother-in-law of Mr. Anand Sankeshwar)
w) Mr. Baswaraj Galangalappa Patil (father-in-law of Mr. Anand Sankeshwar)
x) Mrs. Surekha Patil (mother-in-law of Mr. Anand Sankeshwar)

The members of the Promoter Group (apart from the individuals) in accordance with the ICDR Regulations are set forth below:

a) Jyothi Cement Spun Pipe Works
b) Kailash Transformers Pvt. Ltd.
c) Karnataka Pre-stress Concrete Works
d) Mahadev Industries – Bidar
e) Mahadev Industries – Gulburga
f) Mahadev Industries – Hospet
g) Maruti Cement Spun Pipe Works
h) Mrutyunjay Sankeshwar (HUF)
i) Natraj Cement Works
j) Premier Agencies
k) Raja Cement Spun Pipe Works
l) Raja Mini Cements
m) S B Patil Dall Mill
n) S B Patil Minerals Pvt. Ltd.
o) Sankeshwar Printers Pvt. Ltd.
p) Sankeshwar Beverages
q) Shiva Agencies
r) Shiva Concrete Products
s) Someshwar Dall Industries
t) Vijayakant Dairy & Food Products Pvt. Ltd.
u) Sankeshwar Minerals Private Limited
v) VRL Cements Limited
w) VRL Media Limited
x) VRL Securities Limited

Declaration

The Company confirms that the PAN, bank account details and passport number of the Promoters will be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus with the Stock Exchanges.

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

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

In the past, the Company has entered into two transactions with the Promoter, Mr. Vijay Sankeshwar, in relation to the sale and purchase of property. The details of which are provided in the table below:

Property Purchased by the Promoter from the Company

Address	Valuation of the Property* (Rs. in millions)	Date of the Transaction	Sale Value (Rs. in millions)
'Lalit Mahal', 120-125, Naveen Park, Kusugal Road, Keshwapur, Hubli – 580020, Karnataka	92.86	March 29, 2010	99.43 (including VAT).

* The valuation report was prepared by G.S. Angadi, Chartered Engineer.

Property Sold by the Promoter to the Company

Address	Valuation of the Property* (Rs. in millions)	Date of the Transaction	Purchase Value (Rs. in millions)
R. S. No. 354/3, Bangalore Road, Cheebi Village, Varur, Hubli– 581207, Karnataka	3.63	November 20, 2009	3.56 (including registration charges)

* The valuation report was prepared by G.S. Angadi, Chartered Engineer.

Other than the as mentioned above, the Company has not in the two years preceding the date of the Draft Red Herring Prospectus purchased any property in which its Promoters and/or any of its Directors, have any direct or indirect interest in any payment made thereunder.

Common Pursuits

There are no common pursuits among the Promoters of the Company or among the Group Companies of our Promoters that have any conflict of interest with the Company.

Interest in Promotion of the Company

The Promoters are interested parties to the extent of their shareholding in the Company, and any dividend and distributions which may be made by the Company in future. Further, the Promoters who are also the Directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board, or a Committee thereof, as well as to the extent of other remuneration and reimbursement of expenses payable to them. The Group Companies promoted by the Company have their registered office situate at the corporate office of the Company. The related party transactions are disclosed in the sections "Financial Statements" and "Our Management- Interest of Promoters, Directors and Key Managerial Personnel" beginning on pages 144 and 120 respectively, of the Draft Red Herring Prospectus.

Related Party Transactions

For details of related party transactions with the Promoters, please see the section "Financial Statements" beginning on page 144 of this Draft Red Herring Prospectus.

Payment of Benefits to our Promoter and Promoter Group during the Last Two Years

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The Company has not paid any amount or given any benefit in the past two years or intends to pay or give to any of the Promoters or members of the Promoter Group/

!

Companies or firms from which the Promoters have disassociated themselves in the last three years

Except as described below, none of the promoters have disassociated themselves from any of companies/firms, including but not limited to, through transfer of shareholding and/or resignation from the board of directors in the ordinary course of business, in the last three years preceding the date of filing this Draft Red Herring Prospectus.

Vijayanand Printers Limited

Mr. Anand Sankeshwar has disassociated from Vijayanand Priniters Limited by virtue of resigning as a director on June 26, 2010.Vijayanand Printers Limited was a subsidiary of our Company and the Promoters were its directors and shareholders. The Company and the Promoters sold the equity shares of Vijayanand Printers Limited to Vardhaman Publishers Limited and Banhem Financial and Investment Consultants Limited, which are part of Times of India Group, on August 12, 2006 on account of it being a loss making entity.

Defunct Group Companies of our Promoters

At present, there are no defunct Group Companies of our Promoters. However, VRL Securities Limited, a Group Company has applied to the Registrar of Companies, Mumbai to strike off its name under Section 560 of the Companies Act on April 24, 2009, which is pending before the Registrar of Companies, Mumbai. If the application under Section 560 of the Companies Act is approved, VRL Securities Limited will cease to be a Group Company.

GROUP COMPANIES OF OUR PROMOTERS

Unless otherwise specifically stated, none of the Group Companies of our Promoters described below (i) are listed on any stock exchange; (ii) have completed any public or rights issue since the date of its incorporation; (iii) have become a sick company; (iv) are under winding-up; or (v) had a negative net worth as of the date of their last audited financial statements.

Except as disclosed under “Defunct Group Companies of our Promoter” above, no application has been made in respect of any of the Group Companies of our Promoters to the relevant Registrar of Companies in whose jurisdiction such Group Company of the Promoters is registered, for striking off its name.

Further, except as disclosed below, there has been no change in the capital structure of any Group Companies of our Promoters in the last six months.

Group Companies of our Promoters

The following are the Group Companies of our Promoters:

1. **VRL Cements Limited**

VRL Cements Limited was incorporated on January 22, 2007 and has its registered office at Giriraj Annexe, Circuit House Road, Hubli- 580-029. The principal activity of the company is to carry on the business of manufacturing, import, export, purchase and sale of cements and allied products. The company is not listed and it has not made any public or rights issue in the preceding 3 years. The CIN no of the company is U26941KA2007PLC041534.

Shareholding Pattern

The shareholding pattern of VRL Cements Limited as of the date of the Draft Red Herring Prospectus is as follows:

Name of the shareholder	Number of shares	% of issued capital
Equity shares of face value Rs. 10		
Mr. Vijay Sankeshwar	522,500	82.94%
Mr. Anand Sankeshwar	72,500	11.50%
Mrs. Lalita Sankeshwar	13,000	2.06%
Mrs. Vani Sankeshwar	21,700	3.44%
Mr. K.N. Umesh	100	0.02%
Mr. L. Ramanand Bhat	100	0.02%
Ms. Usha Ramanand Bhat	100	0.02%

Name of the shareholder	Number of shares	% of issued capital
Total	**630,000**	**100%**

Board of Directors

The board of directors of VRL Cements Limited as of the date of the Draft Red Herring Prospectus consists of the following:

1. Mr. Vijay Sankeshwar
2. Mr. Anand Sankeshwar
3. Mr. K.N. Umesh

Financial Performance

The following financial data has been derived from the audited financial statements of VRL Cements Limited for the periods indicated below:

(Rs. millions, unless otherwise stated)

	For the year ended March 31		
	2010	**2009**	**2008**
Total Income	-	0.20	0.35
Profit (Loss) after Tax	(0.21)	0.15	(1.15)
Earnings per share (Rs.) (basic)(1)	-	0.24	-
Earnings per share (Rs.) (diluted)(1)	-	0.24	-
Equity Share Capital	6.30	6.30	6.30
Share Application Money	-	-	1.11
Reserves and surplus (excluding revaluation reserves)(2)	(1.21)	(1.00)	(1.15)
Book Value per share (Rs.)(1) (3)	8.08	8.41	8.17

(1) Face value of each equity share is Rs. 10.
(2) Net of miscellaneous expenditure not written off.
(3) Book Value per share has been calculated without accounting for share application money.

VRL Cements Limited is an unlisted company and has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

2. VRL Media Limited

VRL Media Limited was incorporated on July 26, 2007 and has its registered office at 120-125 Lalit Mahal, Naveen Park, Kusugal Road, Hubli- 580023. The principal activity of the company is to carry on the business of content providers, in electronic print and all other types of media. The company is not listed and it has not made any public or rights issue in the preceding 3 years. The CIN No. of the Company is U92113KA2007PLC043480.

Shareholding Pattern

The shareholding pattern of VRL Media Limited as of date of the Draft Red Herring Prospectus was as follows:

Name of the shareholder	Number of shares	% of issued capital
Equity shares of face value Rs. 10		
Mr. Vijay Sankeshwar	8,516,667	33.732%
Mr. Anand Sankeshwar	16,516,667	65.418%
Mrs. Lalita Sankeshwar	16,666	0.066%
Mrs.Vani Sankeshwar	194,666	0.771%
Mr. L R Bhat	1,111	0.004%
Mrs. U R Bhat	1,111	0.004%
Mr. Ravindra Sankeshwar	1,111	0.004%

Name of the shareholder	Number of shares	% of issued capital
Total	**25,247,999**	**100%**

Board of Directors

The board of directors of VRL Media Limited as of the date of the Draft Red Herring Prospectus consists of the following:

i. Mr. Vijay Sankeshwar
ii. Mr. Anand Sankeshwar
iii. Mrs. Vani Sankeshwar

Financial Performance

The following financial data has been derived from the audited financial statements of VRL Media Limited for the periods indicated below:

(Rs. millions, unless otherwise stated)

	For the year ended March 31		
	2010	**2009**	**2008**
Total Income	-	-	-
Profit (Loss) after Tax	-	-	(3.78)
Earnings per share (Rs.) (basic)[(1)]	-	-	-
Earnings per share (Rs.) (diluted)[(1)]	-	-	-
Equity Share Capital	0.70	0.70	0.70
Reserves and surplus (excluding revaluation reserves)[(2)]	(3.78)	(3.78)	(3.78)
Book Value per share (Rs.)[(1)]	-	-	-

(1) Face value of each equity share is Rs. 10.
(2) Net of miscellaneous expenditure not written off.
(3) VRL Media Limited has had negative networth in the past financial years.

VRL Media Limited is an unlisted company and has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

3. VRL Securities Limited

VRL Securities Limited was incorporated on July 31, 2007 and has its registered office at 182 Plot 162, 163, CIDCO, Sector No. 19, Vashi, Navi Mumbai. The principal activity of the company is to engage in the business as brokers to buy, acquire, sell, trade exchange, deal, swap, borrow, lend or otherwise engage in India or abroad in trade and investment instruments of all kinds including securities. The main objects allow the company to provide financial services, advisory and counselling services and facilities of every description capable of being provided by share and stock brokers. The company is not listed and it has not made any public or rights issue in the preceding 3 years. The company is not registered and has not made any application for registration with the SEBI or any of the stock exchanges. The Corporate Identification Number of the company is U67120MH2007PLC172753.

VRL Securities Limited has applied to the Registrar of Companies, Mumbai to strike off its name under Section 560 of the Companies Act on April 24, 2009, which is pending before the Registrar of Companies, Mumbai. If the application under Section 560 of the Companies Act is approved, VRL Securities Limited will cease to be a Group Company.

Shareholding Pattern

The shareholding pattern of VRL Securities Limited as of the date of the Draft Red Herring Prospectus was as follows:

Name of the shareholder	Number of shares	% of issued capital
Equity shares of face value Rs. 10		
Mr. Vijay Sankeshwar	207,500	88.30%
Mr. Anand Sankeshwar	22,500	9.57%
Mr. C. Karunakara Shetty	1,000	0. 43%
Ms. Pushpalata K.Shetty	1,000	0. 43%
Ms. Sushmita Shetty	1,000	0. 43%
Mr. K.N.Umesh	1,000	0. 43%
Ms. Manjula R.	1,000	0. 43%
Total	**235,000**	**100%**

Board of Directors

The board of directors of VRL Securities Limited as of the date of the Draft Red Herring Prospectus consists of the following:

1. Mr. Vijay Sankeshwar
2. Mr. Anand Sankeshwar
3. Mr. L.R. Bhat

Financial Performance

The following financial data has been derived from the audited financial statements of VRL Securities Limited for the periods indicated below:

(Rs. millions, unless otherwise stated)

	For the year ended March 31		
	2010(3)	**2009**(3)	**2008**(3)
Total Income	-	-	-
Profit (Loss) after Tax	(0.01)	(0.09)	(2.24)
Earnings per share (Rs.) (basic)(1)	-	-	-
Earnings per share (Rs.) (diluted)(1)	-	-	-
Equity Share Capital	2.35	0.50	0.50
Reserves and surplus (excluding revaluation reserves)(2)	(2.35)	(2.34)	(2.24)
Book Value per share (Rs.)(1)	-	-	-

(1) Face value of each equity share is Rs. 10.
(2) Net of miscellaneous expenditure not written off.
(3) VRL Securities has had negative net worth in the past financial years, and presently, the net worth is nil.

VRL Securities Limited is an unlisted company and has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA. It has filed an application under Section 560 of the Companies Act for winding up on April 24, 2009.

4. Aradhana Trust

Aradhana Trust was registered by way of trust deed on July 16, 2007. The objective of the trust is to construct temples, maintain and take over orphanages, rescue homes and to carry out other related activities thereto.

The Trustees as of September 30, 2010 are:

1. Mr. Anand Sankeshwar - Chairman
2. Mr. N.A Charantimath -Trustee
3. Mr. Adiveppa Masur - Trustee

Financial Results

The following financial data has been derived from the audited financial statements of Aradhana Trust for the periods indicated below:

(Rs. millions, unless otherwise stated)

	For the year ended March 31		
	2010	**2009**	**2008**
Total Receipts	1.69	-	-
Total Expenditure	2.81	-	-
Surplus /(Deficit)	(1.12)	-	-
Total Corpus Fund	4.10	0.49	0.11

5. Shri Ayyappa Bhakta Vrunda Trust

Shri Ayyappa Bhakta Vrunda Trust was created by way of trust deed in the year July 21, 1997, and registered vide registration No. E-793(DWR) dated May 24, 2010. The objective of the trust is to construct Shree Ayyappa Swamy Temple at Hubli and other places, to establish and manage Dharmashalas and Choultries for the benefits of pilgrims, tourists, to carry out other related activities thereto etc.

The Executive Committee of the Trust as of September 30, 2010 is:

1. Mr. Anand Sankeshwar - President
2. Mr. V.S.V. Prasad - Vice President
3. Mr. C. Jayaram Shetti - Vice President
4. Mr. G.S. Ayyer - Treasurer
5. Mr. P.D. Shetti - Secretary
6. Mr. Nagaraj Vaikunte - Joint Secretary
7. Mr. Basavaraj Byali - Member
8. Mr. Prakash Raikar - Member
9. Mr. G. S. Angadi - Member
10. Mr. Satish D Shetti - Member
11. Mr. R.T. Ravanakar - Member
12. Mr. Sudhakar Shetti - Member
13. Mr. A. P. Iaital - Member
14. Mr. Vasant B. Horatti - Member
15. Mr. Basavaraj Shirakol - Member

Financial Results

The following financial data has been derived from the audited financial statements of Shri Ayyappa Bhakta Vrinda Trust for the periods indicated below:

(Rs. millions, unless otherwise stated)

	For the year ended March 31		
	2010	**2009**	**2008**
Total Receipts	0.04	0.15	0.13
Total Expenditure	0.21	0.16	0.11
Surplus /(Deficit)	(0.17)	(0.01)	0.02
Total Corpus & Earmarked Fund	5.87	4.60	4.20

6. Shiva Agencies

M/s. Shiva Agencies, the proprietary concern formed by one of our promoters Mr. Anand Sankeshwar. Shiva Agencies commenced its operation from March 24, 2008 and the objective of the concern is to provide Ayurvedic medicines and healthcare consultation through a team of Ayurvedic doctors.

Financial Results

The following financial data has been derived from the audited financial statements of Shiva Agencies for the periods indicated below:

(Rs. millions, unless otherwise stated)

	For the year ended March 31		
	2010	**2009**	**2008**
Total Turnover	30.02	30.45	0.47
Gross Profit	5.31	5.64	0.11
Net Profit	1.79	0.67	0.03
Proprietor Capital	4.75	5.25	5.70

RELATED PARTY TRANSACTIONS

For further details on the related party transactions, please see the Restated Financial Statements beginning on page 144 of this Draft Red Herring Prospectus.

DIVIDEND POLICY

The declaration and payment of any dividends in the future will be recommended by the Board of Directors and approved by the shareholders of the Company at their discretion and will depend on a number of factors, including the results of operations, earnings, capital requirements and surplus, general financial conditions, contractual restrictions, applicable Indian legal restrictions and other factors considered relevant by the Board. The Board may also pay interim dividend. The dividends declared by the Company during the last five fiscal years and the six months period ended September 30, 2010 have been presented below:

Particulars	**For the six months ended September 30, 2010**	**For the year ended March 31,**				
		2010	**2009**	**2008**	**2007**	**2006**
Equity Share Capital (In Rs. millions)	707.00	707.00	707.00	707.00	700.00	200.00
Face Value of Equity Share (in Rs. per share)	10.00	10.00	10.00	10.00	10.00	1,000.00
Interim Dividend on Equity Shares (In Rs. millions)	212.10	219.17	-	-	200.00	-
Final Dividend on Equity Shares (In Rs. millions)	-	-	-	-	-	-
Total Dividend (In Rs. millions)	212.10	219.17	-	-	200.00	-
Dividend Tax (In Rs. millions)	35.23	37.25	-	-	28.05	-
Rate of Dividend	30.00%	31.00%	-	-	100.00%	-

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

RESTATED FINANCIAL INFORMATION FOR VRL LOGISTICS LIMITED

RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2010, MARCH 31, 2010, MARCH 31, 2009, MARCH 31, 2008, MARCH 31, 2007 AND MARCH 31, 2006 AND PROFITS AND LOSSES AND CASH FLOWS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2010 AND YEARS ENDED MARCH 31, 2010, MARCH 31, 2009, MARCH 31, 2008, MARCH 31, 2007 AND MARCH 31, 2006 FOR VRL LOGISTICS LIMITED (collectively the "Restated Summary Statements")

Auditors' report as required by Part II of Schedule II to the Companies Act, 1956

To,
The Board of Directors
VRL Logistics Limited
NH4, Bangalore Road
Varur, Hubli – 581 207

Dear Sirs,

We have examined the financial information of VRL Logistics Limited (the 'Company') annexed to this report and initialed by us for identification purposes, for the purpose of inclusion in the Draft Red Herring Prospectus (the 'DRHP'). This financial information has been prepared by the management and approved by the Board of Directors of the Company for the purpose of disclosure in the DRHP being issued by the Company in connection with the proposed Initial Public Offering ('IPO') of equity shares (the 'Issue'). This financial information has been prepared in accordance with the requirements of:
i) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the 'Act');

ii) The Securities and Exchange Board of India ('SEBI') (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the 'SEBI Regulations'), as amended from time to time issued by SEBI in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments;

iii) The Guidance Note on the Reports in Company Prospectuses (revised) issued by the Institute of Chartered Accountants of India ('ICAI'); and

iv) In accordance with the terms of reference received from the Company and engagement letter dated 28 August 2010 requesting us to carry out work in connection with the DRHP being issued by the Company relating to IPO.

A. Financial Information as per the Audited Financial Statements:

1. We have examined the attached Summary of Restated Assets and Liabilities (Annexure 2) of the Company as at September 30, 2010 and March 31, 2010, 2009, 2008, 2007 and 2006 and the attached Summary of Restated Profit and Loss Account (Annexure 1) and also the Summary of Restated Cash flows (Annexure 3) for the six months ended September 30, 2010 and years ended March 31, 2010, 2009, 2008, 2007 and 2006, collectively referred to as 'Restated Statements'. These Restated Statements have been arrived at after making such adjustments and regroupings to the financial statements of the Company which are appropriate and are more fully described in 'Impact of changes due to restatement' in Annexure 1A.

2. The Restated Statements for the years ended March 31, 2010, 2008, 2007 and 2006 including the adjustments and regroupings discussed above, have been extracted from the audited financial statements of the Company as of and for the years ended March 31, 2010, 2008, 2007 and 2006, which have been audited by H.K.Veerbhaddrappa & Co., Chartered Accountants. We have only verified the impact of retrospective adjustments on account of changes in significant accounting policies and estimates, prior period items and regroupings for the years ended March 31, 2010, 2008, 2007 and 2006. We have not jointly carried out any audit tests or review procedures on the financial statements of the Company for the years ended March 31, 2010, 2008, 2007 and 2006 and we have relied upon the audited financial statements for the said years audited by H.K.Veerbhaddrappa & Co., Chartered Accountants. The Restated Statements as of and for the six months ended September 30, 2010 and year ended March 31, 2009 is based on the financial statements of the Company, which have been jointly audited by us.

3. Based on our examination of these Restated Statements, we state that:

a) The Restated Statements have to be read in conjunction with the Statement of Significant Accounting Policies and Notes to the Restated Financial Statements given in Annexure 4;

b) The Restated Statements have been restated with retrospective effect, as applicable to reflect the accounting policies being adopted by the Company as at September 30, 2010, as stated in the Statement of Significant Accounting Policies and Notes to the Restated Financial Statements given in Annexure 4;

c) The Restated Net Profits after Tax and Extraordinary Items have been arrived at after making such adjustments and regroupings as in our opinion are appropriate in the year to which they relate as described in the 'Impact of changes due to restatement' given in Annexure 1A;

d) The prior period items have been adjusted in Restated Statements in the years to which they relate;

e) The extraordinary items have been disclosed separately in the Restated Statements; and

f) The adjustments arising out of qualifications in the auditor's report for the year ended March 31, 2009 has been made in the Restated Statements. There are no qualifications in the auditors' reports for the six months ended September 30, 2010 and years ended March 31, 2010, 2008, 2007 and 2006, which would require adjustment in the Restated Statements.

B. Other Financial Information:

4. We have examined the following financial information in respect of six months ended September 30, 2010 and years ended March 31, 2010, 2009, 2008, 2007 and 2006 of the Company, proposed to be included in the DRHP, as approved by the Board of Directors and annexed to this report:

i. Impact of changes due to restatement (Annexure 1A);

ii. Statement of Significant Accounting Policies and Notes to the Restated Financial Statements (Annexure 4)

iii. Statement of Accounting Ratios (Annexure 5)

iv. Capitalization Statement (Annexure 6)

v. Statement of Share Capital (Annexure 7)

vi. Statement of Tax Shelters (Annexure 8)

vii. Restated Summary of Other Income (Annexure 9)

viii. Statement of Dividend paid/proposed (Annexure 10)

ix. Statement of Restated Sundry Debtors (Annexure 11)

x. Restated Statement of Investments (Annexure 12)

xi. Summary of Restated Loans and Advances (Annexure 13)

xii. Summary of Restated Secured Loans (Annexure 14)

xiii. Security details on Rupee Term Loan from Bank (Annexure 14A)

xiv. Security details on Working Capital Loan from Bank (Annexure 14B)

xv. Security details on Rupee Term Loan from NBFCs (Annexure 14C)

xvi. Summary of Restated Unsecured Loans (Annexure 15)

xvii. Summary of Restated Operating Expenses (Annexure 16)

xviii. Summary of Restated Reserves and Surplus (Annexure 17)

5. In our opinion, the 'Financial Information as per the Audited Financial Statements' and 'Other Financial Information' mentioned above for the six months ended September 30, 2010 and years ended March 31, 2010, 2009, 2008, 2007 and 2006 have been prepared in accordance with Part II of Schedule II to the Act and the applicable SEBI Regulations.

6. This report should not be in any way construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should it be construed as a new opinion on any of the financial statements referred to therein.

7. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

8. This report is intended solely for your information and for inclusion in the DRHP in connection with the proposed Initial Public Offering of equity shares of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No: 001076N
per **Amyn Jassani**
Partner
Membership No. F-46447
Place: Mumbai
Date: December 7, 2010

For **H.K.Veerbhaddrappa & Co.**
Chartered Accountants
Firm Registration No: 004578S
per **Arrvvind Kubsad**
Partner
Membership No. F-85618
Place: Hubli
Date: December 7, 2010

Annexure 1

Summary of Restated Profit and Loss Account

(Rupees in million)

	Particulars	For the six months ended September 30, 2010	For the year ended March 31, 2010	2009	2008	2007	2006
A	**Income**						
	Operating Income						
	- Goods Transport	3,444.94	5,800.32	5,207.39	4,196.42	3,581.80	2,899.27
	- Air Chartering Service	14.31	16.63	14.17	-	-	-
	- Courier Service	20.62	31.88	30.25	38.36	39.94	30.42
	- Bus Operation	626.43	932.09	906.72	891.09	755.18	623.52
	- Sale of Power	174.83	263.63	261.76	263.61	20.71	-
	- Sale of Verified Emissions	-	20.22	-	-	-	-
	Total Operating Income	**4,281.13**	**7,064.77**	**6,420.29**	**5,389.48**	**4,397.63**	**3,553.21**
	Other Income	**48.95**	**87.15**	**85.32**	**80.36**	**35.13**	**37.90**
	Total Income	**4,330.08**	**7,151.92**	**6,505.61**	**5,469.84**	**4,432.76**	**3,591.11**
B	**Expenditure**						
	Operating Expenses	2,802.81	4,677.34	4,402.31	3,590.98	3,227.19	2,761.63
	Employee Remuneration and Other Benefits	500.56	899.75	874.88	672.43	505.67	358.16
	Administrative and Other Expenses	65.51	147.57	121.01	109.51	132.27	92.93
	Finance Cost (Net)	240.40	516.13	588.88	539.22	217.86	158.21
	Depreciation	246.63	464.22	462.56	430.06	243.61	165.32
	Total Expenditure	**3,855.91**	**6,705.01**	**6,449.64**	**5,342.20**	**4,326.60**	**3,536.25**
C	**Net Profit Before Tax and Extraordinary Items (A-B)**	**474.17**	**446.91**	**55.97**	**127.64**	**106.16**	**54.86**
	Taxation						
	Current tax (Net of Minimum Alternate Tax credit)	-	2.31	-	-	0.17	-
	Deferred tax	158.22	134.22	17.78	46.89	413.39	17.79
	Fringe benefits tax	-	-	6.18	5.33	4.64	3.38

	Total Taxation	**158.22**	**136.53**	**23.96**	**52.22**	**418.20**	**21.17**
	Net Profit Before Extraordinary Items	**315.95**	**310.38**	**32.01**	**75.42**	**(312.04)**	**33.69**
	Extraordinary Income (Net of tax)	-	-	-	3.50	1,164.96	-
	Extraordinary Expenses (Net of tax)	-	-	(19.54)	-	-	-
	Net Profit After Extraordinary Items	**315.95**	**310.38**	**12.47**	**78.92**	**852.92**	**33.69**

Annexure 1A

Impact of changes due to restatement *(Rupees in million)*

Particulars	For the six months ended September 30,	For the year ended March 31,				
	2010	2010	2009	2008	2007	2006
Profit as per audited Profit and Loss Account (before prior period adjustments)	**330.07**	**292.25**	**7.90**	**89.29**	**824.78**	**42.84**
Adjustments:						
Income from Services	-	(10.76)	-	-	3.13	(0.01)
Sale of Power	-	-	-	0.40	-	-
Other Income	-	0.29	(1.02)	-	0.15	-
Total Adjustments to Income	**-**	**(10.47)**	**(1.02)**	**0.40**	**3.28**	**(0.01)**
Operating Expenses	(7.75)	1.42	1.67	(3.09)	(8.12)	14.12
Employee Remuneration and Other Benefits	-	1.51	(5.44)	1.69	1.27	(2.59)
Administrative and Other Expenses	-	(15.59)	0.24	(0.50)	(0.13)	0.10
Finance Cost (Net)	-	-	0.03	0.01	0.34	-
Depreciation	-	-	(0.02)	0.01	2.68	(1.29)
Current Tax	-	(0.17)	2.81	(5.85)	0.77	(5.48)
Deferred Tax	21.87	(15.77)	(4.88)	18.50	(21.67)	4.28
Total Adjustments to Expenditure	**14.12**	**(28.60)**	**(5.59)**	**10.77**	**(24.86)**	**9.14**
Total of adjustments	**(14.12)**	**18.13**	**4.57**	**(10.37)**	**28.14**	**(9.15)**
Restated Net Profit after Tax and Extraordinary Items as per Annexure 1	**315.95**	**310.38**	**12.47**	**78.92**	**852.92**	**33.69**

Annexure 2

Summary of Restated Assets and Liabilities

(Rupees in million)

	Particulars	As at September 30, 2010	As at March 31,				
			2010	2009	2008	2007	2006
A	**Fixed Assets**						
	Gross Block	7,014.40	6,747.01	6,562.00	6,480.15	5,598.88	2,297.77
	Less : Depreciation / Amortisation	2,264.58	2,037.59	1,648.92	1,253.36	885.26	754.09
	Net Block	**4,749.82**	**4,709.42**	**4,913.08**	**5,226.79**	**4,713.62**	**1,543.68**
	Add : Capital Work-in-progress (including capital advances)	215.14	123.72	31.88	75.45	128.93	131.19
		4,964.96	**4,833.14**	**4,944.96**	**5,302.24**	**4,842.55**	**1,674.87**
B	**Investments**	1.25	1.25	1.25	1.25	0.79	447.89
C	**Current Assets, Loans and Advances**						
	Inventories	80.13	61.82	60.56	54.62	83.27	68.33
	Sundry Debtors	690.48	491.68	439.94	286.73	234.42	166.11
	Cash and Bank Balances	190.88	186.27	239.12	196.19	151.59	70.82
	Loans and Advances	669.33	561.85	480.38	459.30	390.00	137.70
		1,630.82	**1,301.62**	**1,220.00**	**996.84**	**859.28**	**442.96**
D	**Total Assets (A+B+C)**	**6,597.03**	**6,136.01**	**6,166.21**	**6,300.33**	**5,702.62**	**2,565.72**
E	**Loan Funds**						
	Secured Loan	3,599.56	3,673.22	4,199.83	4,328.52	3,904.22	1,824.86
	Unsecured Loan	141.11	110.99	5.91	-	-	46.59
	Total Loan Funds	**3,740.67**	**3,784.21**	**4,205.74**	**4,328.52**	**3,904.22**	**1,871.45**
F	**Deferred Tax Liability (Net)**	894.88	736.66	602.44	584.66	537.77	124.38
G	**Current Liabilities and Provisions**						
	Liabilities	732.27	491.01	295.99	339.39	282.21	284.78
	Provisions	68.80	32.32	24.18	22.41	38.84	40.41
	Total Current Liabilities and Provisions	**801.07**	**523.33**	**320.17**	**361.80**	**321.05**	**325.19**
H	**Total Liabilities (E+F+G)**	**5,436.62**	**5,044.20**	**5,128.35**	**5,274.98**	**4,763.04**	**2,321.02**
	Net worth (D-H)	**1,160.41**	**1,091.81**	**1,037.86**	**1,025.35**	**939.58**	**244.70**
	Represented By :						

	Shareholders' Funds						
	Share Capital	707.00	707.00	707.00	707.00	700.00	200.00
	Share application money	-	-	-	-	70.00	-
	Reserves and Surplus	453.41	384.81	330.86	318.35	169.58	44.70
	Net worth	**1,160.41**	**1,091.81**	**1,037.86**	**1,025.35**	**939.58**	**244.70**

Annexure 3

Summary of Restated Cash Flows

(Rupees in million)

Particulars	For the six months ended September 30, 2010	For the year ended March 31, 2010	2009	2008	2007	2006
CASH FLOW FROM OPERATING ACTIVITIES						
Profit Before Taxation and Extra ordinary Items	**474.17**	**446.91**	**55.97**	**127.64**	**106.16**	**54.86**
Add: Extraordinary items	-	-	(19.54)	3.50	1,164.96	-
Profit Before Taxation	**474.17**	**446.91**	**36.43**	**131.14**	**1,271.12**	**54.86**
Adjustments for :						
Depreciation	246.63	464.22	462.56	430.06	243.61	165.32
Financial Cost on long term borrowings	238.17	508.06	580.90	530.55	211.83	154.89
Interest Income	(0.99)	(1.77)	(3.12)	(6.05)	(6.12)	(0.37)
Dividend on Investments	(0.16)	(0.18)	(0.14)	(0.07)	(0.16)	(0.04)
(Profit)/Loss on sale of Fixed Assets (Net)	0.86	15.54	5.35	2.09	28.82	(2.53)
Advances and Bad Debts Written off	2.00	9.13	1.17	0.18	-	-
Provision for doubtful advances and debts	2.60	7.42	2.62	3.77	-	-
Initial Public Offer (IPO) Expenses written off	-	-	19.54	-	-	-
(Profit) /Loss on sale of Investments (Net)	-	-	-	(3.50)	(1,164.96)	-
Rent Receipts	(11.65)	(22.99)	(13.64)	(10.29)	(6.85)	(6.13)
Operating Profit Before Working Capital Changes	**951.63**	**1,426.34**	**1,091.67**	**1,077.88**	**577.29**	**366.00**
Adjustments For :						
(Increase) / Decrease in Sundry Debtors	(201.37)	(52.95)	(156.09)	(56.28)	(68.29)	(49.40)
(Increase) / Decrease in Loans and Advances	(13.27)	(35.94)	(85.26)	(26.71)	(112.96)	2.16
(Increase) / Decrease in Inventories	(18.32)	(1.78)	(5.94)	28.65	(14.94)	(13.47)
Increase / (Decrease) in Trade and Other Payables	175.15	70.46	(40.75)	37.28	(10.20)	53.97
Cash Generated from Operating Activities	**893.82**	**1,406.13**	**803.63**	**1,060.82**	**370.90**	**359.26**
Direct Taxes Paid (net of refunds)	(73.92)	(50.72)	37.91	(48.00)	(144.05)	(14.05)
Net Cash from Operating Activities (A)	**819.90**	**1,355.41**	**841.54**	**1,012.82**	**226.85**	**345.21**
CASH FLOW FROM INVESTING ACTIVITIES						
Purchase of Fixed Assets (including capital work in progress)	(390.50)	(504.31)	(157.42)	(926.97)	(3,505.81)	(527.58)
Proceeds from Sale of Fixed Assets	11.17	136.38	46.80	35.13	65.70	110.44
Purchase of Investments						

	-	-	-	(0.55)	-	(0.15)
Sale of Investments	-	-	-	3.59	1,612.07	-
Interest Received	0.99	1.77	3.12	6.05	6.12	0.37
Dividend on Investments	0.16	0.18	0.14	0.07	0.16	0.04
Rent Received	11.65	22.99	13.64	10.29	6.85	6.13
Net Cash (Used in) Investing Activities (B)	**(366.53)**	**(342.99)**	**(93.72)**	**(872.39)**	**(1,814.91)**	**(410.75)**
CASH FLOW FROM FINANCING ACTIVITIES						
Proceeds from Share Application Money	-	-	-	-	70.00	-
Proceeds from Public Deposits	30.12	105.07	5.91	-	-	-
Proceeds from Borrowings (Net)	(73.66)	(510.83)	(144.46)	427.69	2,077.99	252.91
Refund of Fixed Deposits	-	-	-	-	(46.59)	(15.08)
Dividend paid and Tax thereon	(165.30)	(132.35)	-	-	(228.05)	-
Financial Costs on long term borrowings	(239.92)	(527.16)	(565.99)	(523.52)	(204.52)	(152.86)
IPO expenses incurred during the year	-	-	(0.35)	-	-	-
Net Cash (Used in)/from Financing Activities (C)	**(448.76)**	**(1,065.27)**	**(704.89)**	**(95.83)**	**1,668.83**	**84.97**
Net Increase / (Decrease) in Cash and Cash Equivalents (A) + (B) + (C)	**4.61**	**(52.85)**	**42.93**	**44.60**	**80.77**	**19.43**
Cash and Cash Equivalents as at the beginning of the period /year	**186.27**	**239.12**	**196.19**	**151.59**	**70.82**	**51.39**
Cash and Cash Equivalents as at the end of the period / year	**190.88**	**186.27**	**239.12**	**196.19**	**151.59**	**70.82**
Cash and Cash Equivalents comprise:						
Cash balance in hand	31.65	23.92	20.58	23.01	25.60	24.58
Cheques in hand/transit	9.42	9.84	18.34	17.00	17.24	10.82
Balances with Scheduled Banks	149.81	152.51	200.20	156.18	108.75	35.42
	190.88	**186.27**	**239.12**	**196.19**	**151.59**	**70.82**

ANNEXURE 4

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE RESTATED FINANCIAL STATEMENTS

A. SIGNIFICANT ACCOUNTING POLICIES

1) Basis for Preparation of Financial Statements

The financial statements have been prepared under the Historical Cost Convention on accrual basis using Accounting Principles generally accepted in India and comply with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, to the extent applicable and the provisions of the Companies Act, 1956, as applied consistently by the Company.

2) Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses for that year / period. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

3) Fixed Assets and Capital Work in progress

a) Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation/ amortisation and impairment losses, if any. Cost includes inward freight, taxes and expenses incidental to acquisition and installation, up to the point the asset is ready for its intended use.
b) Direct expenses as well as clearly identifiable indirect expenses, incurred during the period of construction of building and body building of vehicles are capitalized with the respective assets according to the ratio determined and certified by Company's Management.
c) Capital Advance in respect of capital-work in progress or assets acquired but not ready for use, as also the stock of body building materials are classified under Capital Work in Progress.

4) Depreciation / Amortisation

a) Depreciation on fixed assets is provided on straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, which also represents the useful life of the fixed assets.
b) Cost of leasehold land and leasehold improvements is amortized over the period of the lease or its useful life, whichever is lower.
c) Goodwill is amortised over a period of five years.
d) Software is amortised over a period of five years.
e) Office Equipment forming part of Furniture, Fixtures and Office Equipment is depreciated over a period of fifteen years.
f) Depreciation on replaced vehicle bodies is restricted to the period that is co-terminus with balance working life of such vehicles.
g) Assets costing less than Rs. 5,000 are fully depreciated on the date of purchase.

5) Leases

Operating Leases are those leases where the lessor retains substantial risks and benefits of ownership of leased assets. Rentals in such cases are expensed with reference to lease terms and other considerations on a straight line basis.

6) Impairment of Assets

Management evaluates at regular intervals, using external and internal sources, the need for impairment of any asset. Impairment occurs where the carrying value of the asset exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its net realizable value on eventual disposal. Any loss on account of impairment is expensed as the excess of the carrying amount over the higher of the asset's net sales price or present value, as determined.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

7) Foreign Currency Transactions

a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction.

b) Monetary assets and liabilities denominated in foreign currencies at the year end are restated at the rate of exchange prevailing on the date of the Balance Sheet.

c) Any exchange difference on account of settlement of foreign currency transactions and restatement of monetary assets and liabilities denominated in foreign currency is recognized in the Profit and Loss Account.

8) Investments

Investments are classified into current investments and long term investments. Current investments, i.e. investments that are readily realizable and intended to be held for not more than a year are valued at lower of cost and net realizable value. Any reduction in the carrying amount or any reversal of such reductions are charged or credited to the Profit and Loss Account.

Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such decline is other than temporary, in the opinion of the Management.

9) Valuation of Inventories

Consumables and stores and spares are valued at lower of cost computed on First-in-First out basis or net realizable value. Obsolete, defective, unserviceable and slow/non moving stocks are duly provided for.

10) Recognition of Income and Expenditure

a) Income and Expenditure is recognized on accrual basis and provision is made for all known losses and liabilities.
b) Revenue from Goods transport and Courier service is recognized when goods / documents are delivered to the customers.
c) Revenue from Bus operation is recognized upon commencement of journey of passengers.
d) Revenue from sale of power is recognized upon deposit of power units generated at the grid of the purchasing electricity company.
e) Revenue from sale of eligible carbon credit units i.e., Verified / Certified Emission Reduction units (VERs)/(CERs) are recognized on completion of the validation process for units generated and entering of a definitive binding agreement for the sale of the units.
f) Revenue from air charter is recognized upon commencement of journey of passengers.
g) Freight income related to unclaimed parcels is recognised on actual basis.
h) Interest on deposits is recognized on time proportion basis.
i) Dividend income is recognized when the right to receive the dividend is established.
j) Rent income is recognized on time proportion basis.
k) Provision for expenses against trip advance is made on an estimated basis.

11) Employee Benefits

a) All short term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees.
b) The Company's contribution to Provident Fund is remitted to the office of the Regional Provident Fund Commissioner based on a fixed percentage of the eligible employees' salary and is charged to Profit and Loss Account. The Company has categorized its Provident Fund as a defined contribution plan since it has no further obligations beyond these contributions.
c) The Company’s liability towards gratuity being defined benefit plan and compensated absences is accounted for on the basis of an independent actuarial valuation done periodically and actuarial gains/losses are charged to the Profit and Loss Account. Gratuity liability is funded by payments to the trust established for the purpose.

12) Borrowing Costs

Borrowing costs attributable to the acquisition and construction of an asset are capitalized as part of the cost of such asset up to the date of such asset being ready for its intended use. Other borrowing costs are treated as revenue expenditure.

13) Taxation

a) Tax expenses comprise current tax (i.e. amount of tax for the period determined in accordance with the Income Tax Regulations in India) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year).

b) The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward losses under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each Balance Sheet date and written down or written up to reflect the amount that is reasonably / virtually certain as the case may be to be realized.

c) Tax credit is recognized in respect of Minimum Alternate Tax (MAT) as per the provisions of Section 115JAA of the Income Tax Act, 1961 based on convincing evidence that the Company will pay normal income tax within statutory time frame and is reviewed at each Balance Sheet date.

d) The Company has made provision for Fringe Benefits Tax, as applicable, in accordance with the Guidance Note on Accounting for Fringe Benefits Tax issued by the Institute of Chartered Accountant of India (ICAI).

14) Provisions and Contingent Liabilities

Provisions are recognized in the financial statements in respect of present probable obligations for amounts which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company. Such liabilities are disclosed by way of notes to the financial statements. No disclosure is made if the possibility of an outflow on this account is remote.

B. NOTES TO THE RESTATED FINANCIAL STATEMENTS

1) Adjustments resulting from changes in accounting policies

On the basis of the audited accounts of the Company for the six months ended September 30, 2010 and the years ended March 31, 2010, 2009, 2008, 2007 and 2006, there has not been any change in any accounting policy of the Company, except with regard to accounting for compensated absences, for which suitable adjustments have been effected in the restated financial statements.

The Company did not recognise any provision for compensated absences till the financial year ended March 31, 2010. The necessary provision for compensated absences was determined as at September 30, 2010 and made in the relevant reporting periods in the restated financial statements. The charge recognized against profitability on account of such an accounting policy change is as under:

(Rs. in million)

Particulars	Six months ended September 30, 2010	Year ended				
		March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006
Provision for compensated absences	1.60	1.40	1.30	1.20	1.00	0.90

A sum of Rs.8.80 million was debited to the opening reserves brought forward as at April 01, 2005 towards provision for compensated absences for periods prior to April 01, 2005.

2) Significant adjustments relating to prior years

a) Adjustments on account of restatements to Income balances:

Adjustments in operating income has mainly arisen out of debits / credits being recorded as prior period items arising out of errors / omissions and or short recording of operating incomes during six months ended September 30, 2010 and financial years ended March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007 and March 31, 2006. Adjustments also include adjustments relating to de-recognition of accrued revenues on parcels remaining unclaimed as at the end of such financial reporting periods.

The effect of these adjustments has been given in the respective years to which they relate in the Summary of Restated Profit and Loss Account.

b) Restatement adjustments for expense balances:

During the reporting period, adjustments recorded to expense balances pre-dominantly arose on account of recording of prior period expenses arising out of errors and / or omissions, short provisioning, etc. in respect of:

- Operating expenses like Clearing & Forwarding charges, Vehicle running, repairs and maintenance, Rates & Taxes, Trip expenses, etc.,
- Employee costs like salaries & staff welfare expenses
- Administrative expenses like travelling, conveyance, printing & stationery, etc.
- Financial charges like refund of excess interest and interest accrued but not due.

The Company has also written off the assembly and old tyres inventory held as at the year end for each of the reporting periods.

Accordingly, the effect of such adjustments has been given in the respective years to which they relate in the Summary of Restated Profit and Loss Account.

c) Depreciation and Gross Block adjustment

The Company commenced the process of adequately updating its fixed assets register during the year ended March 31, 2007 and the said process was completed during financial year 2007-08. The Company carried out reconciliation between reliable records of fixed assets, statement of assets physically verified and balance of fixed assets in the books of account. Consequent to such reconciliation, the gross block of fixed assets has been written down in the books of account by Rs.24.48 million and the excess accumulated depreciation has been written back by Rs.48.34 million during the year ended March 31, 2007. The gross block has been further written down by Rs.0.32 million and additional depreciation of Rs. 18.95 million has been charged resulting in net write down of fixed assets by Rs.19.27 million during financial year ended March 31, 2008. The effect of these adjustments has been given in the respective years to which they relate in the Summary of Restated Profit and Loss Account.

d) Adjustments for Current tax

Tax adjustments for current tax include the recording of tax credits / tax expense in the respective financial periods to which they relate pursuant to completion of assessments / expenses pursuant to demand notices received during the reporting period.

e) Adjustments for Deferred Tax

Based on restated current tax numbers in the restated financial statements, liability on account of deferred tax is recomputed and adjusted each year, wherever applicable.

3) **Statement of Comments in Auditor's Report**

The Auditor's report for financial year ended March 31, 2009 was a qualified report. The qualification made by the auditors is reproduced herein below:

"*We draw attention to note B(15) under Schedule 19 to the financial statements, relating to managerial remuneration paid in excess of the limits laid down under Schedule XIII of the Companies Act, 1956, for which the Company is in the process of seeking the necessary approval of the Central Government.*"

The amount of excess managerial remuneration paid in that year was Rs.6.74 million. The said excess payment has been recovered on August 27, 2010 and adjustments have been made in the financial year to which it relates.

The Auditors have made the following comments on the matters specified in paragraphs 4 and 5 of the Companies (Auditor's Report) Order 2003, issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956.

a) On the accounts for the year ended March 31, 2006

- In our opinion and according to the information and explanations given to us, except with respect to rates of interest paid on deposits, the Company has complied with the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. The Company Law Board has passed no order.

The Company Law Board by its order dated May 26, 2008, has compounded this contravention.

- According to the information and explanations given to us, the Company had defaulted in repayment of dues to financial institutions and banks during the year under audit. However, the Company has now regularized the repayment of all dues.

b) On the accounts for the year ended March 31, 2007

According to the information and explanations given to us, the Company had defaulted in repayment of dues to financial institutions and banks during the year under audit. However, the Company has regularized the payment.

c) On the accounts for the year ended March 31, 2009

The Company has no dues payable to debenture holders during the year. Further, the Company has not defaulted in repayment of dues to financial institutions during the year. However, during the year, *the Company has defaulted in repayment of dues to banks, where such defaults not exceeding a period of 45 days (from the relevant due dates), aggregate to Rs. 217.00 million of which an amount of Rs.54.72 million is outstanding as at March 31, 2009.*

d) On the accounts for the year ended March 31, 2010

The Company has no dues payable to debenture holders during the year. Further, the Company has not defaulted in repayment of dues to financial institutions during the year. The Company has an escrow mechanism for repayment of term loans borrowed for investment in Wind Mills. These term loans are serviced from out of the realization from sale of power. During the year, HESCOM has delayed the release of payments to the Banks. However, the Company has regularized these payments as at the year end.

No adjustment is required to be made in the Summary financial statements of the Company, as restated, in respect of the above remarks.

4) **Extraordinary items as disclosed in Summary of Restated Profit and Loss Account**

a) On the accounts for the year ended March 31, 2007

There has been an item of Extra-ordinary income in the year ended March 31, 2007. During the financial year 2006-07, the Company disinvested its entire equity holding in Vijayanand Printers Limited, a subsidiary of the Company and realized profit of Rs.1163.96 million. The Company also earned net profit of Rs.1.00 million by investing and disinvesting in 600,000 equity shares of Hubli Apparels Pvt. Ltd. Accordingly, Rs.1164.96 million represent extraordinary income as stated in the Summary of Restated Profit and Loss Account.

b) On the accounts for the year ended March 31, 2008

There has been an item of Extra-ordinary income in the year ended March 31, 2008. The Company disinvested its entire holding in Vijayanand Printers Limited, a subsidiary company during the financial year 2006-07 and the purchaser had paid the sale consideration after deducting pending Employees' State Insurance (ESI) demand of Rs.3.50 million. Consequent to withdrawal of the said demand during the financial year 2007-08, the Company received Rs.3.50 million from the purchaser and the same has been recorded as an extraordinary item.

c) On the accounts for the year ended March 31, 2009

There has been an item of Extra-ordinary expenditure in the year ended March 31, 2009. The Company had incurred expenses of Rs.19.54 million towards Initial Public Offer (IPO) intended to be made in the financial year 2007-08. The Company could not proceed with the issue due to unfavourable market conditions. Hence, expenses incurred in relation to the aborted IPO of the Company till March 31, 2009 was written off as extraordinary expenses in the accounts for the year ended March 31, 2009.

5) During the year 2006-07, the Company has issued 50,000,000 bonus shares to the shareholders in the ratio of 5 shares for every 2 shares held by them. Accordingly, the Company has utilized balance lying in the Profit and Loss Account for the purpose of such bonus issue.

6) During the year 2007-08, the Company has allotted 700,000 equity shares of Rs.10 each at a premium of Rs. 90 per share to the promoter and his relative in accordance with the Unlisted Public Companies (Preferential Allotment) Rules, 2003. Share premium collected on account of above allotment is Rs. 63.00 million.

7) **Revaluation of fixed assets:** The Company has not revalued any of its fixed assets during the reporting period.

8) **Capital Commitments and Contingencies**

a) Contingent Liabilities not provided for

(Rs. in million)

Particulars	As at September 30, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007	As at March 31, 2006
1) Claims against the Company not acknowledged as debts						
Income tax matters	48.41	48.41	-	44.91	38.54	35.55
Service tax matters	475.40	415.42	359.61	273.48	91.05	135.95
Central Excise matters	71.10	65.75	64.06	58.50	-	-
Customs Duty	68.81	68.81	68.81	-	-	-
Provident Fund and ESIC matters	2.69	2.69	3.26	3.26	3.26	1.58
Sales tax matters	-	1.44	-	-	-	-
Other contractual matters	7.04	5.33	16.40	4.66	3.52	3.11
2) Securities provided to banks/financial institutions against credit facilities extended to other bodies corporate						
Corporate Guarantees	-	-	-	-	-	208.28
Godowns, Lorries and Land	-	-	-	-	-	100.72
3) Disputed claims pending in Courts	549.85	521.75	536.51	538.06	467.83	435.21
Total	**1223.30**	**1129.60**	**1048.65**	**922.87**	**604.20**	**920.40**

Notes:

- Company is in appeal against demands from Income Tax, Service Tax, Sales Tax, Provident Fund and ESIC authorities.
- The liability disclosed on service tax matters is as per the orders / show cause notices issued by the adjudication authorities. However, while issuing the order, the said authorities have not considered the abatement of 60% to which the Company is eligible as per Notification No. 1/2006-ST dated 01.03.2006. Consequently, the service tax liability as disclosed above, for the said period has been determined without abatement.
- Customs duty liability is in respect of alleged violation of terms and conditions of Non Scheduled Air Transport Service, as claimed by the Customs Department to the extent it can be quantified. The said department has issued a Show cause cum demand notice alleging violation of terms and conditions of Non Scheduled Air Transport Service and demanded, amongst others, Customs duty on the import of aircraft and interest thereon. The Company had earlier availed of the exemption available under the Customs Act, 1962 (the 'Act') and was accordingly assessed to Nil duty under the Act. The Company has deposited the Customs duty, including interest thereon, without prejudice to further rights. These payments have been disclosed as deposits in the books of account. The Company has already filed the necessary response to the notice and expects a favourable order in this regard.
- Future cash outflows in respect of a(1) above can be determined only on receipt of judgments/decisions pending with various forums/authorities.

The above figures for contingent liabilities do not include amounts towards penalties that may devolve on the Company in the event of an adverse outcome as the same is subjective and not capable of present quantification.

The amount disclosed in respect of a(3) above pertains to the various cases of Motor Vehicle Accidents, Consumer disputes, Workmen compensation etc. filed against the Company. A substantial portion of the expected liability / payment arising out of the same would devolve on third parties such as Insurance Companies, etc

b) Capital Commitment

(Rs. in million)

Particulars	As at September 30, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007	As at March 31, 2006
Estimated amounts of Contracts remaining to be executed on capital account and not provided for (net of advances)	222.37	156.57	8.90	19.79	266.55	14.34

c) Certified Emission Reductions

The Company is expected to earn income by trading complete amount of possible Green House Gas (GHG) emission reductions generated by the Company's Windmill project. The necessary registration of the Company's Clean Development Mechanism (CDM) project with the United Nations Framework Convention on Climate Change (UNFCCC) is complete and necessary approvals for the trade of carbon credits have already been procured.

The Company has entered into an agreement dated October 29, 2009 with Asian Development Bank (as trustee of the Asia Pacific Carbon Fund) for sale of Certified Emission Reductions (CERs) generated during the period March 2009 to December 2012 (delivery period). The Company has received part advance of Rs.123.75 million (USD 2,709,716) towards expected sale of 318,388 CERs during the delivery period.

In accordance with the said agreement, 58,200 CERs had to be delivered by July 1, 2010. However, the Company has not yet delivered these CERs and is in the process of negotiating extended period for delivery. The management believes that no penal consequences would arise on account of delayed delivery of the CERs. The management also expects to deliver the balance CERs within the agreed timelines.

The current accrual of CER credits has not been recognized in the financial statements in accordance with the accounting policy in this regard.

9) **Auditors' Remuneration:**

(Rs. in million)

Particulars	**Six months ended September 30, 2010**	**Year ended**				
		March 31, 2010	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**	**March 31, 2006**
Statutory Audit fees	0.78	0.33	2.56	0.23	0.20	0.04
Tax Audit fees	0.03	0.11	0.11	0.11	0.10	0.03
Other services	1.62	0.06	0.23	0.01	0.10	-
Out of pocket expenses	-	0.18	0.14	0.02	0.01	-
Total	**2.43**	**0.68**	**3.04**	**0.37**	**0.41**	**0.07**

10) **Deferred Tax**

The components of deferred tax liability/asset arising on account of timing differences between taxable income and accounting income in accordance with Accounting Standard 22, "Accounting for Taxes on Income" are as follows:

(Rs. in million)

Particulars	As at September 30, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007	As at March 31, 2006
A) Liability						
Depreciation / Amortisation	(950.42)	(960.43)	(992.17)	(918.69)	(587.89)	(168.21)
Total Deferred Tax Liability	**(950.42)**	**(960.43)**	**(992.17)**	**(918.69)**	**(587.89)**	**(168.21)**
B) Assets						
Unabsorbed depreciation / carried forward losses	33.48	209.16	374.62	320.46	34.34	28.20
Allowances for doubtful debts and advances	3.33	2.47	0.93	0.04	-	-
Disallowances under Income Tax Act, 1961	18.73	12.14	14.18	13.53	15.78	15.63
Total Deferred Tax Assets	**55.54**	**223.77**	**389.73**	**334.03**	**50.12**	**43.83**
Deferred Tax Asset/ (Liability) (Net)	**(894.88)**	**(736.66)**	**(602.44)**	**(584.66)**	**(537.77)**	**(124.38)**

11) **Leases**

The land whereat 34 Wind Turbine Generators (WTGs) are installed (at Kappatgudda, Gadag District, Karnataka) is leased to Suzlon Energy Limited by the Karnataka Forest Department. Consequently, Suzlon Energy Limited has transferred the lease in favour of the Company with requisite clearances from Karnataka Forest Department.

The Company has also entered into Operating leases for godowns and office facilities and the said leases are basically cancellable in nature.

Lease rental expense recognised in the Summary of Restated Profit and Loss Account for the reporting period / year in respect of operating leases is as under:

(Rs. in million)

Particulars	Six months ended September 30, 2010	Year ended March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006
Lease rent expense	163.23	295.22	241.72	141.89	108.08	73.76

Lease rental income recognised in the Summary of Restated Profit and Loss Account for the reporting period / year in respect of operating leases is as under:

(Rs. in million)

Particulars	Six months ended September 30, 2010	Year ended March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006
Lease rent income	11.65	22.99	13.64	10.29	6.85	6.13

Few of the non-cancellable operating leases extend upto a maximum of five years from their respective date of inception. Some of these lease agreements have a price escalation clause. Maximum obligations on long term non-cancellable operating leases as per the rentals stated in the respective agreements are as under:

(Rs. in million)

Particulars	As at September 30, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007	As at March 31, 2006
Not later than 1 year	66.32	64.76	70.83	-	-	-
Later than 1 year but not later than 5 years	136.66	169.90	272.31	-	-	-
Later than 5 years	-	-	-	-	-	-

12) **Related Party Disclosures**

Related party transactions are transfer of resources or obligations between related parties, regardless of whether a price is charged. Parties are considered to be related, if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial or operating decisions. Parties are considered to be related if they are subject to common control or significance influence. List of related parties, as certified by the management, together with the transactions and related balances are given below:

a) Names of Related Parties and description of relationship:

Nature of Relationship	Name of the Party
Key Management Personnel (KMP) and their relatives	a. Mr. Vijay Sankeshwar (Chairman & Managing Director) b. Mr. Anand Sankeshwar (Managing Director) c. Mrs. Vani Sankeshwar - relative of director (President with effect from December 01, 2009) d. Mr. R. P. Raichur (Director Finance and Company Secretary) (Upto November 14, 2009) e. Mrs. Lalitha Sankeshwar - relative of director f. Mrs. Bharati Holkunde – relative of director
Company in which the KMP or their relative has significant influence	a. Aradhana Trust (From April 01, 2009) b. Shiva Agencies c. Sankeshwar Minerals Private Limited d. Magnum Intergrafik Private Limited e. Sankeshwar Printers Private Limited f. Vijayanand Charitable Trust (Upto April 01, 2009) g. VRL Cements Limited h. VRL Securities Limited i. Hubli Apparels Private Limited (Upto March 16, 2007) j. Mohan Printing Press (From April 01, 2005 to March 31, 2006) k. Prabha Printers (From April 01, 2005 to March 31, 2006)
Subsidiary	a. Vijayanand Printers Limited (Upto August 15, 2006)

b) Disclosures of transactions between the Company and the related parties, along with outstanding balances as at the year / period end

(Rs. in million)

Nature of transaction	Name	Nature of Relationship	Six months ended September 30, 2010	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2007	Year ended March 31, 2006
Receipts								
Rent Received	Aradhana Trust	Company in which KMP or relative has significant influence	0.45	0.90	-	-	-	-
	Shiva Agencies		0.89	1.83	2.00	-	-	-
	Vijayanand Charitable Trust		-	-	0.60	0.60	-	-
	VRL Securities Limited		-	-	0.08	-	-	-
	Hubli Apparels Private Limited		-	-	-	-	1.62	1.76
	Sankeshwar Minerals Private Limited		1.27	2.55	0.25	0.22	0.19	0.19
	Vijayanand Printers Limited	Subsidiary	-	-	-	-	1.80	4.17
Freight Received	Sankeshwar Printers Private Limited	Company in which KMP or relative has significant influence	-	-	-	-	0.06	0.05
	Hubli Apparels Private Limited		-	-	-	-	0.23	0.21
	Sankeshwar Minerals Private Limited		1.40	1.66	-	-	0.01	0.01
	Vijayanand Printers Limited	Subsidiary	-	-	-	-	3.18	23.04
Royalty Received	Sankeshwar Minerals Private Limited	Company in which KMP or relative has significant influence	-	0.55	0.06	0.06	0.06	-
Reimbursements	Hubli Apparels Private Limited	Company in which KMP or relative has significant influence	-	-	-	-	1.69	0.82
	Sankeshwar Minerals Private Limited		0.97	1.79	1.05	0.93	0.79	0.32
	Vijayanand Printers Limited	Subsidiary	-	-	-	-	0.90	3.01
	Total		**4.98**	**9.28**	**4.04**	**1.81**	**10.53**	**33.58**

(Rs. in million)

Nature of transaction	Name	Nature of Relationship	Six months ended September 30, 2010	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2007	Year ended March 31, 2006
Payments								
Remuneration/ Commission	Mr. Vijay Sankeshwar	KMP	12.10	21.00	1.20	7.30	4.20	2.33
	Mr. Anand Sankeshwar	KMP	9.00	18.00	1.05	4.21	4.20	2.33
	Mr. R. P. Raichur	KMP	-	2.30	2.88	2.43	1.80	1.38
	Mrs. Vani Sankeshwar	KMP/ Relative of KMP	0.29	0.20	-	-	0.59	0.60
	Mrs. Lalitha Sankeshwar	Relative of KMP	-	-	-	-	0.59	0.60
Expenses	VRL Cements Limited	Company in which KMP or relative has significant influence	-	-	-	-	0.25	-
Advertisement expenses	Magnum Intergrafik Private Ltd	Company in which KMP or relative has significant influence	0.32	0.04	0.03	0.04	-	-
	Vijayanand Printers Limited	Subsidiary	-	-	-	-	7.42	14.74
Printing & Stationery	Sankeshwar Printers Private Limited	Company in which KMP or relative has significant influence	1.59	3.42	3.74	3.16	2.64	2.05
	Prabha Printers		-	-	-	-	-	0.24
	Mohan Printing Press		-	-	-	-	-	1.83
Interest on Unsecured loan	VRL Cements Limited	Company in which KMP or relative has significant influence	-	-	0.06	-	-	-
	Mr. R. P. Raichur	KMP	-	0.01	-	-	-	-
	Total		**23.30**	**44.97**	**8.96**	**17.14**	**21.69**	**26.10**

(Rs. in million)

Nature of transaction	Name	Nature of Relationship	Six months ended September 30, 2010	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2007	Year ended March 31, 2006
Funding and Investment								
Repayment of unsecured loan	VRL Cements Limited	Company in which KMP or relative has significant influence	-	-	3.00	-	-	-
	Mr. R. P. Raichur	KMP	-	0.10	-	-	-	-
Loan given	Vijayanand Printers Limited	Subsidiary	-	-	-	-	90.00	5.84
Advance given	Mrs. Vani Sankeshwar	KMP/Relative of KMP	-	0.63	-	-	-	-
	Mr. Vijay Sankeshwar	KMP	-	-	3.60	-	-	-
	Mr. Anand Sankeshwar	KMP	-	-	3.15	-	-	-
Purchase of Fixed Assets	Vijayanand Charitable Trust	Company in which KMP or relative has significant influence	-	-	-	0.45	-	-
	Mr. Vijay Sankeshwar	KMP	-	3.56	-	-	-	-
	Total		**-**	**4.29**	**9.75**	**0.45**	**90.00**	**5.84**
Receipts								
Sale of Fixed Assets	Mr. Vijay Sankeshwar	KMP	-	99.43	-	3.96	-	-
	Vijayanand Charitable Trust	Company in which KMP or relative has significant influence	-	-	-	-	0.70	-
Share application money received	Mr. Anand Sankeshwar	KMP	-	-	-	-	65.00	-
	Mrs. Vani Sankeshwar	KMP	-	-	-	-	5.00	-
Sale of equity shares	Mr. Anand Sankeshwar	KMP	-	-	-	-	7.00	-
Unsecured deposit	Mr. R. P. Raichur	KMP	-	-	0.10	-	-	-
Unsecured loan taken	VRL Cements Limited	Company in which KMP or relative has significant influence	-	-	3.00	-	-	-
Loan repaid	Vijayanand Printers Limited	Subsidiary	-	-	-	-	5.84	-
	Total		**-**	**99.43**	**3.10**	**3.96**	**83.54**	**-**

Nature of transaction	Name	Nature of Relationship	Six months ended September 30, 2010	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2007	Year ended March 31, 2006
Dividend paid	Mr. Vijay Sankeshwar	KMP	99.24	102.53	-	-	53.20	-
	Mr. Anand Sankeshwar	KMP	111.59	115.32	-	-	104.42	-
	Mrs. Vani Sankeshwar	KMP/ Relative of KMP	1.20	1.24	-	-	1.00	-
	Mrs. Lalitha Sankeshwar	Relative of KMP	0.06	0.07	-	-	41.37	-
	Mrs. Bharati Holkunde	Relative of KMP	0.01	0.01	-	-	0.01	-
	Total		**212.10**	**219.17**	**-**	**-**	**200.00**	**-**
Issue of shares								
Allotment of shares	Mrs. Vani Sankeshwar	KMP/ Relative of KMP	-	-	-	0.50	-	-
	Mr. Anand Sankeshwar	KMP	-	-	-	6.50	-	-
Premium collected on shares allotted	Mr. Anand Sankeshwar	KMP	-	-	-	58.50	-	-
	Mrs. Vani Sankeshwar	KMP	-	-	-	4.50	-	-
	Total		**-**	**-**	**-**	**70.00**	**-**	**-**

(Rs in million)

Nature of transaction	Name	Nature of Relationship	Six months ended September 30, 2010	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2007	Year ended March 31, 2006
Balance at the period/year end								
Receivable	Mr. Vijay Sankeshwar	KMP	-	6.10	6.10	2.50	2.28	4.99
	Mr. Anand Sakeshwar	KMP	-	5.32	5.32	2.17	2.17	2.17
	Vijayanand Printers Limited	Subsidiary	-	-	-	-	-	6.32
	Vijayanand Charitable Trust	Company in which KMP or relative has significant influence	-	-	0.34	0.34	0.34	-
	Shiva Agencies		0.16	-	0.19	-	-	-
	VRL Cements Limited		-	-	-	0.25	0.25	-
	Hubli Apparels Private Limited		-	-	-	-	-	0.80
	Sankeshwar Minerals Private Limited		0.76	0.15	0.56	0.54	1.00	-
	Aradhana Trust		0.45	-	-	-	-	-
	Mrs.Vani Sankeshwar	KMP/Relative of KMP	0.34	0.63				
	Total		**1.71**	**12.20**	**12.51**	**5.80**	**6.04**	**14.28**
Payable	Mr Vijay Sankeshwar	KMP	1.60	-	-	-	-	-
	Mr. R. P. Raichur	KMP	-	-	0.10	-	-	-
	Mr. Anand Sankeshwar	KMP	-	-	-	-	-	4.75
	Mohan Printing Press	Company in which KMP or relative has significant influence	-	-	-	-	-	0.68
	Sankeshwar Printers Private Limited		0.14	0.13	-	-	0.13	0.16
	VRL Cements Limited		-	-	0.06	-	-	-
	Total		**1.74**	**0.13**	**0.16**	**-**	**0.13**	**5.59**

13) **Segment Reporting**

Reportable segments as per Accounting Standard 17, Segment Reporting are Goods Transport, Bus Operation, Sale of Wind Power and Air Charter Business.

Rs. in million

PARTICULARS	Six months ended September 30, 2010	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2007	Year ended March 31, 2006
SEGMENT REVENUE (Net Sales/Income from each segment to external customers)						
a) Goods Transport	3,465.56	5,832.20	5,237.64	4,234.78	3,621.74	2,929.69
b) Bus Operation	626.43	932.09	906.72	891.09	755.18	623.52
c) Sale of Wind Power	174.83	283.85	261.76	263.61	20.71	-
d) Air Charter Business	14.31	16.63	14.17	-	-	-
Total	**4,281.13**	**7,064.77**	**6,420.29**	**5,389.48**	**4,397.63**	**3,553.21**
Un-allocable Revenue	48.95	87.15	85.32	80.36	35.13	37.90
Net Sales/Income from Operation	**4,330.08**	**7,151.92**	**6,505.61**	**5,469.84**	**4,432.76**	**3,591.11**
SEGMENT RESULTS (Profit before Extraordinary items, Interest and taxation from each segment)						
a) Goods Transport	576.38	872.11	585.12	460.80	327.53	230.12
b) Bus Operation	116.62	116.95	58.41	144.63	102.74	47.38
c) Sale of Wind Power	95.47	124.81	106.79	143.15	1.68	-
d) Air Charter Business	(8.66)	(22.16)	(23.35)	(1.84)	-	-
Total	**779.81**	**1,091.71**	**726.97**	**746.74**	**431.95**	**277.50**
Less: Interest	(240.40)	(516.13)	(588.88)	(539.22)	(217.86)	(158.21)
Add/(Less) : Other un-allocable expenditure net of un-allocable income	(65.24)	(128.67)	(82.12)	(79.88)	(107.93)	(64.43)
Total Profit before Extraordinary items and taxation	**474.17**	**446.91**	**55.97**	**127.64**	**106.16**	**54.86**
OTHER INFORMATION						
ASSETS						
a) Goods Transport	2,241.25	2,136.10	2,124.89	2,084.63	1,568.40	868.61
b) Bus Operation	651.17	508.34	362.90	441.09	489.79	344.63
c) Sale of Wind Power	1,914.68	1,832.36	1,933.36	2,060.35	2,145.23	-
d) Air Charter Business	291.23	295.22	307.32	252.92	-	-
e) Un-allocable Assets	1,498.70	1,363.99	1,437.74	1,461.34	1,499.20	1,352.48
Total	**6,597.03**	**6,136.01**	**6,166.21**	**6,300.33**	**5,702.62**	**2,565.72**

Rs. in million

PARTICULARS	Six months ended September 30, 2010	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2007	Year ended March 31, 2006
LIABILITIES						
a) Goods Transport	326.23	261.98	247.10	247.77	103.61	88.64
b) Bus Operation	24.92	23.83	23.30	15.38	7.76	7.79
c) Wind Power	123.88	0.31	0.02	-	-	-
d) Air Charter Business	1.83	1.15	0.46	-	-	-
e) Un-allocable Liabilities	4,959.76	4,756.93	4,857.47	5,011.83	4,651.67	2,224.59
Total	**5,436.62**	**5,044.20**	**5,128.35**	**5,274.98**	**4,763.04**	**2,321.02**
CAPITAL EXPENDITURE - Total cost incurred during the year to acquire segment capital assets						
a) Goods Transport	187.48	236.48	16.71	44.82	280.11	87.31
b) Bus Operation	159.35	213.17	71.54	489.62	748.42	241.27
c) Sale of Wind Power	-	-	(2.65)	2.65	2,162.54	-
d) Air Charter Business	-	-	-	254.61	-	-
e) Un-allocable Capital Expenditure	43.67	58.17	68.33	135.28	314.76	198.99
Total	**390.50**	**507.82**	**153.93**	**926.98**	**3,505.83**	**527.57**
SEGMENT DEPRECIATION/AMORTIZATION						
a) Goods Transport	120.15	233.82	226.05	206.82	138.39	93.72
b) Bus Operation	41.48	58.98	59.52	63.39	58.21	43.94
c) Sale of Wind Power	57.18	114.04	114.04	114.04	18.12	-
d) Air Charter Business	7.15	14.25	14.26	1.84	-	-
e) Un-allocable Depreciation / Amortisation	20.67	43.13	48.69	43.97	28.89	27.66
Total	**246.63**	**464.22**	**462.56**	**430.06**	**243.61**	**165.32**

Note:
The Company operates only in India and therefore, there are no separate geographical segments.

14) Gratuity is provided based on actuarial valuation for employees covered under the Group Gratuity Scheme. Few employees like drivers and hamals are not covered under the Group Gratuity Scheme on account of very high attrition rates (specific to the industry) and gratuity payment made to them during each of the reporting periods is charged to the respective Profit and Loss Account. Further, no provision is made for compensated absences for drivers and hamals on similar grounds and compensated absences are charged to Profit and Loss Account in the reporting period during which such payment is made.

Annexure 5

Statement of Accounting Ratios *(Rupees in million)*

Particulars	As at and for the six months ended September 30,	As at and for the year ended March 31,				
	2010	2010	2009	2008	2007	2006
Restated Net Profit after Tax	315.95	310.38	12.47	78.92	852.92	33.69
Restated Net Profit after Tax but before Extraordinary Items	315.95	310.38	32.01	75.42	(312.04)	33.69
Earnings per share (in Rupees)						
Basic	4.47	4.39	0.18	1.12	12.18	0.48
Diluted	4.47	4.39	0.18	1.12	12.17	0.48
Earnings per share after excluding extraordinary items (in Rupees)						
Basic	4.47	4.39	0.45	1.07	(4.46)	0.48
Diluted	4.47	4.39	0.45	1.07	(4.45)	0.48
Return on net worth (in %)	27.23	28.43	3.09	7.36	(35.88)	13.77
Net Asset Value per Equity Share (in Rupees)	16.41	15.44	14.68	14.57	12.42	3.50
Weighted average number of equity shares						
outstanding during the period / year, as restated (in million)						
Basic	70.70	70.70	70.70	70.35	70.00	70.00
Diluted	70.70	70.70	70.70	70.35	70.09	70.00
Nominal value of equity shares (in Rupees)	10.00	10.00	10.00	10.00	10.00	1,000.00

Notes:

1. The Ratios have been computed as below:

Earnings per share (in Rupees)= Net profit after tax, as restated attributable to equity shareholders

	Weighted average number of shares outstanding during the period / year, as restated
Earnings per share after excluding extraordinary items (in Rupees)=	Net profit after tax, as restated after excluding extraordinary items attributable to equity shareholders
	Weighted average number of shares outstanding during the period / year, as restated
Return on net worth (%) =	Net profit after tax, as restated after excluding extraordinary items
	Net worth excluding revaluation reserve and share application money at the end of the period / year
Net Asset Value Per Equity Share (in Rupees) =	Net worth excluding revaluation reserve and share application money at the end of the period / year
	Number of Basic weighted average equity shares outstanding at the end of the period / year

Net worth = paid up share capital + share premium account + other balances in reserves and surplus (excluding revaluation reserve and share application money)

2. Earnings per share (EPS) calculations are done in accordance with Accounting Standard 20(AS 20), "Earnings Per Share" as notified under the Companies Act, 1956.

3. The calculation of ratios post issue has not been considered.

4. Figures for the six months ended September 30, 2010 have not been annualized.

5. In accordance with AS-20, Share application money is not considered for calculating the diluted EPS as at March 31, 2007, as the profit after tax excluding extraordinary income is negative.

6. Restated net profit, as appearing in the Summary of Restated Profit and Loss Account (Annexure 1) and net worth as appearing in Summary of Restated Assets and Liabilities (Annexure 2) have been considered for computing the above ratios.

7. The Company has allotted 700,000 equity shares of Rs.10 each at a premium of Rs. 90 per share on September 20, 2007 to the promoter and his relative in accordance with the Unlisted Public Companies (Preferential Allotment) Rules, 2003.

8. During the year ended March 31, 2007, the Company has issued 50,000,000 bonus shares to the share holders in the ratio of five shares for every two shares held by them. Since the bonus issue is an issue without consideration, it has been treated as if it had occurred from the beginning of the financial year 2005-06, the earliest period reported, both for the purpose of computing EPS and Net Asset Value per share.

9. In the financial year 2006-07, equity shares of the Company having face value of Rs.1000 per share have been sub-divided into 100 equity shares of Rs.10 each.

Annexure 6

Capitalization Statement

(Rupees in million)

Particulars	Pre-Issue as at September 30, 2010	Adjusted for Post-Issue *
Borrowings		
Short term debt	1,000.31	*
Long term debt	2,740.36	*
Total Borrowings	**3,740.67**	*
Shareholders' Funds		
Share Capital	707.00	*
Reserves and Surplus	453.41	*
Total Shareholders' Funds	**1,160.41**	*
**Long term debt / Equity ratio ** **	**2.36**	*

* The corresponding Post issue figures will be calculated on conclusion of the book building process.

** Equity = Total Shareholders' funds.

Notes:-

1. The capitalisation statement has been prepared on the basis of the Summary of Restated Assets and Liabilities
2. As informed by the management, short term debts are the debts repayable within one year.
3. As informed by the management, long term debts are debts other than short term debts.

Annexure 7

Statement of Share Capital

(Rupees in million)

Particulars	As at September 30, 2010	As at March 31,				
		2010	2009	2008	2007	2006
Share Capital						
Authorized :						
Number of Equity Shares (in million)	125.00	125.00	125.00	125.00	125.00	0.40
Equity Share Capital	1250.00	1250.00	1250.00	1250.00	1250.00	400.00
Issued, Subscribed and Paid-up :						
Number of Equity Shares (in million)	70.70	70.70	70.70	70.70	70.00	0.20
Equity Share Capital	707.00	707.00	707.00	707.00	700.00	200.00
Face value per equity share (in Rupees)	10.00	10.00	10.00	10.00	10.00	1000.00
Total	**707.00**	**707.00**	**707.00**	**707.00**	**700.00**	**200.00**

Notes:-

1. During the year 2006-07, 50,000,000 equity shares were allotted as fully paid up bonus shares by capitalisation of the surplus in the Profit and Loss Account of the Company.

2. During the year 2007-08, 700,000 equity shares were allotted at a premium of Rs 90 per share in accordance with Unlisted Public Companies (Preferential Allotment) Rules, 2003.

3. In the financial year 2006-07, equity shares of the Company having face value of Rs.1000 per share have been sub-divided into 100 equity shares of Rs.10 each.

Annexure 8

Statement of Tax Shelters

(Rupees in million)

	Particulars	For the six months ended September 30, 2010	For the year ended March 31, 2010	2009	2008	2007	2006
	Income Tax Rate (in %)						
	Basic Tax Rate	30%	30%	30%	30%	30%	30%
	Surcharge (on Basic Tax Rate)	7.50%	10.00%	10.00%	10.00%	10.00%	10.00%
	Education Cess (On Basic Tax Rate + Surcharge)	3%	3%	3%	3%	2%	2%
	Total Tax Rate (in %)	**33.22%**	**33.99%**	**33.99%**	**33.99%**	**33.66%**	**33.66%**
A	Income from house property						
	Net Annual Value	5.20	9.55	6.33	6.46	6.85	6.13
	Less : Deductions u/s 24	1.56	2.87	1.90	1.94	2.05	1.84
	Income from house property	**3.64**	**6.68**	**4.43**	**4.52**	**4.80**	**4.29**
I	Profit before tax as per audited financial statements	466.43	444.72	33.92	128.85	1,263.88	65.21
	Adjustments:						
	1. Permanent Differences						
	a) Expenses Disallowed for Tax						
	Donations	(0.02)	(0.49)	(0.21)	(1.08)	(0.03)	(0.10)
	Expenses incurred for increase in Authorised capital/ IPO expenses	-	-	(19.54)	-	(4.68)	-
	b) Adjustments not considered in Profit before tax and tax exempt income credited to the Profit and Loss Account						
	Prior Period Adjustments	(11.73)	(0.08)	(2.83)	(4.95)	-	-
	Dividend Income Exempt from Tax	0.16	0.18	0.14	0.07	0.16	0.04
	c) Expenses incurred but not debited to the Profit and Loss Account	-	-	-	-	-	6.18
	Total of Permanent Differences (a+b)	**(11.59)**	**(0.39)**	**(22.44)**	**(5.96)**	**(4.55)**	**6.12**
	2. Timing differences						
	Depreciation/Amortisation	(31.38)	(7.44)	217.81	976.35	1,262.34	80.11
	Expenses disallowed u/s 43B of the Income Tax Act, 1961	(19.67)	6.57	1.09	0.91	3.26	6.92

	Provision for doubtful debts and advances	(2.60)	(7.42)	(2.62)	(0.11)	-	-
	Adjustment for leasehold land and leasehold improvements	2.11	4.08	2.91	-	-	-
	Unrealised Exchange Loss	-	-	-	-	(0.69)	-
	Profit/ (Loss) on sale of fixed assets	(0.86)	(15.54)	(5.35)	(2.50)	(28.82)	2.30
	Profit on sale of land (considered separately)	-	-	-	0.41	-	0.23
	Rent from building (considered separately)	5.20	9.55	6.33	6.46	6.85	6.13
	Profit on sale of investments (considered separately)	-	-	-	3.50	1,164.96	-
	Total of Timing Differences	**(47.20)**	**(10.20)**	**220.17**	**985.02**	**2,407.90**	**95.69**
II	**Total Adjustments (1+2)**	**(58.79)**	**(10.59)**	**197.73**	**979.06**	**2,403.35**	**101.81**
B	**Business Income (I - II)**	**525.22**	**455.31**	**(163.81)**	**(850.21)**	**(1,139.47)**	**(36.60)**
	Income from capital gains						
C	**Short Term Capital (Loss) / Gain**						
	Sales Consideration	-	60.76	-	3.96	7.00	-
	Less : Cost of Transfer	-	-	-	-	-	-
	Net Sales Consideration	-	60.76	-	3.96	7.00	-
	Less : Cost of Acquisition	-	75.60	-	3.55	6.00	-
	Short Term Capital (Loss) / Gain	**-**	**(14.84)**	**-**	**0.41**	**1.00**	-
D	**Long Term Capital Gains**						
	Sales Consideration	-	27.61	-	3.50	1,677.81	0.51
	Less : Cost of Transfer	-	-	-	-	66.87	-
	Net Sales consideration	-	27.61	-	3.50	1,610.94	0.51
	Less : Indexed Cost of Acquisition	-	3.20	-	-	494.49	0.12
	Long Term Capital Gains	**-**	**24.41**	**-**	**3.50**	**1,116.45**	**0.39**
E	**Gross total income other than Long Term Capital Loss (A+B+C+D)**	528.86	471.56	(159.38)	(841.78)	(17.22)	(31.92)
F	**Unabsorbed depreciation**	**528.86**	**471.56**	**-**	**-**	**-**	**0.23**
G	**Taxable Income(E-F)**	-	-	-	-	-	-
H	**Tax under normal provisions of Income Tax Act, 1961**	**-**	**-**	**-**	**-**	**-**	**-**

	Minimum Alternate Tax (MAT) Rate	19.93%	17.00%	11.33%	11.33%	11.22%	8.42%
	Profit before tax as per audited financial statements	466.43	444.72	33.92	128.85	1,263.88	65.21
	Prior period adjustments	(6.20)	(1.27)	0.25	3.84	(6.57)	(8.03)
	Fringe benefit tax, deferred tax and dividend distribution tax (as applicable and claimed)	-	-	(6.18)	(9.28)	(467.15)	(3.37)
	Depreciation- prior period	-	-	-	(19.27)	23.86	-
	Dividend Income	(0.16)	(0.18)	(0.14)	-	-	-
	Provision for doubtful debts and advances	2.60	7.42	-	-	-	-
I	Taxable Profit under MAT	462.67	450.69	27.85	104.14	814.02	53.81
J	**Tax under MAT**	92.21	76.59	3.16	11.80	91.33	4.53
K	**Current Domestic Tax payable (Higher of H or J)**	92.21	76.59	3.16	11.80	91.33	4.53
L	**Provision for Current Domestic Tax as per books of account**	92.21	75.33	3.16	11.80	143.29	5.49

Notes :

1. The above Statement is in accordance with Accounting Standard 22, 'Accounting for Taxes on Income", as notified under the Companies Act, 1956. In case the assessment is not completed, the same has been prepared based on the Income Tax Returns filed for the respective years. The figures for the six months ended September 30, 2010 have been compiled from the provisional computation for the said period.

2. The aforesaid Statement of Tax Shelters has been prepared in accordance with the standalone audited financial statements and is not based on the profits as per the Summary of Restated Profit and Loss Account.

Annexure 9

Restated Summary of Other Income

(Rupees in million)

Particulars	For the six months ended September 30, 2010	For the year ended March 31,				
		2010	2009	2008	2007	2006
Recurring:-						
Interest on Deposits	0.99	1.77	3.12	6.05	6.12	0.37
Dividend Received	0.16	0.18	0.14	0.07	0.16	0.04
Rent Received	11.65	22.99	13.64	10.29	6.85	6.13
Sale of Scrap Materials	28.09	54.69	58.76	52.98	12.73	-
Miscellaneous Income	4.87	5.85	4.48	10.97	9.27	28.83
Non Recurring:-						
Interest on Income Tax Refund	2.72	1.16	5.18	-	-	-
Profit on sale of assets	-	-	-	-	-	2.53
Sundry Balances written back	0.47	0.43	-	-	-	-
Exchange Differences	-	0.08	-	-	-	-
Total	**48.95**	**87.15**	**85.32**	**80.36**	**35.13**	**37.90**
As a % to Net Profit Before Tax and Extraordinary items	10.32%	19.50%	152.44%	62.96%	33.09%	69.08%
As a % to Total Income	1.13%	1.22%	1.31%	1.47%	0.79%	1.06%

Note:

1 In view of the management, the components of Other Income mentioned above are related to the business activities of the Company.

Annexure 10

Statement of Dividend paid/proposed

The dividends declared by the Company in respect of the years ended March 31 2010, 2009, 2008, 2007, 2006 and six months ended September 30, 2010 as per the audited financial statements of the Company are as given below:

(Rupees in million)

Particulars	For the six months ended September 30, 2010	For the year ended March 31,				
		2010	2009	2008	2007	2006
-						
Equity Share Capital	707.00	707.00	707.00	707.00	700.00	200.00
Face value per equity share (in Rupees)	10.00	10.00	10.00	10.00	10.00	1,000.00
Number of shares (in million)	70.70	70.70	70.70	70.70	70.00	0.20
Rate of Dividend (%)						
Interim Dividend	30.00%	31.00%	-	-	100.00%	-
Final Dividend	-	-	-	-	-	-
Amount of Dividend (Rupees per share)						
Interim Dividend	212.10	219.17	-	-	200.00	-
Final Dividend	-	-	-	-	-	-
Corporate Dividend Tax	35.23	37.25	-	-	28.05	-

Note:-

1. The dividends declared include both interim and final dividends.

2. In the financial year 2006-07, equity shares of the Company having face value of Rs.1000 per share have been sub-divided into 100 equity shares of Rs.10 each.

3. In the financial year 2006-07, special interim dividend was declared on November 11, 2006 on the equity share capital of Rs. 200 million, i.e. before the issue of bonus shares to shareholders of the Company.

Annexure 11

Statement of Restated Sundry Debtors

(Rupees in million)

Age wise Break-up	As at September 30, 2010	As at March 31,				
		2010	2009	2008	2007	2006
Unsecured						
Debts outstanding for a period exceeding six months						
- considered good	3.94	1.24	8.45	1.81	5.26	3.56
- considered doubtful	3.80	1.20	1.83	0.11	-	-
	7.74	**2.44**	**10.28**	**1.92**	**5.26**	**3.56**
Other Debts, considered good	686.54	490.44	431.49	284.92	229.16	162.55
	694.28	**492.88**	**441.77**	**286.84**	**234.42**	**166.11**
Less : Provision for Doubtful Debts	3.80	1.20	1.83	0.11	-	-
Total	**690.48**	**491.68**	**439.94**	**286.73**	**234.42**	**166.11**

Note:-

1. There are no amounts recoverable from directors or promoters of the Company as at the respective Balance Sheet dates.

2. The figures disclosed above are based on Summary of Restated Assets and Liabilities of the Company.

Annexure 12

Restated Statement of Investments

(Rupees in million)

Particulars	As at September 30, 2010	As at March 31,				
		2010	2009	2008	2007	2006
Long Term						
Trade and Unquoted						
A) Equity Shares in Subsidiary Company						
Vijayanand Printers Limited	-	-	-	-	-	196.97
(A)	**-**	**-**	**-**	**-**	**-**	**196.97**
B) Equity Shares in Other entities						
Shri. Basaveshwar Co-operative Bank Limited	0.55	0.55	0.55	0.55	0.55	0.56
Sirsi Urban Co-operative Bank Limited	-	-	-	-	0.06	0.09
The Saraswat Co-operative Bank Limited	-	-	-	-	0.03	0.02
The Shamrao Vithal Co-operative Bank Limited	0.50	0.50	0.50	0.50	0.15	0.15
North Canara GSB Co-operative Bank Limited	0.20	0.20	0.20	0.20	-	0.10
(B)	**1.25**	**1.25**	**1.25**	**1.25**	**0.79**	**0.92**
C) 4% Non Cumulative Redeemable Preference Shares in Subsidiary Company						
Vijayanand Printers Limited	-	-	-	-	-	250.00
(C)	**-**	**-**	**-**	**-**	**-**	**250.00**
TOTAL (A+B+C)	**1.25**	**1.25**	**1.25**	**1.25**	**0.79**	**447.89**

Annexure 13

Summary of Restated Loans and Advances

(Rupees in million)

Particulars	As at September 30, 2010	As at March 31, 2010	2009	2008	2007	2006
Deposits with Customs Authorities and Others	68.81	68.81	68.81	-	-	-
Expenses incurred towards Certified Emission Reductions Credits	19.34	5.58	-	-	-	-
Loans to subsidiary company	-	-	-	-	-	5.84
Advances recoverable in Cash or in kind or for value to be received						
- Considered good	266.05	268.54	253.01	256.65	229.94	111.13
- Considered doubtful	5.70	5.70	0.90	-	-	-
	271.75	**274.24**	**253.91**	**256.65**	**229.94**	**111.13**
- Less: Provision for doubtful advances	5.70	5.70	0.90	-	-	-
	266.05	**268.54**	**253.01**	**256.65**	**229.94**	**111.13**
Advance Fringe Benefits Tax	-	0.48	0.59	4.54	0.09	0.09
Advance tax and TDS Receivables (Net of Tax Provision)	37.29	32.29	47.16	90.45	64.11	16.11
Minimum AlternateTax Credit Entitlement	277.84	186.15	110.81	107.66	95.86	4.53
Total	**669.33**	**561.85**	**480.38**	**459.30**	**390.00**	**137.70**

Loans and advances to directors, relatives of directors and companies in which they have significant influence are as follows:

(Rupees in million)

Particulars	As at September 30, 2010	As at March 31, 2010	2009	2008	2007	2006
Advance to Directors						
Mr. Vijay Sankeshwar	-	6.10	6.10	2.50	2.28	4.99
Mr. Anand Sankeshwar	-	5.32	5.32	2.17	2.17	2.17
	-	**11.42**	**11.42**	**4.67**	**4.45**	**7.16**
Advance to relatives of Director						
Mrs. Vani Sankeshwar	0.34	0.63	-	-	-	-

	0.34	**0.63**	**-**	**-**	**-**	-
Advances to companies in which the directors and their relatives have significant influence						
Vijayanand Printers Limited	-	-	-	-	-	0.48
Vijayanand Charitable Trust	-	-	0.34	0.34	0.34	-
Shiva Agencies	0.16	-	0.19	-	-	-
VRL Cements Limited	-	-	-	0.25	0.25	-
Hubli Apparels Private Limited	-	-	-	-	-	0.80
Sankeshwar Minerals Private Limited	0.76	0.15	0.56	0.54	1.00	-
Aradhana Trust	0.45	-	-	-	-	-
	1.37	**0.15**	**1.09**	**1.13**	**1.59**	**1.28**
Loan to companies in which the directors and their relatives have significant influence						
Vijayanand Printers Limited	-	-	-	-	-	5.84
	-	**-**	**-**	**-**	**-**	**5.84**
Total	**1.71**	**12.20**	**12.51**	**5.80**	**6.04**	**14.28**

Annexure 14

Summary of Restated Secured Loans

(Rupees in million)

Particulars	As at September 30, 2010	As at March 31,				
		2010	2009	2008	2007	2006
Term loans from Banks:						
Rupee Term Loans	1,931.33	2,170.11	2,633.63	2,728.89	2,348.72	1,106.23
Interest accrued and due	-	-	15.77	-	-	0.80
Total (A)	**1,931.33**	**2,170.11**	**2,649.40**	**2,728.89**	**2,348.72**	**1,107.03**
Working Capital Loan from Banks	663.11	501.37	380.41	279.77	215.56	149.59
Total (B)	**663.11**	**501.37**	**380.41**	**279.77**	**215.56**	**149.59**
Term loans from others:						
Rupee Term Loans	1,005.12	1,001.74	1,170.02	1,319.86	1,336.55	567.02
Interest accrued and due	-	-	-	-	3.39	1.22
Total (C)	**1,005.12**	**1,001.74**	**1,170.02**	**1,319.86**	**1,339.94**	**568.24**
GRAND TOTAL (A+B+C)	**3,599.56**	**3,673.22**	**4,199.83**	**4,328.52**	**3,904.22**	**1,824.86**

Annexure 14A

SECURITY DETAILS ON RUPEE TERM LOAN FROM BANK

(Amount in Rupees)

Sr No.	Name of the Bank	Balance outstanding as at September 30, 2010 (principal)	Sanction Limits as at September 30, 2010	Rate of Interest as at September 30, 2010	Repayment Terms (EMI includes interest amount unless otherwise specified)	Prepayment Terms (including penalty for prepayment)	Securities Offered: Prime Security (Mortgage)	Securities Offered: Collateral Security	Securities Offered: Personal Guarantee – Name of the Guarantor
1	**Shamrao Vithal Co-op Bank Ltd.,Hubli**	12,975,228	20,000,000	PLR - 1.5% p.a.= 12.5%	Rs. 12975228 principal outstanding is payable in 35 EMI of Rs. 460217	NA	Prime Security-Land and Building at Chitradurga	Nil	Mr. Vijay Sankeshwar
	A/c No 585								Mr. Anand Sankeshwar
	Total	**12,975,228**	**20,000,000**						
2	**Sri Basaveshwar Sahakari Bank Niyamit,Bagalkot**	3,590,351	18,500,000	16.00%	Rs.3590351 principal outstanding is payable in 6 monthly installment of Rs.605410	NA	Hypothecation of Plant and Machinery at Varur	Nil	Mr. Vijay Sankeshwar
	Term Loan-HP59								Mr. Anand Sankeshwar
									Mr. D.N.Kulkarni
	Total	**3,590,351**	**18,500,000**						
3	**North Kanara Gaud Saraswat Co-op Bank Hubli**								

	T/L- LNM 282	18,738,631	30,000,000	13.25%	Rs.18738631 principal outstanding is payable in 45 monthly installment of Rs.540000	NA	First charge on Land and Building at Davangere, Neeligin Road, HDMC Complex, NCM land at Hubli and first charge on godown to be built on the above lands	Land at Davangere , Neeligin Road Hubli, HDMC Complex Hubli and NCM Hubli Land	Mr. Vijay Sankeshwar
	T/L- LNM 283	18,728,764	30,000,000	13.25%	Rs.18728764 principal outstanding is payable in 45 monthly installment of Rs.540000	NA			Mr. Anand Sankeshwar
	Total	**37,467,395**	**60,000,000**						
4	**State Bank of India - Bangalore**								
	1) Term Loan - I - New A/c No. 10503362240	6,959,238	60,000,000	0.5% above SBAR = 12.75%	Rs.6959238 principal outstanding is payable in Rs. 1125000+ Interest in 6 monthly installment	In case of prepayment bank will charge 2% penalty on outstanding loan.	1) Land and Building No 351/1 at chabbi village Varur, Hubli. 2) Land and Building ,R.S.No(s) 34-4A, at Padukodi Village Mangalore 3) Hypothecation of Vehicles- 568 -Trucks, 10-Volvo Buses, 37-Luxury and 2 Sleeper Buses of the Company 4)	1) Equitable mortgage by Deposit of Title Deed (DTD) of land and building at C.T.S.No(s) 4883/95A, 95B, 95C,95E/2 ,95F,95G, 95H 96/A and 96A-1BWard No 30, Fort Road,	Mr. Vijay Sankeshwar
									Mr. Anand Sankeshwar
	2) Term Loan - II - New A/c No 10503362251	50,748,385	520,000,000	0.5% above SBAR = 12.75%	Rs.50748385 principal outstanding is payable in 6 EMI of Rs. 8916666+ Interest	In case of prepayment bank will charge 2% penalty on outstanding loan.			Mr. Vijay Sankeshwar
									Mr. Anand Sankeshwar
									Mrs. Lalita Sankeshwar

							Hypothecation of Plant & Machinery , Furniture & Fixtures ,Office Equipments etc installed / to be installed at Mangalore.	Belgaum 2) Hypotheca tion of Furniture and Fixtures at Corporate Office, Hubli, Mangalore & Belgaum premises.	
	Total	**57,707,623**	**580,000,000**						
5	**UCO Bank Bangalore**								
	TL/018510610000311	967,471,413	1,200,000,000	13.00%	Rs.967471413 principal outstanding is payable in 81 EMI of Rs.18272915	If the loan is repaid within 5 years, Pre-Mature Termination (PMT) charges of 1% of loan outstanding. If the loan is repaid after 5 years certificate of CA is required stating the payment is out of internal accrual or 1% PMT	1.First Charge by way of hypothecation of 23 No's of WTG's proposed to be purchased out of term loan facility from UCO Bank and one additional WTG of the project.		Mr. Vijay Sankeshwar
									Mr. Anand Sankeshwar
							2.First Charge by way of hypothecation /assignment of entire receivables from power generation and		

							Carbon Deposit Mechanism (CDM) Credit (present and future) pertaining to the income generated from 23 WTGs purchased out of term loan facility and from one additional WTG of the project.		
							3.Managing Directors residence cum-guest house at plot No's 120 to 125 and 176 to 180 in RS No 31B plus 32 of Keshwapur situated at Naveen Park along Kusugal Road, Hubli , Karnataka		
	Total	**967,471,413**	**1,200,000,000**						
6	**Syndicate Bank Hubli**								
	A/c No 4450 SLN 050130003	14,084,629	88,000,000	PLR-0.5% = 12.% p.a.	10 monthly installments of Rs.1.32 million + interest with last installment of Rs. 0.88 million + interest	Bank will charge 1% PMT on loan outstanding in case of prepayment	30 Guntas of Land at Vaddarhatti at Gangavti along with Commercial	Nil	Mr. Vijay Sankeshwar
									Mr. Anand Sankeshwar

						of loan.	Complex on above land.		
	Total	**14,084,629**	**88,000,000**						
7	**Union Bank of India. Hubli and Bangalore**								
	A/c No.CSL T/L 331706390002268	546,534	30,000,000	BPLR+4. 5% p.a = 16.75%	1 monthly installment of 0.5 million + interest	NA	1.First Charge on unencumbered movable properties such as furniture & fixtures, computers etc.	Nil	Mr. Vijay Sankeshwar
							2.Second Charge on Fixed Assets of the Company		Mr. Anand Sankeshwar
	T L A/c No.331106390003904	314,622,539	480,000,000	BPLR = 14.5%	Rs.314622539 principal outstanding is payable in 84 EMI of Rs.4000000 +Interest	In case of prepayment bank will charge 2% penalty on outstanding loan.	Hypothecation of 10 numbers of WTG's and auxiliary equipments of WTG's.	Second charge on the property valued at Rs.350 million mortgaged with Shamrao Vithal Bank	Mr. Vijay Sankeshwar
									Mr. Anand Sankeshwar
	Total	**315,169,073**	**510,000,000**						

8	**State Bank of Mysore, Hubli**	31,818,168	54,000,000	12.25%	Rs.31818168 principal outstanding is payable in 14 EMI of Rs. 2250000 + monthly interest	In case of prepayment bank will charge 2% penalty on outstanding loan.	1) Equitable mortgage of commercial and office premises at Navi Mumbai, Maharashtra AND	Nil	Mr. Vijay Sankeshwar
	A/c No 64011607063						2) First charge over the fixed assets, Furniture and Interiors in the office premises at Navi Mumbai, Maharashtra		Mr. Anand Sankeshwar
	Total	**31,818,168**	**54,000,000**						
	GRAND TOTAL	**1,440,283,880**	**2,530,500,000**						

Statement of Term Loans from Bank against Vehicle

Sr No.	**Name of the Bank**	**Balance outstanding as at September 30, 2010 (principal)**	**Sanction Limits as at September 30, 2010**	**Rate of Interest as at September 30, 2010**	**Repayment Terms (EMI includes interest amount unless otherwise specified)**	**Prepayment Terms (including penalty for prepayment)**	**Securities Offered**		
							Prime Security (Hypothecation of Vehicles)	**Collateral Security**	**Personal Guarantee** / **Name of the Guarantor**
1	**North Kanara Gaud Saraswat Bank Co-Op Bank Hubli**								
	1) T/L-LNM 404.	10,514,611	11,044,516	11.50%	Rs.10514611 principal outstanding is payable in 47 EMI of Rs.278000	NA	7 No's of AL 2518H Vehicles	Nil	No Personal Guarantee

	2) T/L-LNM 405.	6,009,667	6,311,152	11.50%	Rs.6009667 principal outstanding is payable in 47 EMI of Rs.159000	NA	4 No's of AL 2518H Vehicles	Nil	No Personal Guarantee
	3) T/L-LNM 406.	8,464,759	8,888,735	11.50%	Rs.8464759 principal outstanding is payable in 47 EMI of Rs .223700	NA	5 No's of AL 3121H Vehicles	Nil	No Personal Guarantee
	4) T/L-LNM 410.	12,016,682	12,622,304	11.50%	Rs.12016682 principal outstanding is payable in 47 EMI of Rs.317700	NA	8 No's of AL 2518H Vehicles	Nil	No Personal Guarantee
	5) T/L-LNM 411.	8,462,525	8,888,735	11.50%	Rs. 8462525 principal outstanding is payable in 47 EMI of Rs.223700	NA	5 No's of AL 3121H Vehicles	Nil	No Personal Guarantee
	6) T/L-LNM 412.	5,247,284	5,525,468	11.50%	Rs. 5247284 principal outstanding is payable in 47 EMI of Rs.139100	NA	4 No's of AL 2518H Vehicles	Nil	No Personal Guarantee
	7) T/L-LNM 222.	16,065,174	17,000,000	11.50%	Rs 16065174 principal outstanding is payable in 42 EMI of Rs.468800	NA	2 No's of Volvo Buses	Nil	No Personal Guarantee
	8) T/L-LNM 416	1,517,372	1,577,789	11.50%	Rs.1517372 principal outstanding is payable in 47 EMI of Rs.39695	NA	1 No of AL 2518H Vehicle	Nil	No Personal Guarantee
	9) T/L-LNM 223	5,259,986	5,525,468	11.50%	Rs.5259986 principal outstanding is payable in 47 EMI of Rs.139000	NA	4 No's of AL 12M Bus Chassis	Nil	No Personal Guarantee
	10) T/L-LNM 224.	5,263,547	5,525,468	11.50%	Rs.5263547 principal outstanding is payable in 47 EMI of Rs.139000	NA	4 No's of AL 12M Bus Chassis	Nil	No Personal Guarantee
	11) T/L-LNM 417	929,591	975,380	11.50%	Rs.929591 principal outstanding is payable in 48 EMI of Rs.24540	NA	4 No's of AL 12M Bus Seating System	Nil	No Personal Guarantee
	12) T/L-LNM 420	3,446,368	3,560,000	11.50%	Rs.3446368 principal outstanding is payable in 48 EMI of Rs.90315	NA	4 No's of AL 12M Bus Body Building	Nil	No Personal Guarantee
	13 T/L-LNM 228	1,508,940	1,558,789	11.50%	Rs.1508940 principal outstanding is payable in 48 EMI of Rs.39500	NA	1 No of AL 2518H Vehicle	Nil	No Personal Guarantee

	14) T/L-LNM 230	738,592	749,615	11.50%	Rs.738592 principal outstanding is payable in 51 EMI of Rs.18000	NA	4 No's of AL 12M Bus Body Building	Nil	No Personal Guarantee
	15) T/L-LNM 231	3,446,453	3,560,000	11.50%	Rs. 3446453 principal outstanding is payable in 48 EMI of Rs.90000	NA	4 No's of AL 12M Bus Body Building	Nil	No Personal Guarantee
	16) T/L-LNM 232	727,602	749,615	11.50%	Rs.727602 principal outstanding is payable in 52 EMI of Rs.18000	NA	4 No's of AL 12M Bus Seating System	Nil	No Personal Guarantee
	17) T/L-LNM 233	3,446,283	3,560,000	11.50%	Rs.3446283 principal outstanding is payable in 48 EMI of Rs.90000	NA	4 No's of AL 12M Bus Body Building	Nil	No Personal Guarantee
	Total	**93,065,436**	**97,623,034**		-				
2	**Centurion Bank of Punjab Ltd, Hubli**								
	1)LCOM2039000253487,95, 506,18,23,35,64,67,95,612,23 ,45,59,307,281,291,311,278,2 76,277,279,280, 315,275,451-25 A/C	2,890,358	36,675,000	10.50%	Rs.2890358 principal outstanding is payable in 3 EMI of Rs.980350	In case of prepayment bank will charge 2% penalty on outstanding loan.	25 Trucks of 2516 multi axle model	NIL	Mr. Vijay Sankeshwar
	2)LCOM20390000454468,89 ,98,506,15,19,22,42,56,58,64, 65,74,81,86,97,4629,34,35,45 -20A/C	4,118,308	19,206,000	13.00%	Rs. 4118308 principal outstanding is payable in 8 EMI of Rs.540720	NA	20 Lorries of Ecomet 912 model	NIL	Mr. Vijay Sankeshwar
	Total	**7,008,666**	**55,881,000**						
3	**ICICI Bank Ltd, Hubli and Bangalore**								
	1) 50 A/C NO.LVBNG00009028023 TO 432	11,197,030	38,631,650	10.00%	Rs.11197030 principal outstanding is payable in 14 EMI of Rs. 849730.	NA	25 No. AL 2516 Chassis and Body	NIL	No Personal Guarantee

	2) 50 A/C No.LVBNG00009737986 TO 413	13,863,437	38,631,650	10.25%	Rs.13863437 principal outstanding is payable in 17 EMI of Rs. 901850.	NA	25 No. AL 2516 Chassis & Body	NIL	No Personal Guarantee
	3) 16 A/C LVBNG00010055281 TO 82490	6,897,194	18,289,352	11.95%	Rs.6897194 principal outstanding is payable in 18 EMI of Rs. 420824.	NA	8 Buses, chassis & bodies	NIL	No Personal Guarantee
	4) 25 A/C LVBNG000010061828 TO 66582	11,052,604	29,256,650	11.95%	Rs. 11052604 principal outstanding is payable in 18 EMI of Rs..673150	In case of prepayment bank will charge 2% penalty on outstanding loan.	25 No Al lorry Chassis	NIL	No Personal Guarantee
	5) 25 A/C LVBNG000011182547 TO 2974	3,530,241	9,375,000	11.95%	Rs.3530241 principal outstanding is payable in 18 EMI of Rs. 215700	In case of prepayment bank will charge 2% penalty on outstanding loan.	25 No Al lorry Bodies	NIL	No Personal Guarantee
	6) 44 A/C LVBNG00010377882 TO 804	27,078,236	69,536,970	12.75%	Rs.20507466 principal outstanding is payable in 19 EMI of Rs.1206524 for Chassis and Rs. 6570770 principal outstanding is payable in 19 EMI of Rs.386628	NA	45 No's Lorry Chassis and bodies -2516	NIL	No Personal Guarantee
	7) 84 A/Cs LVBNG00012774890 TO 12778603	22,603,772	50,000,000	14.50%	Rs.22603772 principal outstanding is payable in 18 EMI of Rs.1400638	NA	Refinance on 84 No's used vehicles	NIL	No Personal Guarantee
	Total	**96,222,514**	**253,721,272**						
4	**H.D.F.C. Bank, Hubli and Bangalore**								
	Bangalore								
	1) 6 A/c No. 2681808, 834,820,777,827,856,	2,879,133	13,716,000	10.38%	Rs. 2879133 principal outstanding is payable in 10 EMI of Rs.301800	NA	6-Buses, Chassis and Body	NIL	Mr. Anand Sankeshwar

	2) 6 A/cs 2825084,5125,5137,5150,516 3,5176	3,153,611	13,716,000	10.38%	Rs. 3153611 principal outstanding is payable in 11 EMI of Rs.301800	NA	6-Buses, Chassis and Body	NIL	Mr. Anand Sankeshwar
	3) 4 A/c No. 2706252,76,99,312	513,952	2,236,000	10.38%	Rs. 513 952 principal outstanding is payable in 11 EMI of Rs.49180	NA	Tempo Travels – 4 No's	NIL	Mr. Anand Sankeshwar
	4) 50 A/cs 3127434,50,55,61,63,64,505, 11, 16,26,28,36,40,48,53,56,64,7 1,78,82,86, 88,96, 99,604,606, 12,18,31,38,47,802, 804,06, 07,12,14,19,27,24, 30,33,35,38, 44,50,53, 57,60,64	38,403,377	79,800,000	12.00%	Rs. 38403377 principal outstanding is payable in 24 EMI of Rs.1838150	NA	50 AL2516H Trucks	NIL	Mr. Anand Sankeshwar
	5) 11 A/cs 3172033,37,38,39,40,41,42,4 3, 44,47,50	3,300,285	6,468,612	10.00%	Rs.3300285 principal outstanding is payable in 26 EMI of Rs.142271	NA	6 AL Ecomet Trucks	NIL	Mr. Anand Sankeshwar
	6) 2 A/cs 3169437,39	550,945	1,079,908	10.00%	Rs.550945 principal outstanding is payable in 26 EMI of Rs.23750	NA	2 TATA 407	NIL	Mr. Anand Sankeshwar
	7) 5 A/cs 3179428,47,58,67,76	2,689,892	5,098,110	10.00%	Rs. 2689892 principal outstanding is payable in 27 EMI of Rs.112125	NA	5 Godrej Fork Lift	NIL	Mr. Anand Sankeshwar
	8) 1 A/c ,3204154	133,554	597,630	12.00%	Rs. 133554 principal outstanding is payable in 7 EMI of Rs 19850	NA	Top up on 1 AL Bus	NIL	Mr. Anand Sankeshwar
	Hubli:								
	9) 15 A/cs 3182582,591,599,606,614,62 7,633,639, 647,653,655,662,667,672,677	12,737,531	24,140,070	10.00%	Rs. 12737531 principal outstanding is payable in 27 EMI of Rs 530970	NA	15 AL 2516H/6T Trucks	NIL	Mr. Anand Sankeshwar
	10) 22 A/cs.3222941,45,46,48,51,54, 56,57,76, 80,84,88,91,3008,14,20,25,35 ,37,43,47,50	3,696,342	11,520,000	14.00%	Rs.3696342 principal outstanding is payable in 10 installment of Rs.393780	NA	22-Ashok Leyland vehicles	NIL	Mr. Anand Sankeshwar

	11) 11 A/cs 3293165,169,171,172,175,178,180,182, 186,187,190	16,896,270	19,555,217	11.50%	Rs.16896270 principal outstanding is payable in 47 EMI of Rs 455431	NA	11 Ashok Leyland vehicles	NIL	Mr. Anand Sankeshwar
	12) 3298372	761,713	925,452	11.50%	Rs.761713 principal outstanding is payable in 37 EMI of Rs. 24450	NA	One unit of Godrej Forklift	NIL	Mr. Anand Sankeshwar
	13) 3307214/216	15,406,996	17,000,000	11.50%	Rs. 15406996 principal outstanding is payable in 50 EMI of Rs395920	NA	2 No's of Volvo Buses	NIL	Mr. Anand Sankeshwar
	Total	**101,123,601**	**195,852,999**						
5	**Kotak Mahindra Bank Ltd., Bangalore**								
	1] 21 A/cs 1388144,9390,,8125,9218,9241,9256,9367, 9386,9333,9222,9260,9275,9280,9294,9300,9314,9348, 9352,9371,9237,8144,	9,593,104	30,900,000	10.25%	Rs. 9593104 principal outstanding is payable in 15 EMI of Rs.684130	NA	20 Nos AL 2516 Trucks	Nil	Mr. Vijay Sankeshwar
									Mr. Anand Sankeshwar
	Total	**9,593,104**	**30,900,000**						
6	**Axis Bank Limited, Bangalore**								
	1) A/c AU1290100072208	341,289	1,205,758	11.50%	Rs. 341289 principal outstanding is payable in 9 EMI of Rs.39763	In case of prepayment bank will charge 2% penalty on outstanding loan.	1 SKODA CAR	Nil	No Personal Guarantee

	2) A/c AU1290100072207	175,032	627,880	11.50%	Rs.175032 principal outstanding is payable in 9 EMI of Rs.20706	In case of prepayment bank will charge 2% penalty on outstanding loan.	1 LOGAN CAR	Nil	No Personal Guarantee
	3) A/c AU1290100073477	177,717	618,390	11.50%	Rs.177717 principal outstanding is payable in 9 EMI of Rs.20393	In case of prepayment bank will charge 2% penalty on outstanding loan.	1 LOGAN CAR	Nil	No Personal Guarantee
	4) A/c AU1290100079699	341,836	1,092,057	11.50%	Rs. 341836 principal outstanding is payable in 10 EMI of Rs.36014	In case of prepayment bank will charge 2% penalty on outstanding loan.	1 TATA SAFARI CAR	Nil	No Personal Guarantee
	5) A/c AU1290100089672	254,924	743,834	11.50%	Rs.254924 principal outstanding is payable in 11 EMI of Rs.24530	In case of prepayment bank will charge 2% penalty on outstanding loan.	1 HONDA CITY CAR	Nil	No Personal Guarantee
	6) A/c 693010600000189	12,913,212	16,080,000	12.75%	Rs. 12913212 principal outstanding is payable in 43 EMI of Rs.376785	In case of prepayment bank will charge 2% penalty on outstanding loan.	10 no's of AL2518 Trucks	Nil	No Personal Guarantee
	7) A/c 693010600000198	12,932,050	16,080,000	12.75%	Rs. 12932050 principal outstanding is payable in 43 EMI of Rs.376785	In case of prepayment bank will charge 2% penalty on outstanding loan.	10 no's of AL2518 Trucks	Nil	No Personal Guarantee

	8) A/c 910060009169210	19,061,052	20,400,000	10.50%	Rs. 19061052 principal outstanding is payable in 54 EMI of Rs 448040	In case of prepayment bank will charge 2% penalty on outstanding loan.	4 No's of ISUZU Buses	Nil	No Personal Guarantee
	Total	**46,197,112**	**56,847,919**		-				
7	**Ing Vysya Bank Limited, Bangalore**								
	1) CV2160354083,096,108 & 118	9,577,117	9,832,000	10.00%	Rs.9577117 principal outstanding is payable in 54 EMI of Rs 220972	NA	4 No's of AL 12M Buses	Nil	No Personal Guarantee
	2) CV2160354125,135,141 & 298	9,577,117	9,832,000	10.00%	Rs.9577117 principal outstanding is payable in 54 EMI of Rs 220972	NA	4 No's of AL 12M Buses	Nil	No Personal Guarantee
	3) CV2160354050 & 073	9,935,577	10,200,000	10.00%	Rs.9935577 principal outstanding is payable in 54 EMI of Rs.229240	NA	2 No's of ISUZU Buses	Nil	No Personal Guarantee
	4) CV2160354485,497,505,516	9,931,683	10,196,000	10.00%	Rs. 9931683 principal outstanding is payable in 54 EMI of Rs 229152	NA	4 No's of AL 12M Buses	Nil	No Personal Guarantee
	5)CV2160354065,4048	9,935,577	10,200,000	10.00%	Rs.9935577 principal outstanding is payable in 54 EMI of Rs.229240	NA	2 No's of ISUZU Buses	Nil	No Personal Guarantee
	6) CV2160354002,4024,4030, & 4533	19,871,155	20,400,000	10.00%	Rs.19871155 principal outstanding is payable in 54 EMI of Rs.458480	NA	4 No's of ISUZU Buses	Nil	No Personal Guarantee
	7) CV2160355144,155,161 & 178	9,867,325	9,984,000	10.00%	Rs.9867325 principal outstanding is payable in 55 EMI of Rs.224388	NA	4 No's of AL 12M Buses	Nil	No Personal Guarantee

	8) CV2160354019,5053	10,080,808	10,200,000	10.00%	Rs.10080808 principal outstanding is payable in 55 EMI of Rs.229240	NA	2 No's of ISUZU Buses	Nil	No Personal Guarantee
	9) CV2160355121,5133	10,080,808	10,200,000	10.00%	Rs.10080808 principal outstanding is payable in 55 EMI of Rs.229240	NA	2 No's of ISUZU Buses	Nil	No Personal Guarantee
	10) CV2160355210,5232 *	10,224,838	10,200,000	10.00%	Rs.10224838 principal outstanding is payable in 55 EMI of Rs. 229240	NA	2 No's of ISUZU Buses	Nil	No Personal Guarantee
	11) CV2160354565,576,5667,688,697,703,716,722 *	18,537,182	18,492,160	10.00%	Rs. 18537182 principal outstanding is payable in 56 EMI of Rs.415608	NA	8 No's of AL 12M Buses	Nil	No Personal Guarantee
	12) CV2160355227,55661 *	10,224,838	10,200,000	10.00%	Rs.10224838 principal outstanding is payable in 56 EMI of Rs229240	NA	2 No's of ISUZU Buses	Nil	No Personal Guarantee
	Total	**137,844,025**	**139,936,160**						
	Grand Total	**491,054,458**	**830,762,384**						

	GRAND TOTAL - RUPEE TERM LOAN FROM BANK	**1,931,338,338**	**3,361,262,384**						

***** The outstanding amount includes interest charged by the bank during the moratorium period, due to which the outstanding amount as indicated is higher than the sanctioned amount.

Note:-

1 SBAR= State Bank Advance Rate

2 WTG = Wind Turbine Generators

Annexure 14B
SECURITY DETAILS ON WORKING CAPITAL LOAN FROM BANK

(Amount in Rupees)

Sr No.	Name of the Bank	Balance outstanding as at September 30, 2010	Sanction Limits	Rate of Interest as at September 30, 2010	Securities Offered		
					Hypothecation	Collateral Security	Personal Guarantee Name of the Guarantor
1	Shamrao Vithal Co-op Bank Ltd.,Hubli	406,627,838	380,000,000	12.50%	Godowns at Gulbarga, Davangere	51 vehicles, land and	Mr. Vijay Sankeshwar
	C.C. A/c 60 *				and Belgaum, hypothecation	building at Chitradurga	Mr. Anand Sankeshwar
					of stock, book debts and receivables		
					between 90 to 150 days		
	Total	**406,627,838**	**380,000,000**				
2	North Kanara Gaud Saraswat Co-op	5,725,834	10,000,000	13.25%	Equitable Mortgage of HDMC	Further charge on NCM and	Mr. Vijay Sankeshwar
	Bank, Hubli T/L-LNM 335.				Complex ,Hubli NCM Land, Hubli	HDMC Complex	
					Property at Neeligin Road, Hubli		
					Davangeri Land		
					Godown to be built on NCM Land		
	Total	**5,725,834**	**10,000,000**				
3	State Bank of India - Bangalore	250,751,367	250,000,000	13.25%	Prime security - Nil.	Extension of charge on	Mr. Vijay Sankeshwar
	Additional Corporate Loan-II			1% above SBAR		properties situated at	Mr. Anand Sankeshwar
	A/c 30801733739 **					Varur, Mangalore and	

						Belgaum and	
						568 No's of Vehicles and	
						Plant and Machinery and Furniture	
						and Fixtures and other miscellaneous	
						assets at Varur, Mangalore, Belgaum	
	Total	**250,751,367**	**250,000,000**				
	GRAND TOTAL - WORKING CAPITAL LOAN FROM BANK	**663,105,039**	**640,000,000**				

***** The overdrawn amounts are within the temporary increase in sanctioned limits by the Bank.

****** The outstanding amount is higher than the sanctioned amount due to cumulation of interest charge for the month of September 2010.

Note:-

1 SBAR= State Bank Advance Rate

Annexure 14C

SECURITY DETAILS ON RUPEE TERM LOAN FROM NBFC's

(Amount in Rupees)

	Name of the Institution	Balance outstanding as at September 30, 2010	Sanction Amount (Rs.)	Rate of Interest as at September 30, 2010	Purpose of loan	Repayment Terms (as per repayment schedule)	Prepayment Terms (if available)	Securities Offered: Hypothecated	Securities Offered: Personal guarantee
A	GE Capital, Bangalore								
	1)12A/c TSBLRRCVZ00291592to 604	487,637	22,200,000	10.20%	Purchase of Vehicles	Rs.487637 principal outstanding is payable in 1 EMI of Rs.492000	In case of prepayment, 4% penalty on outstanding loan.	Volvo Bus Body	Mr. Anand Sankeshwar
	2) 12 A/cTSBLRRCVZ00260258,59,60, 74,75,76,92,93,302,303,304 &305	2,702,844	51,600,000	10.20%	Purchase of Vehicles	Rs.2702844 principal outstanding is payable in 2 EMI of Rs.1368500	In case of prepayment, 4% penalty on outstanding loan.	Volvo Bus Chassis	Mr. Vijay Sankeshwar
	3) 8 A/c s TSBLRRCVZ0029402 to 409	796,160	14,800,000	12.00%	Purchase of Vehicles	Rs.796160 principal outstanding in 2 EMI of Rs.408000	In case of prepayment, 4% penalty on outstanding loan.	Volvo Bus Body	Mr. Anand Sankeshwar
	4)8 A/c s TSBLRRCVZ00291928 to 31 935 to 38	1,596,013	34,400,000	12.00%	Purchase of Vehicles	Rs.1596013 principal outstanding in 2 EMI of Rs.928000 & Rs. 689600	In case of prepayment, 4% penalty on outstanding loan.	Volvo Bus Chassis	Mr. Anand Sankeshwar
	TOTAL	**5,582,654**	**123,000,000**						
B	Tata Capital Limited								

CONTRACT NO.7000014535.36,37	778,543	3,009,000	11.50%	Purchase of Vehicles	Rs. 778543 principal outstanding is payable in 8 EMI of Rs.101500	In case of prepayment, 4% penalty on outstanding loan.	3 Godrej Fork Lifts	No personal guarantee
7000064942 TO 64955,65212,125, 126,127,130	6,649,005	9,000,000	13.00%	Refinance of vehicles	Rs.6649005 principal outstanding is payable in 7 EMI of Rs. 15452 for 3 Vehicle out of 24 & 29 EMI of Rs.216150 for 12 vehicles	Nil	Refinance On 20 Cars	No personal guarantee
7000065234	948,457	1,149,104	8.50%	Purchase of Vehicles	Rs.948457 principal outstanding is payable in 29 EMI of Rs.36275	Nil	Innova Vx Car	No personal guarantee
7000070134	836,887	985,100	8.50%	Purchase of Vehicles	Rs.836887 principal outstanding is payable in 29 EMI of Rs.31100	Nil	Innova Gx Car	No personal guarantee
7000084847	546,652	561,136	9.00%	Purchase of Vehicles	Rs.546652 principal outstanding is payable in 35 EMI of Rs.17844	Nil	Swift D Zire Car	No personal guarantee
7000085226	2,320,175	2,384,004	9.00%	Purchase of Vehicles	Rs. 2320175 principal outstanding is payable in 35 EMI of Rs.75811	Nil	Honda Crv Car	No personal guarantee
TOTAL	**12,079,719**	**17,088,344**						

C	**Tata Motors Finance Limited, Hubli**								
	1] A/c 5000063475	52,627	524,000	9.65%	Purchase of Vehicles	Rs.52627 principal outstanding is payable in 4 EMI of Rs.13425	In case of prepayment, 2% penalty on outstanding loan.	1 No Tata 407	No personal guarantee
	2] 12 A/c, 5000055993,94,95,96,98,99,6000,01,03, 04,06,07	628,082	6,252,000	9.65%	Refinance of vehicles	Rs.628082 principal outstanding is payable in 4 EMI of Rs. 160200	In case of prepayment, 2% penalty on outstanding loan.	12 no's Tata 407 Vehicles	No personal guarantee
	3] 22 A/cs 5000054283,84,85,86,87,88,89,90,91, 92,94,5,96,97,99,300,301,5000057676,7 8,57701,74,75	1,926,417	18,767,000	11.00%	Purchase of Vehicles	Rs,1926417 principal outstanding is payable in 4 EMI of Rs.492750	In case of prepayment, 2% penalty on outstanding loan.	22 Vehicles Refinance	Mr. Anand Sankeshwar
	4] 3 No's A/c 5000063181,186,193,	271,489	2,645,000	11.00%	Purchase of Vehicles	Rs.271489 principal outstanding is payable in 4 EMI of Rs.69750	In case of prepayment, 2% penalty on outstanding loan.	3 Tata 2515 Vehicles-Refinance	No personal guarantee
	5) 2 A/cs 5000155973,156003	313,890	1,138,000	11.50%	Purchase of Vehicles	Rs313890 principal outstanding is payable in 11 EMI of Rs.30200	In case of prepayment, 2% penalty on outstanding loan.	2 TATA 407	No personal guarantee
	6) 2 A/cs 5000162874,162881	281,138	1,020,000	11.51%	Purchase of Vehicles	Rs.281138 principal outstanding is payable in 11 EMI of Rs.27050	In case of prepayment, 2% penalty on outstanding loan.	2 TATA SFC407	No personal guarantee
	7) 3 A/cs 5000174364,68,71	488,663	1,665,000	10.00%	Purchase of Vehicles	Rs.488663 principal outstanding is payable in 12	In case of prepayment, 2% penalty on	3 TATA 410	No personal guarantee

					EMI of Rs. 42975	outstanding loan.		
8) 2 A/cs 5000246799,808	422,193	1,111,200	9.75%	Purchase of Vehicles	Rs.422193 principal outstanding is payable in 11 EMI of Rs.28250	Nil	2 TATA SFC407	No personal guarantee
9) 1 A/c 5000248109	73,092	465,937	9.75%	Purchase of Vehicles	Rs.73902 principal outstanding is payable in 5 EMI of Rs.14980	Nil	1 TATA Sumo Sp	No personal guarantee
10) 10 A/cs 5000249432,53,63,75,78,87,90,97,9505, 9516	3,021,971	5,450,000	9.75%	Purchase of Vehicles	Rs.3021971 principal outstanding is payable in 29 EMI of Rs. 117500	Nil	10 TATA SFC407	No personal guarantee
11)A/C NO.5000282131	108,619	254,000	9.75%	Purchase of Vehicles	Rs.108619 principal outstanding is payable in 18 EMI of Rs.6520	Nil	1 TATA ACE HT	No personal guarantee
12) 4 A/C 5000282234,36,37,56	956,006	2,232,000	9.75%	Purchase of Vehicles	Rs.956006 principal outstanding is payable in 18 EMI of Rs.57300	Nil	4 No's of TATA SFC	No personal guarantee
13) 68 A/CS 5000276299 TO 5000276232	6,468,441	28,268,000	12.00%	Purchase of Vehicles	Rs. 6468441 principal outstanding is payable in 7 EMI of Rs.960864	4%	68 Vehicles Refinance	No personal guarantee
14) 6 A/C 5000282495 TO 2514	1,501,390	3,307,000	10.05%	Purchase of Vehicles	Rs.1501390 principal outstanding is payable in 9	Nil	6 TATA SFC 407	No personal guarantee

						EMI of Rs.86125			
	15) 6 A/C 5000282448 TO 2479	720,268	1,586,000	10.50%	Refinance	Rs.720268 principal outstanding is payable in 19 EMI of Rs. 41300	Nil	6 TATA ACE	No personal guarantee
	16) 4 A/c 5000307296,297,290,291	895,441	1,788,000	10.50%	Purchase of Vehicles	Rs.895441 principal outstanding is payable in 22 EMI of Rs.17500 & 21 EMI of Rs.29700	Nil	2 TATA 410 & 2 TATA Ace	No personal guarantee
	17)3 A/C'S5000514431,4435,5000514381	1,302,469	1,415,188	10.72%	Purchase of Vehicles	Rs.1302469 principal outstanding is payable in 42 EMI of Rs 37300	Nil	2 TATA 407& 1 TATA Ace	No personal guarantee
	18)5000519800,801	1,024,991	1,118,000	10.50%	Purchase of Vehicles	Rs.1024991 principal outstanding is payable in 42 EMI of Rs. 29350	Nil	2 TATA SFC 407	No personal guarantee
	TOTAL	**20,457,187**	**79,006,325**						
D	**Sundaram Finance Limited, Hubli**								
	1) CL 4104	2,911,672	17,423,000	13.25%	Refinance	Rs 2911672 principal outstanding is payable in 5 EMI of Rs.601800	In case of prepayment, 2% penalty on outstanding loan.	Refinance- 22 Lorries	No personal guarantee
	2) CL 4106	402,071	2,406,000	13.25%	Refinance	Rs.402071 principal outstanding is payable in 5	In case of prepayment, 2% penalty on	Refinance	No personal guarantee

					EMI of Rs. 83105	outstanding loan.		
3) CL 4107	441,166	2,640,000	13.25%	Refinance	Rs.441166 principal outstanding is payable in 5 EMI of Rs. 91185	In case of prepayment, 2% penalty on outstanding loan.	Refinance	No personal guarantee
4) CL 4108	588,234	3,520,000	13.25%	Refinance	Rs. 588234 principal outstanding is payable in 5 EMI of Rs.121580	In case of prepayment, 2% penalty on outstanding loan.	Refinance - 16 Tata Sumo	No personal guarantee
5) CL 4109	544,104	3,256,000	13.25%	Refinance	Rs. 544104 principal outstanding is payable in 5 EMI of Rs.112460	In case of prepayment, 2% penalty on outstanding loan.	Refinance - 7 Tempo	No personal guarantee
6)CL 4112	2,573,597	15,400,000	13.25%	Refinance	Rs.2573597 principal outstanding is payable in 5 EMI of Rs.531925	In case of prepayment, 2% penalty on outstanding loan.	Refinance -4 Bus	No personal guarantee
7) DB5164 To 5167	2,940,450	12,592,000	13.75%	Refinance	Rs.2940450 principal outstanding is payable in 7 EMI of Rs. 439545	Nil	Refinance on 21 vehicles	No personal guarantee
8) DB 5168 T 5170	3,415,363	14,624,000	13.75%	Refinance	Rs. 3415363 principal outstanding is payable in 7 EMI of Rs.510485	Nil	Refinance on 20 vehicles	No personal guarantee
9) DB 5172	1,142,039	4,950,000	13.75%	Refinance	Rs.1142039 principal outstanding is payable in 7	Nil	Refinance on 9 vehicles	No personal guarantee

					EMI of Rs.172210			
10) DB 5206	3,807,026	14,300,000	14.25%	Refinance	Rs. 3807026 principal outstanding is payable in 8 EMI of Rs.501590	Nil	Refinance on 20 vehicles	No personal guarantee
11) DB 5230	271,675	964,000	13.50%	Purchase of Vehicles	Rs.271675 principal outstanding is payable in 9 EMI of Rs.33515	Nil	1 No Godrej Forklift	No personal guarantee
12)DB 5265	381,207	1,170,000	13.50%	Purchase of Vehicles	Rs.381207 principal outstanding is payable in 9 EMI of Rs. 40700 & last EMI of Rs.38787	Nil	2 No Tempo Travelers	No personal guarantee
13) DB5346	1,667,286	4,700,000	13.75%	Purchase of Vehicles	Rs.1667286 principal outstanding is payable in 10 EMI of Rs.163305 & last EMI of Rs. 150235	Nil	5 No's of Godrej Fork lifts	No personal guarantee
14) DB5400	668,470	1,471,000	15.50%	Purchase of Vehicles	Rs.668470 principal outstanding is payable in 13 EMI of Rs.52645 & last EMI of Rs.52341	Nil	1 No Ashok Leyland truck	No personal guarantee
15) DB5401	799,702	1,760,000	15.50%	Purchase of Vehicles	Rs.799702 principal outstanding is payable in 14	Nil	2 No's of Godrej Fork lifts	No personal guarantee

						EMI of Rs.62975			
	16) EB5233	1,905,975	2,460,000	12.50%	Purchase of Vehicles	Rs.1905975 principal outstanding is payable in 34 EMI of Rs.66875	Nil	3 No's of Godrej Fork lifts	No personal guarantee
	17) EB5371 & EB 5372	12,896,682	14,197,000	11.50%	Purchase of Vehicles	Rs.12896682 principal outstanding is payable in 49 EMI of Rs.331065	Nil	9 No's of 2518H Trucks	No personal guarantee
	18) EB5394 & EB5395	14,301,136	15,770,000	11.50%	Purchase of Vehicles	Rs.14301136 principal outstanding is payable in 49 EMI of Rs.368070	Nil	10 No's of 2518H Trucks	Mr. Anand Sankeshwar
	19) EB5396 & EB5397	11,926,871	13,146,000	11.50%	Purchase of Vehicles	Rs.11926871 principal outstanding is payable in 49 EMI of Rs.306170	Nil	6 No's of 12M Buses	Mr. Anand Sankeshwar
	TOTAL	**63,584,726**	**146,749,000**						
E	**Srei Equipment Finance Private Limited Bangalore**								
	1] AHL 016104,DR NO.HL0019818	86,619,103	207,568,558	14.00%	Purchase of Aircraft	Rs.86619103 principal outstanding is payable in 15 EMI of Rs.6087010	NIL	1 Premier Jet Aircraft	Mr. Vijay Sankeshwar & Mr. Anand Sankeshwar
	2] AHL 020576,DR NO.HL0021938	26,543,064	40,882,850	13.00%	Purchase of Vehicles	Rs.26543064 principal outstanding is payable in 33	NIL	25 AL 2518 Trucks	Mr. Vijay Sankeshwar

						EMI of Rs.965592			
	3) HL 0024972	212,148,106	355,657,805	14.68%	Rescheduling of Vehicles	Rs 212148106 principal outstanding is payable in 24 EMI of Rs.10308027	In case of prepayment, 2% penalty on outstanding loan.	Reschedulement of Vehicle loan	Mr. Vijay Sankeshwar
	4) HL 0024977	156,137,266	263,865,521	14.68%	Rescheduling of Vehicles	Rs.156137266 principal outstanding is payable in 24 EMI of Rs.7647613	In case of prepayment, 2% penalty on outstanding loan.	Reschedulement of Vehicle loan	Mr. Vijay Sankeshwar
	5) HL0034906 *	7,530,254	7,508,361	10.00%	Purchase of Vehicles	Rs.7530254 principal outstanding is payable in 56 EMI of Rs.168806	NIL	07 Units of Ecomets	No personal guarantee
	6) HL0035079 *	13,984,762	13,944,099	10.00%	Purchase of Vehicles	Rs.13984762 principal outstanding is payable in 56 EMI of Rs.313498	NIL	13 Units of Ecomets	No personal guarantee
	TOTAL	**502,962,555**	**889,427,194**						
F	**Kotak Mahindra Prime Limited, Hubli**								
	1]CF-4434680	83,255	661,000	9.75%	Purchase of Vehicles	Rs.83255 principal outstanding is payable in 4 EMI of Rs. 21251	NIL	Purchase of Logan car	No personal guarantee
	2]CF 46082352,386,390,406,410,430	842,433	3,794,000	11.50%	Purchase of Vehicles	Rs. 842433 principal outstanding is payable in 7	NIL	Purchase of cars & Scorpio	No personal guarantee

					EMI of Rs.125127			
3)CF5866796	1,735,231	2,045,416	8.50%	Purchase of Vehicles	Rs.1735231 principal outstanding is payable in 30 EMI of Rs.64600	NIL	Volkswagen Car	No personal guarantee
4)CF 6066237,430	667,242	721,772	8.75%	Purchase of Vehicles	Rs. 667242 principal outstanding is payable in 33 EMI of Rs.22864	NIL	2 Units of Wagon R Cars	No personal guarantee
5)CF6093358	518,047	561,136	8.75%	Purchase of Vehicles	Rs.518047 principal outstanding is payable in 33 EMI of Rs.17780	NIL	1 Unit of Swift D zire	No personal guarantee
6)CF6117190	740,889	778,663	8.75%	Purchase of Vehicles	Rs.740889 principal outstanding is payable in 34 EMI of Rs.24684	NIL	1 Unit of Scorpio	No personal guarantee
7)CF6117243	887,467	932,700	8.75%	Purchase of Vehicles	Rs. 887467 principal outstanding is payable in 34 EMI of Rs.29576	NIL	1 Unit of Honda City Car	No personal guarantee
8)CF6158805,839	1,507,922	1,588,936	9.00%	Purchase of Vehicles	Rs.1507922 principal outstanding Is payable in 34 EMI of Rs. 50540	NIL	2 Units of Scorpio	No personal guarantee
9)CF6158862	705,128	742,993	9.00%	Purchase of Vehicles	Rs.705128 principal outstanding is payable in 34	NIL	1 Unit of Scorpio	No personal guarantee

						EMI of Rs.23650			
	10)CF6159140	752,608	793,025	9.00%	Purchase of Vehicles	Rs.752608 principal outstanding Is payable in 34 EMI of Rs.25240	NIL	1 Unit of Scorpio	No personal guarantee
	11)CF6201587	759,953	778,663	9.00%	Purchase of Vehicles	Rs.759953 principal outstanding is payable in 35 EMI of Rs.24800	NIL	1 Unit of Scorpio	No personal guarantee
	TOTAL	**9,200,175**	**13,398,304**						
G	**L&T Finance Limited, Hubli**								
	1)OCVO17039S900194310,315,325,335 ,369,373,	16,129,129	17,777,470	11.50%	Purchase of Vehicles	Rs.16129129 principal outstanding is payable in 49 EMI of Rs.414000	NIL	10 AL 3121 H Vehicles	Mr.Vijay Sankeshwar
	2)OCVO17039S1000208858,62,69,72,9 24,932,947,	16,640,704	17,777,470	11.50%	Purchase of Vehicles	Rs.16129129 principal outstanding is payable in 49 EMI of Rs.414000	NIL	10 AL 3121 H Vehicles	Nil
	951,954 & 958						NIL		
	3)OCVO17039S1000220239,220243,22, 249,220252	9,345,762	9,835,080	11.50%	Purchase of Vehicles	Rs.9345762 principal outstanding is payable in 52 EMI of Rs.400820	NIL	4 no's of 12 M Buses	Nil
	4)OCVO17039S1000225447	762,091	790,363	11.50%	Purchase of Vehicles	Rs.762091 principal outstanding is payable in 53	NIL	one unit of Tempo Traveler	Nil

						EMI of Rs.18405			
	5)OCVO17039S1000284775-783	21,109,136	21,109,136	9.40%	Purchase of Vehicles	Rs.21109136 principal outstanding is payable in 59 EMI of Rs.3026780	NIL	08 Units of AL Buses	Nil
	TOTAL	**63,986,822**	**67,289,519**						
H	**Reliance Capital Limited, Bangalore**								
	1} RLNVBAN 00005604	8,490,753	18,750,000	12.01%	Purchase of Vehicles	Rs.8490753 principal outstanding is payable in 22 EMI of Rs.431893	In case of prepayment, 4.5% penalty on outstanding loan.	50 Lorry's Bodies	Nil
	2} RLNVBAN 00005598	27,084,814	59,810,650	12.01%	Purchase of Vehicles	Rs.27084814 principal outstanding is payable in 22 EMI of Rs.1377707	In case of prepayment, 4.5% penalty on outstanding loan.	50 Lorry's Chassis	Nil
	3) RLNVBAN000027737,52,56,60	655,156	1,400,000	10.25%	Purchase of Vehicles	Rs.655156 principal outstanding is payable in 24 EMI of Rs.30308	In case of prepayment, 2% penalty on outstanding loan.	4 AL Eco Bodies	Nil
	4) RLNVBAN000027739,45,48,49	1,362,327	2,910,608	10.25%	Purchase of Vehicles	Rs.1362327 principal outstanding is payable in 24 EMI of Rs.63032	In case of prepayment, 2% penalty on outstanding loan.	4 AL Eco Chassis	Nil
	5) RLNVBAN000027741,42	515,637	1,101,860	10.25%	Purchase of Vehicles	Rs.515637 principal outstanding is payable in 24	In case of prepayment, 2% penalty on	2 Tempo Traveler 14 AL 2516 H/6T	Nil

					EMI of Rs.23854	outstanding loan.		
6) NVBAN000050825,31,41,48,54,61,66,69,74,75,76,78,80,82	2,954,747	5,600,000	10.00%	Purchase of Vehicles	Rs.2954747 principal outstanding is payable in 27 EMI of Rs.123167	Nil	14 AL 2516 H/6T Vehicle bodies	Nil
7) RLNVBAN000050804,18,21,23, 32,38,43,46,49,51,53,56,58,62	8,930,914	16,926,000	10.00%	Purchase of Vehicles	Rs.8930914 principal outstanding is payable in 27 EMI of Rs.372288	Nil	14 AL 2516 H/6T Vehicle chassis	Nil
8) RLNVBAN000050828,33,40,67	1,139,600	2,159,816	10.00%	Purchase of Vehicles	Rs.1139600 principal outstanding is payable in 27 EMI of Rs.47504	Nil	4 Tata 407	Nil
9) RLNVBAN000050845	790,993	1,499,000	10.00%	Purchase of Vehicles	Rs.790993 principal outstanding is payable in 27 EMI of Rs.32975	Nil	1 Esco Crane	Nil
10) RLNVBAN00061794,95,97,99,800	1,520,466	2,789,800	10.00%	Purchase of Vehicles	Rs. 1520466 principal outstanding Is payable in 28 EMI of Rs.61380	Nil	5 Tempo Traveler	Nil
11) RLNVBAN000062791,95,98,806,808, 811,814	5,274,702	9,678,606	10.00%	Purchase of Vehicles	Rs.5274702 principal outstanding is payable in 28 EMI of Rs.212926	Nil	7 AL 12M Bus Bodies	Nil
12) RLNVBAN00062787,792,797,799,800,802,803	5,732,883	10,519,180	10.00%	Purchase of Vehicles	Rs.5732883 principal outstanding is payable in 28	Nil	7 AL 12M Bus Chassis	Nil

						EMI of Rs. 231425			
	13) RLNVBAN00069478,484,492,499,504,509,515,517,523,524,526,528,530,532,534,536,537,538,540,542,	7,675,593	13,654,560	10.00%	Purchase of Vehicles	Rs.7675593 principal outstanding is payable in 29 EMI of Rs.300400	Nil	20 AL E comet Chassis	Nil
	14) RLNVBAN000069450,453,461,464,465,469,471,473,475,479,482,485,489,500,502,505,510,516,520	4,497,015	8,000,000	10.00%	Purchase of Vehicles	Rs.4497015 principal outstanding is payable in 29 Emi of Rs.176000	Nil	20 AL Ecomet Bodies	Nil
	TOTAL	**76,625,600**	**154,800,080**			-			
I	**Magma Fin Corp Limited, Bangalore**								
	1) PG/0112/08/000001	28,865,534	32,876,780	11.50%	Purchase of Vehicles	Rs.28865534 principal outstanding is payable in 47 EMI of Rs.765971	NIL	20 AL 2518H Lorries	Mr. Anand Sankeshwar
	2) PG/0112/08/000002	28,754,824	32,210,158	11.50%	Purchase of Vehicles	Rs.28754824 principal outstanding is payable in 48 EMI of Rs.750440	NIL	20 AL 2518H Lorries	Mr. Anand Sankeshwar
	3) PG/0112/08/000004	15,424,427	17,000,000	11.50%	Purchase of Vehicles	Rs.15424427 principal outstanding is payable in 49 EMI of Rs.396070	NIL	2 No's Of Volvo Buses	Mr. Anand Sankeshwar

	4) PG/0112/08/000005	15,424,427	17,000,000	11.50%	Purchase of Vehicles	Rs.15424427 principal outstanding is payable in 49 EMI of Rs.396070	NIL	2 No's Of Volvo Buses	Mr. Anand Sankeshwar
	5) PG/0112/08/000008	9,469,887	9,835,000	11.00%	Purchase of Vehicles	Rs.9469887 principal outstanding is payable in 53 EMI of Rs.226465	NIL	4 AL 12M Buses	Nil
	6) PG/0002/09/000002	32,881,925	32,881,925	9.25%	Purchase of Vehicles	Rs.32881925 principal outstanding is payable in 48 EMI of Rs.875379	NIL	25 Al 2518H Lorries	Nil
	TOTAL	**130,821,024**	**141,803,863**						
J	**Religare Finance Vest Limited, Bangalore**								
	1)XOCVKRM00009872 to 9886	17,160,000	17,160,000	9.60%	Purchase of Vehicles	Rs. 17160000 principal outstanding is payable in 57 EMI of Rs.382160	NIL	16 AL 12M Buses	Nil
	2)XOCVKRM00010029 to 10033	11,715,000	11,715,000	9.60%	Purchase of Vehicles	Rs. 11715000 principal outstanding is payable in 57 EMI of Rs.260875	NIL	5 AL12M Buses	Nil
	3)XOCVKRM00010164	775,000	775,000	9.60%	Purchase of Vehicles	Rs. 775000 principal outstanding is payable in 57 EMI of Rs.17260	NIL	1 Tempo Traveler	Nil

4)XOCVKRM00010260-61	2,130,000	2,130,000	9.60%	Purchase of Vehicles	Rs. 2130000 principal outstanding is payable in 57 EMI of Rs.47430	NIL	2 Ecomets	Nil
5)XOCVKRM00010258-59	2,167,000	2,167,000	9.60%	Purchase of Vehicles	Rs. 2167000 principal outstanding is payable in 57 EMI of Rs.48258	NIL	2 Ecomets	Nil
6)XOCVKRM00010474-493	21,450,000	21,450,000	9.60%	Purchase of Vehicles	Rs. 21450000 principal outstanding is payable in 57 EMI of Rs.47770	NIL	2 Ecomets	Nil
7)XOCVKRM00010505-12	16,401,000	16,401,000	9.60%	Purchase of Vehicles	Rs. 16401000 principal outstanding is payable in 57 EMI of Rs.305225	NIL	8 AL Buses	Nil
8)XOCVKRM00011380-393	20,812,000	20,812,000	9.60%	Purchase of Vehicles	Rs. 20812000 principal outstanding payable in 57 EMI of Rs.463456	NIL	8 AL Buses	Nil
9)XOCVKRM00011390-92	7,029,000	7,029,000	9.60%	Purchase of Vehicles	Rs. 7029000 principal outstanding payable in 57 EMI of Rs.156525	NIL	3 AL Buses	Nil
10)XOCVKRM00012867	936,000	936,000	9.60%	Purchase of Vehicles	Rs. 936000 principal outstanding payable in 57 EMI of Rs.0844	NIL	1 Godrej Forklift	Nil

11)XOCVKRM00012858-65	19,244,000	19,244,000	9.60%	Purchase of Vehicles	Rs. 19244000 principal outstanding payable in 57 EMI of Rs.374990	NIL	8 AL Buses	Nil
TOTAL	**119,819,000**	**119,819,000**						
GRAND TOTAL - TERM LOAN FROM OTHERS	**1,005,119,462**	**1,752,381,629**						

* The outstanding amount includes interest charged by the institution during the moratorium period, due to which the outstanding amount as indicated is higher than the sanctioned amount

Annexure 15

Summary of Restated Unsecured Loans

(Rupees in million)

Particulars	As at September 30, 2010	As at March 31,				
		2010	2009	2008	2007	2006
Deposits from Public	140.00	109.93	5.91	-	-	46.59
Loan from Corporate	1.11	1.06	-	-	-	-
Total	**141.11**	**110.99**	**5.91**	**-**	**-**	**46.59**

Details of Unsecured Loans outstanding as at September 30, 2010

(Rupees in million)

Sr No	Particulars	Outstanding Amount
A)	**Fixed Deposits maturing:**	
1	Within 12 months	30.44
2	Later than 12 months but not later than 24 months	10.89
3	Later than 24 months	98.67
B)	**Loan from Corporate:**	
1	Sagun Copper Conductors Pvt Ltd.	1.11
	TOTAL	**141.11**

A) Details of Public Deposits from directors, relatives of directors and companies in which they have significant influence are as follows:

(Rupees in million)

Particulars	As at September 30, 2010	As at March 31,				
		2010	2009	2008	2007	2006

Mr. R. P. Raichur	-	-	-	0.10	-	-

B) Details of Loan from Corporate is as follows: *(Rupees in million)*

Particulars	Outstanding as at September 30, 2010	Tenure	Rate of Interest	Other terms and conditions
Sagun Copper Conductors Pvt Ltd.	1.11	3 years	12.00%	Amount to be repaid with interest after the period of 3 years.

Annexure 16

Summary of Restated Operating Expenses

(Rupees in million)

Particulars	For the six months ended September 30, 2010	For the year ended March 31,				
		2010	2009	2008	2007	2006
Lorry Hire	527.82	825.51	738.39	569.45	693.48	672.98
Vehicles Operation-Diesel Cost	930.89	1,528.58	1,564.67	1,406.73	1,250.18	965.89
Vehicle Running, Repairs and Maintenance	349.98	602.69	597.37	436.26	342.47	337.96
Bridge and Toll Charges	135.69	222.86	143.06	151.56	71.79	62.84
Tyres, Flaps and Re-treading	135.30	201.32	168.48	118.11	110.62	96.69
Repairs and Maintenance						
a. Plant and Machinery	4.85	8.84	6.74	7.42	5.38	2.66
b. Buildings	14.75	28.55	30.25	29.29	24.72	20.44
c. Others	2.99	5.44	6.10	5.59	4.72	3.89
Electricity Charges	9.71	17.51	16.08	15.84	12.46	10.58
Wind Turbine Generator Operation and Maintenance expenses	19.34	39.39	35.41	-	-	-
Rent	163.23	295.22	241.72	141.90	108.08	73.77
Rates and Taxes	87.26	157.44	155.60	137.59	104.61	100.14
Insurance	13.84	34.05	36.84	30.95	23.03	9.34
Agency Commission	152.53	262.01	283.51	273.67	258.35	221.27
Hamali	152.48	260.88	217.32	160.24	130.91	100.57
Clearing and Forwarding	92.93	159.07	145.44	92.35	73.73	76.48
Claims	9.22	27.98	15.33	14.03	12.66	6.13
TOTAL	**2,802.81**	**4,677.34**	**4,402.31**	**3,590.98**	**3,227.19**	**2,761.63**

Annexure 17

Summary of Restated Reserves and Surplus

(Rupees in million)

Particulars	As at September 30, 2010	As at March 31,				
		2010	2009	2008	2007	2006
General Reserve	181.00	148.63	119.54	119.52	115.01	-
Securities Premium	63.00	63.00	63.00	63.00	-	-
Profit and Loss Account	209.41	173.18	148.32	135.83	54.57	44.70
Total	**453.41**	**384.81**	**330.86**	**318.35**	**169.58**	**44.70**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our restated financial statements for the fiscal years ended March 31, 2006, 2007, 2008, 2009 and 2010 and the six months ended September 30, 2010, including the annexures and notes thereto and the reports thereon, which appear elsewhere in this Draft Red Herring Prospectus. This discussion and analysis contains forward-looking statements that reflect our current views with respect to future events and financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of any number of factors and contingencies, including those set forth in the sections entitled "Risk Factors" and "Forward-Looking Statements" on pages xii and xi, respectively.

The following discussion is based on our restated financial statements (which have been derived from our audited financial statements prepared in accordance with Indian GAAP) have been prepared in accordance with the Companies Act and restated in accordance with the ICDR Regulations. We have not provided reconciliation to IFRS or U.S. GAAP and have not otherwise quantified or identified the impact of the differences between Indian GAAP and IFRS or U.S. GAAP as applied to our financial statements. As there are significant differences between Indian GAAP and IFRS and U.S. GAAP, there may be substantial differences in the results of our operations, cash flows and financial position if we were to prepare our financial statements in accordance with IFRS or U.S. GAAP.

Our fiscal year ends on March 31, so, unless otherwise stated, all references to a particular fiscal year are to the twelve-month period ended March 31 of such year.

Overview

We are engaged in the business of providing goods and passenger transportation services and are currently listed in the Limca Book of Records as the largest single owner of commercial vehicles in the private sector in India. We offer services for the transportation of goods across India using a range of road transportation solutions to our customers, including less than truck load ("LTL"), full truck load ("FTL") and express cargo services. We are also a private bus operator in the State of Karnataka, Maharashtra and Goa and with a fleet of over 256 owned passenger buses, we carried, approximately 1.56 million passengers in Fiscal 2010 and 1.03 million passengers in the six-month period ended September 30, 2010. As of September 30, 2010, our fleet of vehicles for the goods and passenger transportation business consisted of 2,829 owned vehicles.

We also operate in three other business segments, which are: courier services, wind power generation and the air charter business. We offer courier services for time sensitive documents and packages. In September 2006, we commenced our wind power business and have since been supplying all the power generated by us to Hubli Electricity Supply Company Limited. We commenced our air charter business in 2008 for providing services to individuals and corporate passengers.

For the six-month period ended September 30, 2010, our revenues totalled Rs. 4,330.08 million of which Rs.3,444.94 million or 79.56% was attributed to our goods transportation business, Rs.626.43 million or 14.47% to our passenger transportation business, Rs.20.62 million or 0.48% to our courier services business, Rs.174.83 million or 4.04% to our wind power business, Rs.14.31 million or 0.33% to our air charter business.

Our goods transportation network spans across 20 States and 6 Union Territories and covers 534 cities throughout India. We operate on a Hub-and-Spoke operating model, which provides our customers with a compelling value proposition and gives us a competitive advantage in sourcing freight. Specifically, it gives us the flexibility to accommodate a broad range of parcel sizes for both regional and national customers while providing customers multiple destinations for delivery of their goods.

Between Fiscal 2006 to 2010, our total revenues and EBITDA in the goods transportation business have recorded compound annual growth rates of 18.80% and 39.36%, respectively. During the six-months ended September 30, 2010, we generated total revenues and EBITDA, as restated, of Rs. 4,330.08 million and Rs. 961.20 million respectively from our goods transportation business.

In the goods transportation business, our primary focus is the attractive market for LTL freight services. LTL services involve the consolidation of freight from numerous customers for transportation to multiple destinations on a single vehicle and thus generate higher net revenue per vehicle than FTL services. FTL services involve the transportation of a single customer's freight to a single destination. Our large network across the country allows us to maximize revenue per vehicle. Our operating model, which primarily relies on ownership of vehicles as against hiring third-party vehicles, also helps us in realising higher margins in the LTL freight business, especially for remote locations and relatively inaccessible destinations.

Our goods transportation business services numerous industries. We transport fast moving consumer goods and general commodities, which include, food, textiles, apparel, furniture, appliances, pharmaceutical products, rubber, plastics, metal and metal products, wood, glass, automotive parts and machinery. The freight transportation industry, which is subject to overall economic conditions, ultimately drive increases or decreases in revenues. The overall freight movement in the country depends significantly on the growth in industrial, agricultural production and imports. In recent years, the share of non-bulk commodities in freight movement has been consistently increased and constituted 37.5 per cent in 2009-10 from 33.5 per cent in 2004-05. With high growth in the non-bulk commodities segment and overall economic conditions, we anticipate growth in freight levels in the LTL services business.

During the six months period ended September 30, 2010, no single customer accounted for more than 2% of our revenues in the goods transportation business, and the ten largest customers accounted for 5.08% of our revenues in the goods transportation business.

Our passenger transportation business currently operates in the States of Karnataka, Maharashtra and Goa plying over 188 routes across 93 cities. We have in total 56 branches and 515 franchisees for our passenger transportation business. Our operations are focused on high density urban commuter markets, such as Bangalore, Mumbai, Pune and Panjim as well as tier-2 cities, such as Hubli, Bijapur, Dharwad, Belgaum, Hospet, Mangalore, Bagalkot, Gulbarga, and Bhatkal. In the past few years the share of private bus transport operators has steadily increased at the cost of state transport operators due to better quality of service. The key reasons for the growth of private transport operators are deterioration in quality of service provided by the public transport system and rising affordability. In 2008, penetration of bus transportation in India was estimated at 0.64 buses per 1,000 people as compared to an average penetration of 14 buses per 1,000 people in countries having similar bus transportation requirements. (*Source: CRISIL report on the domestic bus passenger transportation industry, 2010*) We believe this signifies a potential for growth for our passenger transportation business.

Factors affecting our Financial Condition and Results of Operations

Our financial condition and results of operations are affected by numerous factors and uncertainties, including those discussed in the section "Risk Factors" beginning on page xii of this Draft Red Herring Prospectus. The following is a discussion of certain factors that have had, and could continue to have, a significant effect on our financial results:

- *Size and composition of our fleet.* The size, age and composition of our fleet has a significant impact on our financial condition and results of operations. Our ability to win new business depends upon our having vehicles that are available for servicing freight requirements and passenger traffic. In addition, our fleet mix is optimized to cater to the requirements of different customer segments in the passenger transportation business. As of September 30, 2010, our fleet for the goods transportation business consisted of 2,573 company-owned vehicles with an average age of 6.30 years and our fleet for the passenger transportation business consisted of 256 company-owned buses with an average age of 3.41 years. We intend to use a portion of the Net Proceeds of the Issue to expand our existing fleet of vehicles in the goods and passenger transportation business. We believe that these additions to our fleet are required to meet the estimated growth in the goods transportation business and for servicing additional routes where we propose to operate in the passenger transportation business. An increase in the size of our fleet without commensurate increase in freight or passenger traffic can adversely affect our results of operations.

- *Freight rates.* In the goods transportation business, we primarily generate revenues by transporting LTL and FTL freight. For LTL freight movements, we are generally paid a rate based on the weight and volume characteristics of the freight as well as the distances over which it is to be transported. For FTL freight, we are generally paid a rate per kilometer for our services. We also derive additional revenues from fuel surcharges. Consistent with standard industry practice, we generally include a fuel surcharge in customer contracts to mitigate the impact of fluctuating fuel prices. We manage our operations on a round-trip basis to maximize revenue per operating vehicle through the Hub-and-Spoke operating model. Our revenue growth is impacted by total number of individually billed goods, including both LTL and FTL freight. Revenues are principally driven by the mix between LTL and FTL freight, average length of vehicle, the average weight and volume characteristics of the freight and per kilometer rate for the distances to be covered. These factors relate, among other things, to the general level of economic activity in India, over-the-road freight capacity, pricing dynamics, and inventory levels, and driver availability.

- *Fuel Costs.* Fuel expenditure constitutes a significant and rising portion of our total income. In the six-months ended September 30, 2010, and Fiscal 2010, 2009 2008, 2007 and 2006 fuel expenditure constituted 21.50%, 21.37%, 24.05%, 25.72%, 28.20% and 26.90% respectively, of our total income for such periods. Because of this concentration in our expenses, fuel costs have a significant influence on our business operations, financial condition and results of operations. In the future, we may have to address increases in the price of fuel through fuel surcharges, increases in our base freight rate, and changes to our passenger ticket prices or other aspects of our operations. In the last five years, except for Fiscal 2009, we have increased our base freight rate at a rate greater than the rate of increase in fuel costs.

- *Our operational and fixed expenses.* Our profitability is significantly impacted by our operational expenses. The most significant expenses in our business include fuel cost, employee costs and cost of hired vehicles. For the six-month period ended September 30, 2010, and Fiscal 2010, 2009 and 2008, our operational expenses were Rs. 2,802.81 million, Rs. 4,677.34 million, Rs. 4,402.31 million and Rs. 3,590.98 million, respectively, or 64.73%, 65.40%, 67.67%, and 65.65%, respectively, of our total income. Our operating profitability is impacted by variable costs of transporting freight for our customers, fixed costs and other expenses containing both fixed and variable components. Our primary variable costs include fuel cost, tires-related expenses, bridge and toll charges, vehicle running, repair and maintenance costs, agency commission, hamali, clearing and forwarding charges, and third-party purchased transportation. These expenses generally vary with the kilometers travelled by our fleet, fleet age, efficiency, and other factors. Expenses that are primarily fixed in nature include rent expense, rates and taxes, insurance, compensation of non-driver personnel and wind mill operation and maintenance costs. Expenses that have both fixed and variable components include maintenance of vehicles, plant and machinery, buildings and others.

- *Competition:* The goods and passenger transportation industry is extremely competitive and highly fragmented. In the goods transportation industry, we compete, with a variety of local, regional, and national carriers of varying sizes and, to a lesser extent, with railroads and air freight carriers. The goods transportation industry is dominated by small fleet operators due to low entry barriers to this industry. While the goods transportation industry is expected to stay fragmented, the industry has become relatively more organised with the market share of large-fleet owners increasing in recent years. In the passenger transportation business we compete, with state owned road transport corporations and a variety of local, regional and inter-regional private bus operators. In Karnataka and Maharashtra, we compete with state owned corporations such as the Karnataka State Road Transport Corporation, and the Maharashtra State Road Transport Corporation, respectively. We expect competition to intensify due to the possibility of new entrants in the market and existing competitors further expanding their operations. Increased competition could affect our market share and/or gross average revenue per passenger.

- *Ability to sustain passenger traffic and maximize passenger transportation revenues.* Our passenger transportation business depends on passenger traffic and the fares we charge our passengers. Using our management information systems, we endeavor to maximize seat occupancy and revenue per bus. Our occupancy rate and gross average revenue per passenger has steadily increased over the last three years. In the six-months ended September 30, 2010, and Fiscal 2010, 2009 and 2008, our occupancy rate was 83.76%, 82.55%, 81.38% and 80.94%, respectively and our gross average revenue per passenger was Rs. 608.12, Rs. 598.41, Rs. 558.46 and Rs. 487.88.

- *Road infrastructure.* Our goods and passenger transportation business depends on road infrastructure to meet our growth in the volume of freight movement and passenger traffic to provide quality and reliable services. Although the Indian government is taking steps to improve the condition of roads in India, there may be constraints relating to quality of roads that might impact our business. Improvement in the quality of road infrastructure may also result in increased toll levies in the future.

- *Route Strategy.* In the goods transportation business, we utilize hired vehicles to transport freight on routes that offer lower margins or in seasons of high demand. As a result, we are able to focus our owned vehicles solely on providing service to routes that offer higher margins. Our flexibility to scale our hired transportation costs to react to contractions in freight capacity or pricing pressures allows us to maintain attractive margins on our freight and continue to meet customer demand. As a result, we have continued to grow through the economic downturn, with growth in operating income of 19.13% from Fiscal 2008 to Fiscal 2009. Our growth strategy for passenger transportation business includes identifying new profitable routes for our buses which are not yet serviced or inadequately serviced by other transportation operators in the private sector, increasing the number of routes served and increasing the frequency of buses. Selecting advantageous routes and frequencies for our passenger buses, developing routes before competitors win strong positions on such routes, and otherwise exploiting profitable routes and frequencies depends on a number of factors, including our ability to obtain accurate data for evaluation of passenger traffic. Selecting good routes and frequencies for our goods and passenger transportation vehicles, competing effectively on those routes and handling customers' requirements efficiently on those routes are crucial for the successful performance.

- *Interest rate fluctuations*: We are dependent on external sources of funds to finance the purchase of our vehicles. Most of our borrowings are subject to floating rates of interest, which exposes us to the risk of interest rate fluctuations and increased cost of funds. For the six-month period ended September 30, 2010, and fiscal 2010, 2009 and 2008, our interest and finance charges were Rs. 240.40 million, Rs. 516.13 million, Rs. 588.88 million and Rs. 539.22 million, respectively, or 5.55%,7.22%, 9.05%, and 9.86%, respectively, of our total income. In addition, as we continue to grow, we expect to incur more floating rate debt obligations for the purposes of financing our growth. Accordingly, any increases in our interest expense from interest rate movements may increase our vehicle financing costs and cost of capital, and may have an adverse effect on our financial results and business prospects.

- *Ability to attract, recruit and retain drivers*: A significant number of our employees are drivers and we face strong competition to attract, recruit and retain them. If we are unable to continue to attract drivers, we could be required to adjust our driver-related employee costs or underutilize our vehicles, which could adversely affect our growth and profitability. For the six-month period ended September 30, 2010, and fiscal 2010, 2009 and 2008, our employee costs were Rs. 500.56 million, Rs. 899.75 million, Rs. 874.88 million and Rs. 672.43 million, respectively, or 11.56%, 12.58%, 13.45%, and 12.29%, respectively, of our total income.

- *Availability of tax benefits*: We have availed certain tax benefits such as a Minimum Alternate Tax (as defined under Section 115JB of the Income Tax Act) and accelerated depreciation on our wind turbine generators under the Income Tax Act. These incentives have had a substantial positive impact on our financial performance.

- *General economic and business conditions.* As a company with its principal operations in India, we are affected by general economic conditions in the country and in particular economic factors that affect goods and passenger transportation in India. India's gross domestic product, or GDP, has been and will continue to be of importance in determining our operating results and future growth.

- *Extensive laws and regulations.* Our operations are subject to a number of transportation, environmental, labour, employment and other laws and regulations. These laws and regulations are subject to change based on new legislation and regulatory initiatives, which could affect the economics of the transportation industry by requiring changes in operating practices or influencing the demand for, and the cost of providing, transportation services. While it is difficult to predict the effect of non-compliance with, or future developments in laws and regulations affecting our business, it is possible that such non-compliance or developments will have a material adverse effect upon us.

Critical Accounting Policies

Preparation of financial statements is under the historical cost convention on accrual basis in accordance with Indian GAAP, the applicable accounting standards notified by Companies (Accounting Standards) Rules, 2006, as amended, and the relevant provisions of the Companies Act require our management to make judgments, estimates and assumptions regarding uncertainties that affect the reported amounts of our assets and liabilities, disclosures of contingent liabilities and the reported amounts of income and expenditure. The estimates and associated assumptions are based on historical experience and other factors that we consider to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively.

Certain key accounting policies relevant to our business and operations have been described below. Our significant accounting policies are more fully described in Annexure 4 of our restated financial statements included in the section "Financial Statements" beginning on page 144 of this Draft Red Herring Prospectus.

Revenue recognition

We recognize revenue to the extent that the revenue can be reliably measured and that it is probable that the economic benefits will flow to us.

Revenue from the goods transportation and courier services businesses: Revenue and related transportation costs in the goods transportation and courier businesses are recognized when the goods/documents have been delivered to the customer.

Revenue from the passenger transportation business. Revenue from sale of tickets in the passenger transportation is recognised in the period in which the service is provided, i.e. on commencement of journey by the passengers. We also recognize revenue generated from carriage of commercial cargo on our passenger buses under passenger transportation revenues.

Revenue from the air chartering services business. Revenue from air chartering business is recognised in the period in which the service is provided, i.e. on commencement of journey by the passengers.

Revenue from the sale of power. Revenue from the wind power generation business is recognised upon delivery of the power generated at the grid of the purchasing electricity company.

Revenue from the sale of verified emissions. Revenue from the sale of verified emissions/carbon credits is recognised upon entering into a definitive binding agreement for their sale.

Fixed Assets

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation/amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use and also includes inward freight, taxes and expenses incidental to its acquisition and installation. Direct expenses as well as clearly identifiable indirect expenses incurred during the period of construction of building and body building of vehicles are capitalized with the respective assets and all other allocable expenses (net of expenses charged to revenue). according to the ratio determined and certified by the company's management. Advances towards acquisition of fixed assets outstanding at each balance sheet date and the cost of fixed assets not ready for their intended use, as also the stock of body building materials, are accounted for as capital work-in-progress.

Borrowing Costs

Borrowing costs attributable to the acquisition or construction of an asset are capitalised as a part of the cost of the assets. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Depreciation

Depreciation is provided on the straight line method so as to write off the original cost of the asset over the estimated useful life at rates prescribed under the Schedule XIV to the Companies Act. Depreciation on replaced bodies built on vehicles is restricted to the period that would be co-terminus with remaining useful life of such vehicles. The cost of leasehold land and leasehold improvements is amortized over the period of the lease or its useful life, whichever is lower. Individual assets costing less than Rs. 5,000 are depreciated in full on the date of purchase.

Operating Lease Rentals

These are expensed with reference to the lease term and other considerations on a straight line basis.

Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is expensed wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value.

Inventories

We value the inventories at the lower of cost and net realizable value. Our inventories include consumables, stores and spares. We determine cost on a first-in-first-out basis and include costs in bringing the inventories to their present location and condition. Excise duty arising on raw materials in stock is treated as part of the cost of inventories. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of the sale. We make provisions towards obsolete, defective, unserviceable and slow/non-moving inventories, if any.

Investments

We classify investments that are readily realizable and intended to be held for not more than a year as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and net realizable value determined on an individual investment basis. Long term investments are stated at cost. However, provision for diminution in value is made to recognize a decline other than declines which are temporary in the opinion of the management.

Employment Benefits

Accounting for employee benefits is made in accordance with Accounting Standard (AS) 15 (revised), "Employee Benefits" notified under in "Companies (Accounting Standards) Rules, 2006". All short term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees. Retirement benefits in the form of provident fund are a defined contribution scheme and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due. Provident fund contributions are made to the Regional Provident Fund Commissioner, at predetermined rates and are accounted for on an accrual basis. There are no other obligations other than the contribution payable to this fund.

Gratuity liability under the Payment of Gratuity Act and employee leave encashment is accrued and provided for on the basis of an actuarial valuation made at the balance sheet date. Gratuity liability is funded by payments to the trust established for the purpose.

Income taxes

Tax expense consists of current, deferred and fringe benefit tax. We measure current income tax and fringe benefit tax at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act.

Deferred taxes

Deferred income taxes reflect the impact of current year/period timing differences between taxable income and accounting income for the year and reversal of timing differences of previous years. We measure deferred tax based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. We recognize deferred tax assets only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where we have unabsorbed depreciation or carry forward tax losses, we recognize all deferred tax assets only if there is virtual certainty that they can be realized against future taxable profits. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonable/virtually certain as the case may be to be realized.

We are liable to pay taxes under the Minimum Alternate Tax ("MAT") provisions (as defined under Section 115JB of the Income Tax Act) primarily because of certain unabsorbed depreciation. MAT is a tax on book profits that was introduced by the Government starting in fiscal 1997. MAT is applicable only if the tax payable under the MAT provisions is greater than the tax on taxable income calculated at the normal rates. The provision for tax is calculated at the effective rate of 19.93% (based on MAT provisions) for the six-months ended September 30, 2010.

Summary Results of Operations

The table below provides our statement of profit and loss as per our Restated Summary Statements for the six month period ended September 30, 2010, and Fscal 2010, 2009, 2008, 2007 and 2006.

(Rs. in million)

	Six Month period ended Septembe r 30, 2010	**%age of Total Income**	**Fiscal 2010**	**%age of Total Income**	**Fiscal 2009**	**%age of Total Income**	**Fiscal 2008**	**%age of Total Income**	**Fiscal 2007**	**%age of Total Income**	**Fiscal 2006**	**%age of Total Income**
Income												
Revenue from goods transportation services	3,444.94	79.56	5,800.32	81.10	5,207.39	80.04	4,196.42	76.72	3,581.80	80.80	2,899.27	80.73
Revenue from passenger transportation services	626.43	14.47	932.09	13.03	906.72	13.94	891.09	16.29	755.18	17.04	623.52	17.36
Revenue from courier services	20.62	0.48	31.88	0.45	30.25	0.47	38.36	0.70	39.94	0.90	30.42	0.85
Revenue from sale of power	174.83	4.04	263.63	3.69	261.76	4.02	263.61	4.82	20.71	0.47	-	-
Revenue from sale of verified emissions	-	-	20.21	0.28	-	-	-	-	-	-	-	-
Revenue from air chartering services	14.31	0.33	16.64	0.23	14.17	0.22	-	-	-	-	-	-
Other Income	48.95	1.13	87.15	1.22	85.32	1.31	80.36	1.47	35.13	0.79	37.90	1.06
Total Income	**4,330.08**	**100.00**	**7,151.92**	**100.00**	**6,505.61**	**100.00**	**5,469.84**	**100.00**	**4,432.75**	**100.00**	**3,591.11**	**100.00**
Expenditure												
Operative expenses	2,802.81	64.73	4,677.33	65.40	4,402.31	67.67	3,590.98	65.65	3,227.19	72.80	2761.63	76.90
Employees` cost	500.56	11.56	899.75	12.58	874.88	13.45	672.43	12.29	505.67	11.41	358.16	9.97
Administrative and other expenses	65.51	1.51	147.57	2.06	121.01	1.86	109.51	2.00	132.27	2.98	92.93	2.59
Interest and Finance charges	240.40	5.55	516.13	7.22	588.88	9.05	539.22	9.86	217.86	4.91	158.21	4.41
Depreciation	246.63	5.70	4,64.22	6.49	462.56	7.11	430.06	7.86	243.61	5.50	165.32	4.60
Total Expenditure	**3,855.92**	**89.05**	**6,705.00**	**93.75**	**6,449.64**	**99.14**	**5,342.20**	**97.67**	**4,326.60**	**97.61**	**3,536.26**	**98.47**
Net profit before tax and extra ordinary items	**474.17**	**10.95**	**446.91**	**6.25**	**55.97**	**0.86**	**127.64**	**2.33**	**106.16**	**2.39**	**54.85**	**1.53**
Profit before tax and extra ordinary items	**474.17**	**10.95**	**446.91**	**6.25**	**55.97**	**0.86**	**127.64**	**2.33**	**106.16**	**2.39**	**54.85**	**1.53**
Extra ordinary items	-	-	-	-	(19.54)	(0.30)	3.50	0.06	1,164.96	26.28	-	-
Profit before tax	**474.17**	**10.95**	**446.91**	**6.25**	**36.44**	**0.56**	**131.14**	**2.39**	**1,271.12**	**28.67**	**54.85**	**1.53**
Current tax (Net of Minimum Alternate Tax credit)	-	-	2.31	0.03	-	-	-	-	0.17	0.004	-	-
Deferred tax	158.22	3.65	134.22	1.88	17.78	0.27	46.89	0.86	413.39	9.33	17.79	0.50

(Rs. in million)

	Six Month period ended September 30, 2010	%age of Total Income	Fiscal 2010	%age of Total Income	Fiscal 2009	%age of Total Income	Fiscal 2008	%age of Total Income	Fiscal 2007	%age of Total Income	Fiscal 2006	%age of Total Income
Fring benefit tax	-	-	-	-	6.18	0.09	5.33	0.10	4.64	0.10	3.38	0.09
Net profits after Tax	**315.95**	**7.30**	**310.38**	**4.34**	**12.47**	**0.19**	**78.92**	**1.44**	**852.92**	**19.24**	**33.69**	**0.94**

Principal Components of our Statement of Profit and Loss Account

Income

Our income consists of income from operations and other income. Income from operations is comprised of revenue from goods transportation services, passenger transportation services, courier services, air chartering services; revenue from sale of power and revenue from sale of verified emissions. Our total income for the six-months period ended September 30, 2010, and Fiscal 2010, 2009, 2008, 2007 and 2006 was Rs. 4,330.08 million, Rs. 7,151.92 million, Rs. 6,505.61 million, Rs. 5,469.84 million, Rs. 4,432.76 million and Rs. 3,591.11 million, respectively.

Revenue from the goods transportation business

Our revenue from the goods transportation business was 79.56%, 81.10%, 80.04%, 76.72%, 80.80% and 80.73% of our total income for the six-month period ended September 30, 2010, and Fiscal 2010, 2009, 2008, 2007 and 2006, respectively. We generate revenue by transporting freight for our customers. For LTL freight movements, we are generally paid a rate based on the weight and volume characteristics of the freight as well as the distances over which they need to be transported. For FTL freight, we are generally paid a rate per kilometer for our services. We pass on the increases in fuels costs to our customer through corresponding increases in our base freight rate or by charging fuel surcharges. For certain interior locations which are serviced by us, we charge premium rates which contribute to enhancing our revenues. We enhance our revenue by charging for truck detention, demurrage, loading and unloading activities, and other specialized services. The main factors that affect our revenue are the rate per kilometer we receive from our customers and the number of loaded kilometers our vehicles travel, which in turn produce our total goods transportation revenue. These factors relate, among other things, to the general level of economic activity in India, over-the-road freight capacity, pricing dynamics, and inventory levels.

Revenue from the passenger transportation business

Our revenue from the passenger transportation business was 14.47%, 13.03%, 13.94%, 16.29%, 17.04% and 17.36% of our total income for the six-month period ended September 30, 2010 and Fiscal 2010, 2009, 2008, 2007 and 2006, respectively. We derive our revenues mainly from sales of tickets for transportation of passengers on our passenger buses. In addition, we also earn revenue from carriage of cargo, which consists of commercial cargo, on our passenger buses. Revenue from carriage of commercial cargo was Rs.54.51 million, Rs.91.98 million, Rs.83.23 million, Rs.79.47 million, Rs.74.70 million and Rs.61.26 million for the six-month period ended September 30, 2010 and Fiscal 2010, 2009, 2008, 2007 and 2006, respectively. Our passenger transportation business depends on passenger traffic and the fares we charge our passengers. Using our management information systems, we endeavor to maximize seat occupancy and revenue per bus.

Revenues from our passenger transportation business are dependent on available seats and ticket prices which in turn affect our occupancy rate. The following table sets forth certain information relating to revenues from our passenger transportation business:

	Six month period ended September 30, 2010	Fiscal 2010	Fiscal 2009	Fiscal 2008
Fleet Size(1)	256	211	196	217
Occupancy rate (%)(2)	83.76	82.55	81.38	80.94
Revenues from the passenger transportation services business (excluding revenue from carriage of commercial cargo) (Rs.	571.92	840.11	823.49	811.62

	Six month period ended September 30, 2010	Fiscal 2010	Fiscal 2009	Fiscal 2008
millions)				
Average revenue per passenger (Rs.) [(3)]	608.12	598.41	558.46	487.88

(1) *Fleet size represents the number of buses as on the last date of the reporting period.*
(2) *Defined as passengers travelled expressed as a percentage of total available seats.*
(3) *Defined as revenue from passenger transportation services divided by number of passengers travelled.*

Revenue from courier services

Our revenue from the courier services business was 0.48%, 0.45%, 0.47%, 0.70%, 0.90% and 0.85% of our total income for the six-month period ended September 30, 2010 and Fiscal 2010, 2009, 2008, 2007 and 2006, respectively. Revenue from our courier services business consists of the charges paid by our customers for delivery of documents. The charges are based on the weight and volume characteristics of the consignments as well as the distances over which they need to be transported.

Revenue from sale of power

Our revenue from the sale of power from our wind power generation business was 4.04%, 3.69%, 4.02%, 4.82% and 0.47% of our total income for the six-month period ended September 30, 2010 and Fiscal 2010, 2009, 2008 and 2007, respectively. Revenue from sale of power comprises sale of electricity under the six PPAs we have entered into with HESCOM. The details of power generated by this division, plant load factor (PLF), along with the revenue accruing to our company from the wind power generation business for six-month period ended September 30, 2010 and Fiscal 2010, 2009 and 2008 is given below:

	Six month period ended September 30, 2010	Fiscal 2010	Fiscal 2009	Fiscal 2008
Gross Power Generated (kWh)	52,447,755	79,484,670	78,939,800	79,260,225
Net Power Generated (kWh)*	51,432,471	77,547,450	77,010,280	77,437,358
Revenue Generated (Rs. million)	174.83	263.63	261.76	263.21
Plant Load Factor	28.17%	21.35%	21.20%	21.29%

The tariff rates with respect to our PPAs are determined by prevailing tariff regulations and policies set by the KERC. While generation capacity has increased significantly in recent years, demand for electricity in India is still substantially higher than the available supply. As a result, we have not had difficulty entering into PPAs to cover our capacity and do not expect to encounter difficulties in doing so in the near future.

Revenue from sale of Verified Emission Reductions

We have opted for Verified Emission Reduction (VER) under the Voluntary Carbon Standard for our wind power generation business. VERs are tradeable certificates issued to encourage sustainable development projects that reduce greenhouse gas emissions. Our revenue from the sale of Verified Emission Reductions (VERs) was Rs 20.22 million, or 0.28 % of our total income for the Fiscal 2010.

Revenue from air chartering services

Our revenue from the air chartering services business was 0.33%, 0.23%, and 0.22% of our total income for the six-month period ended September 30, 2010 and Fiscal 2010, 2009 and respectively. We derived these revenues through fares charged for air chartering services.

Other Income

Our other income was 1.13%, 1.22%, 1.31%, 1.47%, 0.79% and 1.06% of our total income for the six-month period ended September 30, 2010 and Fiscal 2010, 2009, 2008, 2007 and 2006, respectively. Other income consists primarily of recurring items, such as interest on fixed deposits, dividends, rent income, income from sale of scrap materials, and miscellaneous income, and non-recurring items, such as interest on income tax refund and profit on sale of assets.

Expenditure

Our expenditure comprises operative expenses, employees' costs administrative expenses, interest and finance charges, and depreciation. The most significant expenses in our business vary with kilometres travelled and include fuel cost, tyres and tubes, bridge and toll charges, vehicle running, repair and maintenance costs, agency commission, hamali, clearing and forwarding charges, and third-party hired transportation costs. Expenses that are primarily fixed in nature include rent expenses, rates and taxes, insurance costs, depreciation and wind mill operation and maintenance costs. Expenses that have both fixed and variable components include employee costs, maintenance of vehicles, plant and machinery, buildings and others.

Operative Expenses

Operative expenses constituted 64.73%, 65.40%, 67.67% and 65/65% of our total income in the six-month period ended September 30, 2010 and the Fiscal 2010, 2009 and 2008, respectively. Operative expenses consisted of direct expenses related to operating our vehicles, hiring charges incurred for third party purchased transportation and indirect operating expenses. Our operating expenses primarily include: (i) fuel costs (which makes up a sizeable portion of our operative expenses); (ii) vehicle running, repairs and maintenance costs; (iii) bridge and toll charges; (iv) hiring of third party vehicles; (v) tyres, flaps and re-treading expenses; (vi) repairs and maintenance of plant and machinery, building and others; (vii) electricity charges; (viii) rental payments; and (ix) wind turbine generator operation and maintenance expenses; (x) rates and taxes; (xi) insurance; (xii) agency commission; (xiii) hamali; (xiv) clearing and forwarding charges; and (xv) claims. Effectively controlling our expenses is an important element of assuring our profitability.

Fuel is the single largest component of our expenditure. Fuel costs are derived on the basis of consumption and fuel prices. As discussed earlier, fluctuations in fuel prices are beyond our control. The historical relationship of fuel costs to revenues has, however, remained relatively consistent, demonstrating that fuel surcharges and base freight rate revisions have largely succeeded in offsetting increases in fuel prices. We believe the potential for substantial improvement in earnings exists through the continued improvement of margins by managing or controlling operative expenses.

The following table illustrates the breakup of our operative expenses as a percentage of our total income for the six-month period ended September 30, 2010 and Fiscal 2010, 2009, 2008, 2007 and 2006, respectively.

(Rs. in million)

	Six Month period ended September 30, 2010	**%age of Total Income**	**Fiscal 2010**	**%age of Total Income**	**Fiscal 2009**	**%age of Total Income**	**Fiscal 2008**	**%age of Total Income**	**Fiscal 2007**	**%age of Total Income**	**Fiscal 2006**	**%age of Total Income**
Lorry Hire	527.82	12.19	825.51	11.54	738.39	11.35	569.45	10.41	693.48	15.64	672.98	18.74
Vehicles operation - Diesel cost	930.89	21.50	1528.58	21.37	1,564.67	24.05	1,406.73	25.72	1250.18	28.20	965.89	26.90
Vehicle running, repairs and maintenance	349.98	8.08	602.69	8.43	597.37	9.18	436.26	7.98	342.47	7.73	337.96	9.41
Bridge and toll charges	135.69	3.13	222.86	3.12	143.06	2.20	151.56	2.77	71.79	1.62	62.84--	1.75
Tyres, Flaps and Re-treading	135.30	3.12	201.32	2.81	168.48	2.59	118.11	2.16	110.62	2.50	96.69--	2.69-
Repairs and Maintenance												

(Rs. in million)

	Six Month period ended September 30, 2010	%age of Total Income	Fiscal 2010	%age of Total Income	Fiscal 2009	%age of Total Income	Fiscal 2008	%age of Total Income	Fiscal 2007	%age of Total Income	Fiscal 2006	%age of Total Income
a. Plant & Machinery	4.85	0.11	8.84	0.12	6.74	0.10	7.42	0.54	5.38	0.12	2.66	0.07
b. Buildings	14.75	0.34	28.55	0.40	30.25	0.46	29.29	0.54	24.72	0.56	20.44	0.57
c. Others	2.99	0.07	5.44	0.08	6.10	0.09	5.54	0.10	4.72	0.11	3.89	0.11
Electricity Charges	9.71	0.22	17.51	0.24	16.08	0.25	15.84	0.29	12.46	0.28	10.58	0.29
Wind Turbine Generator Operation & Maintenance expenses	19.34	0.45	39.39	0.55	35.41	0.54	--	--	--	--	--	--
Rent	163.23	3.77	295.22	4.13	241.72	3.72	141.90	2.59	108.08	2.44	73.77	2.05
Rates & Taxes	87.26	2.02	157.44	2.20	155.60	2.39	137.59	2.52	104.61	2.36	100.14	2.79
Insurance	13.84	0.32	34.05	0.48	36.84	0.57	30.95	0.57	23.03	0.52	9.34	0.26
Agency Commission	152.53	3.52	262.01	3.66	283.51	4.36	273.67	5.00	258.35	5.83	221.27	6.16
Hamali	152.48	3.52	260.88	3.65	217.32	3.34	160.24	2.93	130.91	2.95	100.57	2.80
Clearing and Forwarding	92.93	2.15	159.07	2.22	145.44	2.24	92.35	1.69	73.73	1.66	76.48	2.13
Claims	9.22	0.21	27.98	0.39	15.33	0.24	14.03	0.26	12.66	0.29	6.13	0.17
Total Operative Expenses	**2,802.81**	**64.73**	**4,677.34**	**65.40**	**4,402.31**	**67.67**	**3,590.98**	**65.65**	**3,227.19**	**72.80**	**2,761.63**	**76.90**

Repairs and Maintenance

Our maintenance and repair expenses consist of scheduled and unscheduled maintenance for our fleets, engines and other parts. In order to optimize and control maintenance costs, we have in place preventive maintenance for each vehicle, where each vehicle has to compulsorily go for preventive maintenance after clocking pre-determined kilometers. Repairs and maintenance expenses also includes repairs to plant and machinery and computer maintenance.

Employee Costs

Employee costs constituted 11.56%, 12.58%, 13.45% and 12.29% of our total income in the six-month period ended September 30, 2010 and the fiscal 2010, 2009 and 2008, respectively. Employee costs consist of salaries, wages and bonus, contributions to provident and other funds, gratuity expense, provision for leave encashment and staff welfare expenses. Increases in employee costs are due mainly to increases in salaries and wages. Our employee strength as on September 30, 2010 was 11,685.

Agency Commission

Agency commission constituted 3.52%, 3.66%, 4.36% and 5.00% of our total income in the six-month period ended September 30, 2010 and the fiscal 2010, 2009 and 2008, respectively. These commissions relate to payments to agents who procure business for us in the goods and passenger transportation business.

Hamali Charges

Hamali charges constituted 3.52%, 3.65%, 3.34% and 2.93% of our total income in the six-month period ended September 30, 2010 and the fiscal 2010, 2009 and 2008, respectively. Hamali charges relate to loading and unloading charges for freight at our transshipment hubs, booking points and delivery points.

Administrative Expenses

Administrative expenses constituted 1.51%, 2.06%, 1.86% and 2.00% of our total income in the six-month period ended September 30, 2010 and the fiscal 2010, 2009 and 2008, respectively. Administrative expenses include travelling and conveyance charges, printing and stationery expenses, communication expenses, loss on sale of assets, provision for doubtful debts (for debts outstanding for more than 180 days, whether or not such debts are finally determined bad and written-off), legal and professional charges, payment to auditors, sitting fees paid to the directors, business promotion costs, advances and bad debts written off, donations and other miscellaneous expenses.

Interest and Finance Charges

Interest and finance charges constituted 5.55%, 7.22%, 9.05% and 9.86% of our total income in the six-month period ended September 30, 2010 and the fiscal 2010, 2009 and 2008, respectively. Interest expenses include the interest paid on term and working capital facilities, bank loans and public deposits. Finance charges relate to fees charged by banks for various transactions, including those related to the issuance of demand drafts, processing fees and cash management fees.

Depreciation/Amortization

Depreciation expenses constituted 5.19%, 9.86%, 9.41% and 8.23% of our fixed assets as of the six-month period ended September 30, 2010 and the fiscal years ended 2010, 2009 and 2008, respectively. Depreciation/amortization expenses are generated by the depreciation of our vehicles, office equipment, buildings, plant and machinery (including wind turbine generators), computers, software, furniture, fixtures and office equipment, aircraft, leasehold improvements, capitalized lease rentals and other equipment.

Taxes

Corporate Tax

We are liable to pay taxes under the Minimum Alternate Tax ("MAT") provisions (as defined under Section 115JB of the Income Tax Act) primarily because of certain unabsorbed depreciation. MAT is a tax on book profits that was introduced by the Government starting in fiscal 1997. MAT is applicable only if the tax payable under the MAT provisions is greater than the tax on taxable income calculated at the normal rates. The provision for tax under the MAT provisions is therefore calculated at the effective rate of 19.93% for Fiscal 2011.

Deferred Tax

Deferred tax arises from timing differences between book profits and taxable (accounting) profits that originates in one period and is capable of reversal in one or more subsequent periods, and is measured using tax rates and laws that have been enacted or substantively enacted as on the date of the balance sheet. We provide for deferred tax liability on such timing differences, subject to prudent considerations in respect of deferred tax assets. The significant timing differences include the difference in depreciation charged to the profit and loss account and the depreciation claimed under the Income Tax Act, and the items of expenditure covered under section 43B of the Income Tax Act.

Results of Operations

Six month period ended September 30, 2010

We have not prepared and presented financial information as of and for the six month period ended September 30, 2009.

Key trends and developments during the six months ended September 30, 2010 included:

- a 2.10% increase in the number of goods transportation vehicles in our fleet, from 2,520 company-owned vehicles as at March 31, 2010 to 2,573 company-owned vehicles as at September 30, 2010;

- a 21.33% increase in the number of passenger transportation buses in our fleet, from 211 company-owned buses as at March 31, 2010 to 256 company-owned buses as at September 30, 2010; and

- a 25.33% increase in the number of routes covered in our passenger transportation business, from 150 routes as at March 31, 2010 to 188 routes as at September 30, 2010.

Income

Our total income was Rs. 4330.08 million for the six month period ended September 30, 2010 and primarily consisted of the revenue from the goods and passenger transportation businesses, which represented 79.56% and 14.47%, respectively, of the total income for the period. Revenues from sale of power represented 4.04% of the total income.

Revenue from the goods transportation business

Revenue from the goods transportation business was Rs. 3,444.94 million, or 79.56% of the total income for the period. Our goods transportation business has improved as a result of the improving economic environment and corresponding increase in demand/volume for goods transportation services by our customers. We have increased our base freight rate during this period due to increases in fuel rates.

Revenue from the passenger transportation business

Revenue from the passenger transportation business was Rs. 626.43 million and represented 14.47% of the total income for the period. Our passenger transportation business has improved due to increase in our passenger bus fleet from 211 company-owned passenger buses as at March 31, 2010 to 256 company-owned passenger buses as at September 30, 2010. The business recorded a corresponding increase in average revenues per passenger from Rs. 538.53 in Fiscal 2010 to Rs. 555.26 in the six months period ended September 30, 2010 and increase in occupancy levels from 82.55% in Fiscal 2010 to 83.76% in the six months period ended September 30, 2010. We also introduced multi-axle Volvo buses in this period which generate higher revenue per passenger and cover larger distances. The number of passengers that have travelled on our buses during the six months ended September 30, 2010 was 1.03 million as compared to 1.56 million passengers that travelled during the full year ended March 31, 2010.

Revenue from the courier services business

Revenue from the courier services business was Rs. 20.62 million or 0.48% of the total income for the period. In this period, we commenced courier service operations on a pan-India basis. We also started accepting international courier bookings at select locations by routing consignments through other service providers.

Revenue from the sale of power

Revenue from the sale of power was Rs. 174.83 million or 4.04% of the total income for the period. Our revenues in this period have marginally decreased due to lower wind velocity resulting in decrease in the power generated.

Revenue from the air chartering services

Revenue from the air chartering services business was Rs. 14.31 million or 0.33% of the total income for the period. Our air charting services business has improved as a result of the improving economic environment and corresponding increase in demand/volume for air chartering services by our customers. We increased our charter rates during this period due to increases in fuel rates.

Other Income

Other income was Rs. 48.95 million, constituting 1.13% of the total income for the period. Other income for the period comprised interest income of Rs. 0.99 million from fixed deposits, dividend received of Rs. 0.16 million, rent received of Rs. 11.65 million, income from sale of scrap material of Rs. 28.09 million, interest received on income tax refund of Rs. 2.72 million, credit balances written back of Rs. 0.47 million and miscellaneous income of Rs. 4.87 million.

Expenditure

Our total expenditure was Rs. 3855.91 million for the period. This expenditure comprised primarily of operative expenses and employees' costs. Total expenditure as a percentage of total income for the period was 89.05%.

Operative Expenses

Operative expenses were Rs. 2,802.81 million. Operative expenses decreased from 65.40% of our total income in Fiscal 2010 to 64.73% of our total income for the six months ended September 30, 2010. This decrease is attributable to an increase in total income as compared to operative expenses as well as decreases (as a percentage of total income) in vehicle maintenance expenses, wind turbine expenses, rental payments, rates and taxes, insurance expenses, agency commission, hamali, clearing and forwarding expenses and claims. The major components of our operative expenses are set forth below:

- fuel costs were Rs. 930.89 million, or 21.50% of our total income for this period as compared to 21.37% of our total income in Fiscal 2010. Fuel costs increased from 21.37% of our total income in Fiscal 2010 to 21.50% of our total income for the six months ended September 30, 2010. This increase was principally due to an increase in unit fuel cost for the six months ended September 30, 2010 as compared to Fiscal 2010, increase in our fleet size and the consequent increase in routes travelled by our vehicles.

- third-party hired transportation costs were Rs. 527.82 million, or 12.19% of our total income for this period as compared to 11.54% of our total income in Fiscal 2010;

- vehicle repair and maintenance costs were Rs. 349.98 million, or 8.08% of our total income for this period as compared to 8.43% of our total income in Fiscal 2010;

- rent payments were Rs. 163.23 million, or 3.77% of our total income for this period as compared to 4.13% of our total income in Fiscal 2010 due to an increase in the number of leased premises;

- hamali was Rs. 152.48 million, or 3.52% of our total income for this period as compared to 3.65% of our total income in Fiscal 2010;

- agency commission was Rs. 152.53 million, or 3.52% of our total income for this period as compared to 3.65% of our total income in Fiscal 2010. Our agency commission in the goods transportation business decreased due to a change in Fiscal 2010 of the basis of computation of commission from a freight ad valorem basis to a weight based fixed amount;

- bridge and toll charges were Rs. 135.69 million, or 3.13% of our total income for this period as compared to 3.12% of our total income in Fiscal 2010;

- tyre-related expenses were Rs. 135.30 million, or 3.12% of our total income for this period as compared to 2.81% of our total income in Fiscal 2010;

- clearing and forwarding expenses were Rs. 92.93 million, or 2.15% of our total income for this period as compared to 2.22% of our total income in Fiscal 2010; and

- wind-turbine generator operation and maintenance expenses were Rs. 19.34 million, or 0.45% of our total income for this period as compared to 0.55% of our total income in Fiscal 2010.

Employee costs

Employee costs were Rs. 500.56 million. Employee costs decreased from 12.58% of our total income in Fiscal 2010 to 11.56% of our total income for the six months ended September 30, 2010. This decrease in employee costs as a percentage of total income is because our total income has increased at a faster rate than employee costs, which has been partially offset by an increase in the number of employees as required by our expanding operations and an increase in salaries. Our total number of employees as of March 31, 2010 was 11,052, as compared to 11,685 employees as of September 30, 2010.

Administrative Expenses

Administrative expenses were Rs. 65.51 million. Administrative expenses decreased from 2.06% of our total income in Fiscal 2010 to 1.51% of our total income for the six months ended September 30, 2010. This decrease is attributable to an increase in total income as compared to administrative expenses as well higher administrative costs recorded in Fiscal 2010 due to a loss of Rs. 15.54 million on account of disposal of a fleet of trailer vehicles. The three major components of our administrative and other expenses are set forth below:

- travelling and conveyance expenses were Rs. 14.86 million, or 0.34% of our total income for this period as compared to 0.32% of our total income in Fiscal 2010;

- printing and stationery expenses were Rs. 14.13 million, or 0.33% of our total income for this period as compared to 0.36% of our total income in Fiscal 2010; and

- communication expenses were Rs. 16.93 million, or 0.39% of our total income for this period as compared to 0.50% of our total income in Fiscal 2010.

Interest and Finance Charges

Interest and finance charges were Rs. 240.40 million, primarily on account of loans. These expenses decreased from 7.22% of total income in Fiscal 2010 to 5.55% for the six months ended September 30, 2010. This reduction is principally due to the repayment of term loans out of internal accruals and a partial repayment of high interest loans in our wind power generation business from an advance against CER income received from Asian Development Bank.

Depreciation

We recorded Rs. 246.63 million as depreciation expenses in this period. These expenses reflect principally the depreciation on our vehicles in the goods and passenger transportation business and plant and machinery in the wind power generation business.

Profit before Tax

The profit before tax was Rs. 474.17 million due to the above mentioned reasons. As a result of the foregoing factors, as a percentage of total income for the period, our profit before tax increased from 6.25% in Fiscal 2010 to 10.95% in the six months ended September 30, 2010.

Tax

Our total provision for taxation for the six months ended September 30, 2010 was Rs. 158.22 million. The following contributed to our provision for taxation: current taxes were Rs. 91.69 million; deferred taxes were Rs. 158.22 million and minimum alternate tax credit was Rs. 91.69 million. Our effective tax rate for the six months ended September 30, 2010 was 33.37% compared with the statutory rate of 33.22%.

Net Profit, as restated

As a result of the foregoing factors, our net profit, as restated, was Rs. 315.95 million for the six month period ended September 30, 2010. As a percentage of total income, our net profit, as restated, increased from 4.34% in Fiscal 2010 to 7.30% in the six months ended September 30, 2010.

Results of Operations for Fiscal 2010 compared to Fiscal 2009

Income

Our total income increased by 9.93% from Rs. 6505.61 million in Fiscal 2009 to Rs. 7151.92 million in Fiscal 2010. This increase was primarily due to an increase in the size of operations in the goods and passenger transportation business. Key trends and developments during the Fiscal 2010 included:

- a 1.41% increase in the number of goods transportation vehicles in our fleet, from 2,485 company-owned vehicles as at March 31, 2009 to 2,520 company-owned vehicles as at March 31, 2010;
- a 7.65% increase in the number of passenger transportation buses in our fleet, from 196 company-owned buses as at March 31, 2009 to 211 company-owned buses as at March 31, 2010; and
- a 12.78% increase in the number of routes covered in our passenger transportation business, from 133 routes as at March 31, 2009 to 150 routes as at March 31, 2010 whilst rationalizing capacity on routes that were operating on lower load factors or were not viable;
- we closed down a number of branches and agencies that were not profitable;
- we recognised revenue from sale of verified emissions, which directly contributed 20.22 million to our profits, or 0.28% of total income for this period;
- we changed the basis of computation of agency commission from a freight ad valorem basis to a weight based fixed amount; and
- we rationalized our workforce by consulting an external manpower consulting agency.

Revenue from the goods transportation business

Revenue from the goods transportation business increased by 11.39%, from Rs. 5,207.39 million in Fiscal 2009 to Rs. 5800.32 million in Fiscal 2010. Our goods transportation business improved as a result of increase in demand/volume for goods transportation services by our customers as well as our increased focus on express cargo services which provided us premium freight rates. The express cargo services business increased by 22.52%, from Rs. 512.40 million in fiscal 2009 to Rs. 627.77 million in fiscal 2010. We also increased our base freight rate during this period due to increases in fuel rates.

Revenue from the passenger transportation business

Revenue from the passenger transportation business increased by 2.80%, from Rs. 906.72 million in Fiscal 2009 to Rs. 932.09 million in Fiscal 2010. This increase was primarily due to increases in average passenger fares through a differential pricing policy and higher occupancy levels by meeting the customer preference for sleeper coaches. We also introduced of Multi-axle Volvo buses and a fleet of Isuzu air-conditioned buses to cater to the high end market segment during this year.The number of passengers that have travelled on our buses during Fiscal 2010 was 1.56 million as compared to 1.62 million passengers in Fiscal 2009.

Revenue from the courier services business

Revenue from our courier services business increased by 5.38%, from Rs. 30.25 million in Fiscal 2009 to Rs. 31.88 million in Fiscal 2010.

Revenue from the sale of power

Revenue from the sale of power increased by 0.71%, from Rs. 261.76 million in Fiscal 2009 to Rs. 263.63 million in Fiscal 2010. We generated electricity of 79.48 million KWH at a PLF of 21.35% in Fiscal 2010.

Revenue from the air chartering services

Revenue from our air chartering services business increased by 17.39%, from Rs. 14.17 million in fiscal 2009 to Rs. 16.63 million in fiscal 2010. In this period, we entered into an agreement with SS Aviation, Bangalore for marketing our air chartering services which contributed significantly to the increase in revenue.

Revenue from the sale of verified emission reductions

We recorded revenue from the sale of verified emissions for the first time, and which totaled Rs. 20.22 million in Fiscal 2010.

Other Income

Other income increased by 2.14%, from Rs. 85.32 million in Fiscal 2009 to Rs. 87.15 million in Fiscal 2010. This increase was primarily due to an increase in rent income in Fiscal 2010.

Expenditure

Expenditure increased by 3.96%, from Rs. 6,449.64 million in Fiscal 2009 to Rs. 6,705.01 million in Fiscal 2010. This increase was primarily due to the increase in operative expenses and employee costs resulting from increased growth in our business. Expenditure as a percentage of total income was 93.75% in Fiscal 2010 as compared to 99.14% in Fiscal 2009.

Operative Expenses

Operative expenses increased by 6.25%, from Rs. 4,402.31 million in Fiscal 2009 to Rs. 4,677.34 million in Fiscal 2010. However, operative expenses decreased from 67.67% of our total income in Fiscal 2009 to 65.40% of our total income for Fiscal 2010. This decrease is attributable to an increase in total income as compared to operative expenses as well as decreases in fuel costs, vehicle maintenance expenses and agency commission as a percentage of total income. Our expenditure on major operative expenses was as follows:

- fuel costs was Rs. 1528.58 million, or 21.37% of our total income for Fiscal 2010 as compared to 24.05% of our total income in Fiscal 2009;

- third-party hired transportation costs was Rs. 825.51 million, or 11.54% of our total income for Fiscal 2010 as compared to 11.35% of our total income in Fiscal 2009;

- vehicle repair and maintenance costs was Rs. 602.69 million, or 8.43% of our total income for Fiscal 2010 as compared to 9.18% of our total income in Fiscal 2009;

- rent payments was Rs. 295.22 million, or 4.13% of our total income for Fiscal 2010 as compared to 3.72% of our total income in Fiscal 2009;

- agency commission was Rs. 262.01 million, or 3.66% of our total income for Fiscal 2010 as compared to 4.36% of our total income in Fiscal 2009;

- hamali was Rs. 260.88 million, or 3.65% of our total income for Fiscal 2010 as compared to 3.34% of our total income in Fiscal 2009;

- bridge and toll charges was Rs. 222.86 million, or 3.12% of our total income for Fiscal 2010 as compared to 2.20% of our total income in Fiscal 2009;

- tyre-related expenses was Rs. 201.32 million, or 2.81% of our total income for Fiscal 2010 as compared to 2.59% of our total income in Fiscal 2009;

- clearing and forwarding expenses was Rs. 159.07 million, or 2.22% of our total income for Fiscal 2010 as compared to 2.24% of our total income in Fiscal 2009; and

- wind-turbine generator operation and maintenance expenses was Rs. 39.39 million, or 0.55% of our total income for Fiscal 2010 as compared to 0.54% of our total income in Fiscal 2009.

Employee Costs

Employee costs increased marginally by 2.84% from Rs. 874.88 million in Fiscal 2009 to Rs. 899.75 million in Fiscal 2010. However, employee costs decreased from 13.45% of our total income in Fiscal 2009 to 12.58% of our total income for Fiscal 2010. The decrease was primarily due to rationalisation in manpower strength. Our total employees decreased from 12,857 as of March 31, 2009 to 11,052 as of March 31, 2010.

Administrative Expenses

Administrative expenses increased by 21.95%, from Rs. 121.01 million in Fiscal 2009 to Rs. 147.57 million in Fiscal 2010. Administrative expenses as a percentage of total income was 2.06% in Fiscal 2010 compared to 1.86% in Fiscal 2009. This increase was primarily due to an increase in printing and stationery expenses, professional and legal expenses, administrative office expenses, advertisement and business promotion costs, loss on sale of assets, advances and debts written off, provisions for doubtful advances and debts which was partially offset by a decrease in travelling and conveyance expenses, auditors remuneration and communication expenses.

Interest and Finance Charges

Interest and finance charges decreased by 12.35% from Rs. 588.88 million in Fiscal 2009 to Rs. 516.13 million in Fiscal 2010. This decrease is principally due to the repayment of term loans out of internal accruals and reduction in interest rate on existing loans. Interest and finance charges as a percentage of total income was 7.22% in Fiscal 2010 compared to 9.05% in Fiscal 2009.

Depreciation

We recorded Rs. 462.56 million and Rs. 464.22 million as depreciation expenses in Fiscal 2009 and Fiscal 2010, respectively. These expenses reflect principally the depreciation on our vehicles in the goods and passenger transportation businesses and plant and machinery in the wind power business.

Profit before tax

The profit before tax and extra ordinary items increased from Rs. 55.97 million in Fiscal 2009 to Rs. 446.91 million in Fiscal 2010 due to the above mentioned reasons. As a percentage of total income, our profit before tax increased to 6.25% in Fiscal 2010 from 0.86% in Fiscal 2009.

Tax

Our provision for taxation increased to Rs. 136.53 million in Fiscal 2010 from Rs. 23.96 million for Fiscal 2009, which is an increase of Rs. 112.57 million or 469.75% after considering the MAT credit of Rs. 75.34 million and Rs. 3.16 million in Fiscal 2010 and Fiscal 2009, respectively. This increase was principally due to increase in deferred tax by 655.05% from Rs. 17.78 million in Fiscal 2009 to Rs. 134.22 million in Fiscal 2010. We also incurred an expense of Rs. 6.18 million towards fringe benefit taxes in Fiscal 2009.

Our effective tax rate in Fiscal 2010 was 30.55% compared with the statutory rate of 33.99%. Our effective tax rate in Fiscal 2009 was 42.81% compared with the statutory rate of 33.99%.

Net Profit, as restated

As a result of the foregoing factors, our net profit, as restated, increased from Rs. 12.47 million in Fiscal 2009 to Rs. 310.38 million in Fiscal 2010. As a percentage of total income, our net profit, as restated, increased from 0.19% in Fiscal 2009 to 4.34% in Fiscal 2010.

Results of Operations for Fiscal 2009 compared to Fiscal 2008

Income

Total income increased by 18.94% from Rs. 5,469.84 million in Fiscal 2008 to Rs. 6,505.61 million in Fiscal 2009. However, the global economic crises worsened through mid-2009 and impacted our operating profitability. The market pricing for freight decreased significantly due to reductions in freight as well as excess availability of vehicles. Also, several goods transportation operators in the unorganized sector pursued significant price discounting in Fiscal 2009 to retain market share resulting in industry-wide freight rate declines. We therefore choose not to pass on the entire increased costs, such as of fuel and other items, to our customers. We believe these factors were the primary contributors for the decrease in our operating profits in Fiscal 2009. The adverse effects on our financial results were partially mitigated by the growth in our express cargo business as well as our ability to add new customers and win additional business from existing customers.

Key trends and developments during the Fiscal 2009 included:

- a 0.40% decrease in the number of goods transportation vehicles in our fleet, from 2,495 company-owned vehicles as at March 31, 2008 to 2,485 company-owned vehicles as at March 31, 2009;
- a 9.68% decrease in the number of passenger transportation buses in our fleet, from 217 company-owned buses as at March 31, 2008 to 196 company-owned buses as at March 31, 2009 due to a sale of old passenger buses during this period;
- a 18.90% decrease in the number of routes covered in our passenger transportation business, from 164 routes as at March 31, 2008 to 133 routes as at March 31, 2009;
- we incurred significant expenses for leasing transshipment hubs in Bangalore, Chennai and Hyderabad.
- we commenced our air chartering services business and
- we wrote-off IPO expenses aggregating to Rs. 19.54 million in Fiscal 2009 as we could not complete the IPO due to the then prevailing market conditions;

Revenue from the goods transportation business

Revenue from the goods transportation business increased by 24.09%, from Rs. 4196.42 million in Fiscal 2008 to Rs. 5207.39 million in Fiscal 2009. This increase in revenue was due to growth in our express cargo business and expansion of our operations to the north India and niche markets, such as, the north-eastern states of India, which resulted in increased volumes of freight from those regions.

Revenue from the passenger transportation business

Revenue from the passenger transportation business increased by 1.75%, from Rs. 891.09 million in Fiscal 2008 to Rs. 906.72 million in Fiscal 2009 in spite of a reduction in number of passenger buses. We increased our passenger fares and initiated differential pricing policies, such as higher weekend and holiday prices. The number of passengers that have travelled on our buses during Fiscal 2009 was 1.62 million as compared to 1.83 million passengers in Fiscal 2008 due to decrease in the number of passenger buses.

Revenue from the courier services business

Revenue from our courier services business decreased by 21.14% from Rs. 38.36 million in Fiscal 2008 to Rs. 30.25 million in Fiscal 2009.

Revenue from the air chartering services

We commenced our air chartering services business in this Fiscal 2009 and earned revenue of Rs. 14.17 million.

Revenue from the sale of power

Revenue from the sale of power decreased by 0.70% from Rs. 263.61 million in Fiscal 2008 to Rs. 261.76 million in Fiscal 2009 due to decrease in wind velocity levels and corresponding decrease in power generated. We generated electricity of 80.88 million KWH at a PLF of 21.67% in Fiscal 2009.

Other Income

Other income increased by 6.17%, from Rs. 80.36 million in Fiscal 2008 to Rs. 85.32 million in Fiscal 2009. This increase was primarily due to an increase in income from sale of scrap materials and rent in Fiscal 2009.

Expenditure

Expenditure increased by 20.73%, from Rs. 5,342.20 million in Fiscal 2008 to Rs. 6,449.64 million in Fiscal 2009. This increase was primarily due to a significant increase in operative expenses and employee costs as well as an increase in interest and finance charges. Expenditure as a percentage of total income was 99.14% in Fiscal 2009 compared to 97.67% in Fiscal 2008.

Operative Expenses

Operative expenses increased by 22.59%, from Rs. 3,590.98 million in Fiscal 2008 to Rs. 4,402.31 million in Fiscal 2009. Operative expenses increased from 65.65% of our total income in Fiscal 2008 to 67.67% of our total income for Fiscal 2009. This increase is attributable to increases (as a percentage of total income) in third-party transportation costs, vehicle maintenance expenses, tyre-related expenses, rent, hamali, and clearing and forwarding expenses. We also incurred Rs. 35.41 million for operation and maintenance of our wind power business for the first time. Our expenditure on major operative expenses was as follows:

- fuel costs was Rs. 1,564.67 million, or 24.05% of our total income for Fiscal 2009 as compared to 25.72% of our total income in Fiscal 2008;
- third-party hired transportation costs was Rs. 738.39 million, or 11.35% of our total income for Fiscal 2009 as compared to 10.41% of our total income in Fiscal 2008;
- vehicle repair and maintenance costs was Rs. 597.37 million, or 9.18% of our total income for Fiscal 2009 as compared to 7.98% of our total income in Fiscal 2008;
- agency commission was Rs. 283.51 million, or 4.36% of our total income for Fiscal 2009 as compared to 5.00% of our total income in Fiscal 2008;
- rent payments was Rs. 241.72 million, or 3.72% of our total income for Fiscal 2009 as compared to 2.59% of our total income in Fiscal 2008. The increase in rent payments were due to newly leased premises taken at Bangalore, Chennai and Hyderabad which had larger space. These premises were taken on lease for transshipment hubs to meet higher freight volumes;
- hamali was Rs. 217.32 million, or 3.34% of our total income for Fiscal 2009 as compared to 2.93% of our total income in Fiscal 2008 due to increases in hamali rates;
- tyre-related expenses was Rs. 168.48 million, or 2.59% of our total income for Fiscal 2009 as compared to 2.16% of our total income in Fiscal 2008;
- clearing and forwarding expenses was Rs. 145.44 million, or 2.24% of our total income for Fiscal 2009 as compared to 1.69% of our total income in Fiscal 2008;
- bridge and toll charges was Rs. 143.06 million, or 2.20% of our total income for Fiscal 2009 as compared to 2.77% of our total income in Fiscal 2008; and
- wind-turbine generator operation and maintenance expenses was Rs. 35.41 million, or 0.54% of our total income for this period.

Employee Costs

Employee costs increased by 30.11%, from Rs. 672.43 million in Fiscal 2008 to Rs. 874.88 million in Fiscal 2009. Employee costs as a percentage of total income was 13.45% in Fiscal 2009 compared to 12.29% in Fiscal 2008. The increase was primarily due to an increase in the number of employees from 12,591 employees as of March 31, 2008 to 12,857 employees as of March 31, 2009. Employee costs also increased because of annual salary increases across our businesses. We gave employees a substantial raise in salaries and wages due to an increase in inflation rates in the first quarter, which were rolled-back in third quarter as the global economic crises worsened.

Administrative Expenses

Administrative expenses increased by 10.50%, from Rs. 109.51 million in Fiscal 2008 to Rs. 121.01 million in Fiscal 2009. This increase was due to increase in printing and stationery expenses, professional and legal expenses, auditors' remuneration, communication expenses and loss on sale of assets. Administrative expenses as a percentage of total income was 1.86% in Fiscal 2009 compared to 2.00% in Fiscal 2008.

Interest and Finance Charges

Interest and finance charges increased by 9.21%, from Rs. 539.22 million in Fiscal 2008 to Rs. 588.88 million in Fiscal 2009. The increase was primarily due to a significant increase in the rate of interest on our borrowings in Fiscal 2009 resulting from the global economic crises. Interest and finance charges as a percentage of total income was 9.05% in Fiscal 2009 compared to 9.86% in Fiscal 2008.

Depreciation

We recorded Rs. 430.06 million and Rs. 462.56 million as depreciation expenses in Fiscal 2008 and Fiscal 2009, respectively, resulting from addition to fixed assets. The increase in depreciation expense was due to an increase in capital expenditure on vehicles, plant and machinery, equipment, furniture and fixtures, office equipment and computers. Depreciation as a percentage of total income was 7.11% in Fiscal 2009 compared to 7.86% in Fiscal 2008.

Profit before tax

The profit before tax decreased from Rs. 127.64 million in Fiscal 2008 to Rs. 55.97 million in Fiscal 2009. The decrease in the profit before tax was mainly due to the above mentioned reasons. As a percentage of total income, our profit before tax decreased to 0.86% in Fiscal 2009 from 2.33% in Fiscal 2008.

Tax

Our provision for taxation decreased to Rs. 23.96 million in Fiscal 2009 from Rs. 52.22 million for Fiscal 2008, a decrease of Rs. 28.26 million or 54.11% after considering the MAT credit of Rs. 3.16 million and Rs. 11.80 million in Fiscal 2009 and Fiscal 2008, respectively. Our fringe benefit tax expenses increased from Rs. 5.32 million in Fiscal 2008 to Rs. 6.18 million to Fiscal 2009. Our fringe benefit tax increased as a result of increased expenses on our employees. We had a deferred tax charge of Rs. 17.78 million in Fiscal 2009 as compared to a deferred tax charge of Rs. 46.90 million in Fiscal 2008.

Our effective tax rate in Fiscal 2009 was 42.81% compared with the statutory rate of 33.99%. Our effective tax rate in Fiscal 2008 was 40.91% compared with the statutory rate of 33.99%.

Net Profit, as restated

As a result of the foregoing factors, our net profit, as restated, decreased from Rs. 78.92 million in Fiscal 2008 to Rs. 12.47 million in Fiscal 2009. As a percentage of total income, our net profit, as restated, decreased from 1.44% in Fiscal 2008 to 0.19% in Fiscal 2009.

Results of Operations for Fiscal 2008 compared to Fiscal 2007

Income

Total income increased by 23.40% from Rs. 4,432.76 million in Fiscal 2007 to Rs. 5,469.84 million in Fiscal 2008. This increase was largely due to the increase in the goods and passenger transportation businesses.

Key trends and developments during the Fiscal 2008 included:

- a 14.24% increase in the number of goods transportation vehicles in our fleet, from 2,184 company-owned vehicles as at March 31, 2007 to 2,485 company-owned vehicles as at March 31, 2008;

- a 12.15% decrease in the number of passenger transportation buses in our fleet, from 247 company-owned buses as at March 31, 2007 to 217 company-owned buses as at March 31, 2008; and

- a 0.61% increase in the number of routes covered in our passenger transportation business, from 163 routes as at March 31, 2007 to 164 routes as at March 31, 2008; and

- acquisition of a new Hawker Beechcraft Premier 1A aircraft for commencement of air charter business in the subsequent fiscal year. The Premier 1A aircraft is a 2 pilot and 6 passenger seat aircraft (with 4 club configuration seats).

Revenue from the goods transportation business

Revenue from the goods transportation business increased by 17.16%, from Rs. 3,581.80 million in Fiscal 2007 to Rs. 4,196.42 million in Fiscal 2008 due to increases in the number of vehicles and freight rates.

Revenue from the passenger transportation business

Revenue from the passenger transportation business increased by 18.00%, from Rs. 755.18 million in Fiscal 2007 to Rs. 891.09 million in Fiscal 2008 due to increases in passenger fares and occupancy levels. The number of passengers that have travelled on our buses during Fiscal 2008 was 1.83 million.

Revenue from the courier services business

Revenue from our courier services business decreased by 3.95% from Rs. 39.94 million in Fiscal 2007 to Rs. 38.36 million in Fiscal 2008.

Other Income

Other income increased by 128.77%, from Rs. 35.13 million in Fiscal 2007 to Rs. 80.36 million in Fiscal 2008. This increase was primarily due to an increase in the income received from sale of scrap material and rent.

Expenditure

Expenditure increased by 23.47%, from Rs. 4,326.60 million in Fiscal 2007 to Rs. 5,342.20 million in Fiscal 2008. This increase was primarily due to the increase in operative expenses and employee costs. Expenditure as a percentage of total income was 97.67% in Fiscal 2008 compared to 97.61% in Fiscal 2007.

Operative Expenses

Operative expenses increased by 11.27%, from Rs. 3,227.19 million in Fiscal 2007 to Rs. 3,590.98 million in Fiscal 2008. However, operative expenses as a percentage of total income decreased from 72.8% in Fiscal 2007 to 65.65% in Fiscal 2008. This decrease is attributable to decreases (as a percentage of total income) in third-party transportation costs, fuel costs, tyre-related expenses, and agency commissions. Our expenditure on major operative expenses was as follows:

- third-party purchased transportation costs was Rs. 569.45 million, or 10.41% of our total income for this period as compared to 15.64% of our total income in Fiscal 2007;

- fuel costs was Rs. 1,406.73 million, or 25.72% of our total income for this period as compared to 28.20% of our total income in Fiscal 2007;

- vehicle repair and maintenance costs was Rs. 436.26 million, or 7.98% of our total income for this period as compared to 7.73% of our total income in Fiscal 2007;

- bridge and toll charges was Rs. 151.56 million, or 2.77% of our total income for this period as compared to 1.62% of our total income in Fiscal 2007;

- tyre-related expenses was Rs. 118.11 million, or 2.16% of our total income for this period as compared to 2.50% of our total income in Fiscal 2007;

- rent payments was Rs. 141. 90 million, or 2.59% of our total income for this period as compared to 2.44% of our total income in Fiscal 2007;

- agency commission was Rs. 273.67 million, or 5.00% of our total income for this period as compared to 5.83% of our total income in Fiscal 2007;

- hamali was Rs. 160.24 million, or 2.93% of our total income for this period as compared to 2.95% of our total income in Fiscal 2007; and

- clearing and forwarding expenses was Rs. 92.35 million, or 1.69% of our total income for this period as compared to 1.66% of our total income in Fiscal 2007.

Employee Costs

Employee costs increased by 32.98% from Rs. 505.67 million in Fiscal 2007 to Rs. 672.43 million in Fiscal 2008. The increase was primarily due to an increase in the number of our employees in our goods and passenger transportation business as well as annual increase in salaries. Employee costs as a percentage of total income was 12.29% in Fiscal 2008 compared to 11.41% in Fiscal 2007.

Administrative Expenses

Administrative expenses decreased by 17.21%, from Rs. 132.27 million in Fiscal 2007 to Rs. 109.51 million in Fiscal 2008. Administrative expenses as a percentage of total income was 2.00% in Fiscal 2008 compared to 2.98% in Fiscal 2007. This decrease was due to decrease in printing and stationery expenses and loss on sale of assets.

Interest and Finance Charges

Interest and finance charges increased by 147.51%, from Rs. 217.86 million in Fiscal 2007 to Rs. 539.22 million in Fiscal 2008. The increase was primarily due to a significant increase in our borrowings related our wind power business. Interest and finance charges as a percentage of total income was 9.86% in Fiscal 2008 compared to 4.91% in Fiscal 2007.

Depreciation/Amortization

We recorded Rs. 243.61 million and Rs. 430.06 million towards depreciation in Fiscal 2007 and Fiscal 2008, respectively. This increase was primarily due to an increase in capital expenditure in the wind power business in Fiscal 2008. We also incurred significant capital expenditure in Fiscal 2007 on vehicles which impacted our depreciation expenses in Fiscal 2008. Depreciation as a percentage of total income was 7.86% in Fiscal 2008 compared to 5.50% in Fiscal 2007.

Profit before tax

As a result of the foregoing factors, our profit before tax increased from Rs. 106.16 million in Fiscal 2007 to Rs. 127.64 million in Fiscal 2008.

Tax

Our provision for taxation decreased to Rs. 52.22 million in Fiscal 2008 from Rs. 418.20 million for Fiscal 2007, which is a decrease of Rs. 365.98 million or 87.51% after considering the MAT credit of Rs. 11.80 million and Rs. 91.33 million in Fiscal 2008 and Fiscal 2007, respectively. Our fringe benefit tax expenses increased from Rs. 4.64 million in Fiscal 2007 to Rs. 5.32 million to Fiscal 2008. Our fringe benefit tax increased as a result of increased expenses on our employees. We had a deferred tax charge of Rs. 46.90 million in Fiscal 2008 as compared to a deferred tax liability of Rs. 413.39 million in Fiscal 2007.

Our effective tax rate in Fiscal 2008 was 40.91% compared with the statutory rate of 33.99%. Our effective tax rate in Fiscal 2007 was 393.94% compared with the statutory rate of 33.66% because extraordinary income of Rs.1,164.96 million had an impact on total taxation in Fiscal 2007. The extraordinary income of Rs. 1,164.96 million recorded in Fiscal 2007 was on account of sale of investments in our then subsidiary, Vijayanand Printers Limited.

Net Profit, as restated

The net profit, as restated, decreased from Rs. 852.92 million in Fiscal 2007 to Rs. 78.92 million in Fiscal 2008 due to the above mentioned reasons. As a percentage of total income, our net profit decreased to 1.44% in Fiscal 2008 from 19.24% in Fiscal 2007.

Liquidity and Capital Resources

Historically, our primary liquidity requirements have been to finance our working capital requirements for our operations and capital expenditures. We have met these requirements from cash flows from operations as well as from borrowings. As of September 30, 2010, we had Rs. 190.88 million in cash and cash equivalents, Rs. 663.11 million in working capital loan, and Rs. 2,936.45 million in term loans facility. Going forward, we will incur significant expenditure for the expansion of our fleet and setting up of owned transshipment hubs. We believe that our anticipated cash flow from operations, committed debt facilities, together with proceeds from this Issue and our existing cash, will be sufficient to meet our operating and capital expenditure requirements for the Fiscal 2011.

We intend to use part of the Net Proceeds of this Issue to prepay approximately Rs. 1,100 million of the outstanding debt in relation to our wind power business. As a result, immediately following this Issue, we will not have any outstanding debt in relation to our wind power business.

Cash Flows

The table below summarizes the statement of cash flows, as per our restated summary statements, for the period indicated:

(Rs. in millions)

Particulars	**For the period ended September 30,**	**Fiscal**				
	2010	**2010**	**2009**	**2008**	**2007**	**2006**
Net Cash generated from (used in) operating activities	819.90	1355.41	841.54	1012.82	226.85	345.21
Net Cash generated from (used in) investing activities	(366.53)	(342.99)	(93.72)	(872.39)	(1814.91)	(410.75)
Net Cash generated from (used in) financing activities	(448.76)	(1065.27)	(704.89)	(95.83)	1668.83	84.97
Net increase/decrease in cash and cash equivalents	4.61	(52.85)	42.93	44.60	80.77	19.43

Operating Activities

Net cash generated from operating activities in the six month period ended September 30, 2010 was Rs. 819.90 million. Our profit before taxation was Rs. 474.17 million in the six month period ended September 30, 2010. Certain adjustments made to the profit before taxation include an increase in depreciation expense of Rs. 246.63 million, finance costs on long term borrowings of Rs. 238.17 million, direct taxes paid of Rs. 73.92 million and working capital adjustments such as an increase in sundry debtors of Rs. 201.37 million, inventories of Rs. 18.32 million and trade and other payable of Rs. 175.15million.

In fiscal 2010, our net cash generated from operating activities was Rs. 1,355.41 million. Our profit before taxation was Rs. 446.91 million in fiscal 2010. Certain adjustments made to the profit before taxation include an increase in depreciation expense of Rs. 464.22 million, finance costs on long term borrowings of Rs. 508.06 million, loss on sale of assets of Rs. 15.54 million, direct taxes paid of Rs. 50.72 million, advances and bad debt written off of Rs. 9.13 million, provision for doubtful debts and advances of Rs. 7.42 million and working capital adjustments such as an increase in sundry debtors of Rs. 52.95 million, loans and advances of Rs. 35.94 million, inventories of Rs. 1.78 million and trade and other payable of Rs. 70.46 million.

In Fiscal 2009, our net cash generated from operating activities was Rs. 841.54 million. Our profit before taxation was Rs. 55.97 million in fiscal 2009. Certain adjustments made to the profit before taxation include an increase in depreciation expense of Rs. 462.56 million, finance costs on long term borrowings of Rs. 580.90 million, loss on sale of assets of Rs. 5.35 million, IPO expenses written off of Rs. 19.54 million and working capital adjustments such as an increase in sundry debtors of Rs. 156.09 million, loans and advances of Rs. 85.26 million, inventories of Rs. 5.94 million and decrease in trade and other payable of Rs. 40.75 million.

In Fiscal 2008, our net cash generated from operating activities was Rs. 1012.82 million. Our profit before taxation was Rs. 131.14 million in fiscal 2008. Certain adjustments made to the profit before taxation include an increase in depreciation expense of Rs. 430.06 million, finance costs on long term borrowings of Rs. 530.55 million, loss on sale of assets of Rs. 2.09 million, interest income of Rs. 6.05 million, profit on sale of investments of Rs. 3.50 million and working capital adjustments such as an increase in sundry debtors of Rs. 56.28 million, loan and advances of Rs. 26.71 million, trade and other payables of Rs. 37.28 million, and a decrease in inventories of Rs. 28.65 million.

Investing Activities

Our net cash used in investing activities was Rs. 366.53 million in the six month period ended September 30, 2010. This reflected expenditure incurred towards purchase of fixed assets (including capital work in progress) of Rs. 390.50 million, sale proceeds from the sale of fixed assets of Rs. 11.17 million, receipt of Rs. 11.65 million as rent income and receipt of Rs. 0.99 as interest income. Our expenditure on fixed assets primarily included expenses for expansion of our fleet and construction of owned facilities at Bijapur, Gadag and Varur, Hubli.

Our net cash used in investing activities was Rs. 342.99 million in fiscal 2010. This reflected expenditure incurred towards purchase of fixed assets (including capital work in progress) of Rs. 504.31 million, sale proceeds from the sale of fixed assets of Rs. 136.38 million, receipt of Rs. 1.77 million as interest income and receipt of Rs. 22.99 million as rent income. Our expenditure on fixed assets primarily included expenses for expansion of our fleet.

Our net cash used in investing activities was Rs. 93.72 million in fiscal 2009. This reflected expenditure incurred towards purchase of fixed assets (including capital work in progress) of Rs. 157.42 million, sale proceeds from the sale of fixed assets of Rs. 46.80 million, receipt of Rs. 3.12 million as interest income and receipt of Rs. 13.64 million as rent income. Our expenditure on fixed assets primarily included expenses for expansion of our fleet and construction of owned facilities.

Our net cash used in investing activities was Rs. 872.39 million in fiscal 2008. This reflected expenditure incurred towards purchase of fixed assets (including capital work in progress) of Rs. 926.97 million, sale proceeds from the sale of fixed assets of Rs. 35.13 million, purchase of investments of Rs. 0.55 million, sale of investments of Rs.3.59 million, receipt of Rs. 6.05 million as interest income and receipt of Rs. 10.29 million as rent income. Our expenditure on fixed assets primarily included expenses for purchase of the aircraft and expansion of our fleet.

Our goods and passenger transportation businesses are capital intensive as we operate on an asset ownership business model and, particularly in a high growth phase, capital must be injected rapidly and on a continuous basis. Further, purchase of new vehicles, setting up of transshipment hubs, on both new and existing routes, involves a period of ramp-up requiring sizeable funds. We believe our negative cash flow from investing activities are, in part, attributable to the above reasons associated with the expansion of our goods and passenger transportation businesses.

Financing Activities

Our net cash used in financing activities was Rs. 448.76 million in the six month period ended September 30, 2010. This cash flow reflects repayment of borrowings of Rs. 73.66 million, increase in public deposits of Rs. 30.12 million, payment of dividends of Rs. 165.30 million and increase in finance costs on long term borrowings of Rs. 239.92 million.

In fiscal 2010, our net cash used in financing activities was Rs. 1065.27 million. We raised Rs. 105.07 million from public deposits and we repaid Rs. 510.83 million of borrowings, incurred Rs. 527.16 million as financial costs on long-term borrowings, and paid dividend of Rs. 132.35 million.

In fiscal 2009, our net cash used in financing activities was Rs. 704.89 million. We raised Rs. 5.91 million from public deposits, repaid Rs. 144.46 million of borrowings and incurred Rs. 565.99 million as financial costs on long-term borrowings. We also wrote off Rs. 0.35 million towards IPO expenses during this year.

In fiscal 2008, our net cash used in financing activities was Rs. 95.83 million. We borrowed Rs. 427.69 million as long term borrowings and incurred Rs. 523.52 million as financial costs on long-term borrowings.

Financial Condition

As per our restated summary statements, as of March 31, 2010, our net worth was Rs. 1,091.81 million compared to Rs. 1,037.86 million as of March 31, 2009. As of September 30, 2010, our net worth was Rs. 1,160.41 million.

Assets

The following table sets forth the principal components of our assets for the periods indicated as per our restated summary statements:

(***Rs. in millions)***

Particulars	As of September 30,	As of March 31,				
	2010	2010	2009	2008	2007	2006
Fixed Assets	4,749.82	4,709.42	4,913.08	5,226.79	4,713.62	1,543.68
Capital work in progress including capital advances	215.14	123.72	31.88	75.45	128.93	131.19
Investments	1.25	1.25	1.25	1.25	0.79	447.89
Current assets, loans and advances:	1,630.82	1301.62	1,220.00	996.84	859.28	442.96
Inventories	80.13	61.82	60.56	54.62	83.27	68.33
Sundry Debtors	690.48	491.68	439.94	286.73	234.42	166.11
Cash and Bank Balances	190.88	186.27	239.12	196.19	151.59	70.82
Loans and advances	669.33	561.85	480.38	459.30	390.00	137.70

Fixed Assets

As at September 30, 2010, our fixed assets were Rs. 4749.82 million. As of March 31, 2010, 2009 and 2008, our fixed assets were Rs. 4,709.42 million, Rs. 4,913.08 million and Rs. 5,226.79 million. Our fixed assets consist primarily of vehicles, plant and machinery, computers and software, land, buildings, office equipment, and furniture and fixtures. Our fixed assets are increasing gradually as we procure additional vehicles in the goods and passenger transportation businesses.

Capital work in progress including capital advances

As of September 30, 2010, our capital work in progress, including capital advances, was Rs. 215.14 million. As of March 31, 2010, our capital work in progress, including capital advances, was Rs. 123.72 million as compared to Rs. 31.88 million as of March 31, 2009. This increase was primarily due to the expenses incurred for the purchase of vehicles chassis, vehicle body building materials and construction of owned facilities at various locations.

Investments

Our total investments were Rs. 1.25 million as at September 30, 2009, which was comprised share held in co-operative banks that have extended credit facilities to us.

Current Assets, Loans and Advances

Current assets, loans and advances consist of inventories, sundry debtors, cash and bank balances, and loans and advances. Total current assets, loans and advances as per our restated summary statements as of September 30, 2010 was Rs. 1,630.82 million and as of March 31, 2010, 2009 and 2008 were Rs. 1,301.62 million, Rs. 1,220.00 million and Rs. 996.84 million, respectively.

As of September 30, 2010, the significant components of the total current assets were sundry debtors and loans and advances. The increase in our total current assets as of March 31, 2010, as compared to March 31, 2009, was primarily due to an increase in sundry debtors and loans and advances, which was partially offset by a decreased in our cash and bank balances. The increase in our total current assets as of March 31, 2009, as compared to March 31, 2008, was primarily due to the increase in sundry debtors, loans and advances and cash and bank balances.

As of September 30, 2010 and as of March 31, 2010, 2009 and 2008, our receivables from sundry debtors as per our restated summary statements totalled Rs. 690.48 million, Rs. 491.69 million, Rs. 439.94 million and Rs. 286.73 million, respectively, of which other debts outstanding for a period of less than six months were Rs. 686.54 million, Rs. 490.44 million and Rs. 431.49 million, respectively.

Loans and advances primarily consist of advances recoverable in cash or in kind or for value to be received from our suppliers, deposits with statutory authorities and other and minimum alternate tax credit entitlement. As of September 30, 2010 and as of March 31, 2010, 2009 and 2008, loans and advances as per our restated summary statements totalled Rs. 669.33 million, Rs. 561.85 million, Rs. 480.38 million and Rs. 459.30 million, respectively, of which advances recoverable were Rs. 266.05 million, Rs. 268.54 million, Rs. 253.01 million and Rs. 256.65 million, respectively and minimum alternate tax credit entitlement were Rs. 277.84 million, Rs. 186.15 million, Rs. 110.81 million and Rs. 107.66 million, respectively.

Current Liabilities and Provisions

Current liabilities consist primarily of liabilities to suppliers of materials, advances from customers, deposits from agents and others, and other expenses. Provisions include provisions made for gratuity, leave encashment, taxation and lease equalization. As of September 30, 2010 and as of March 31, 2010, 2009 and 2008, liabilities and provisions as per our restated summary statements were Rs. 801.07 million, Rs. 525.33 million, Rs. 320.17 million and Rs. 361.80 million, respectively. The following table sets forth the principal components of our current liabilities and provisions for the period indicated:

(Rs. in millions)

Particulars	As of September 30,	As of March 31,

	2010	2010	2009	2008	2007	2006
Sundry Creditors	37.11	65.92	18.02	54.11	67.91	95.87
Advances from customers	132.45	1.40	5.31	0.05	0.05	0.05
Deposits from agent and others	78.89	76.26	74.03	70.88	88.09	94.10
Other liabilities	56.70	43.40	16.88	23.36	10.42	23.80
Other expenses	237.79	185.81	166.25	171.90	109.78	70.96
Provisions	68.80	32.32	24.18	22.41	38.84	40.41
Book Overdraft	2.14			2.71		

Secured and Unsecured Loans

As of September 30, 2010, our total secured and unsecured loans as per our Restated Summary Statements was Rs. 3740.67 million. The following table sets forth our repayment obligations under the terms of our indebtedness as of September 30, 2010.

(Rs. in millions)

	Payments due during the year ending March 31,			
Indebtedness	**2011**	**2012**	**2013**	**After 2013**
Secured	968.76	860.00	512.76	1258.04
Unsecured	31.55	10.89	32.88	65.79
Total	1,000.31	870.89	545.64	1,323.83

Many of the Company's financing agreements also include various conditions and covenants that require it to obtain lender consents prior to carrying out certain activities and entering into certain transactions. We cannot assure you that we will be able to obtain these consents and any failure to obtain these consents could have significant adverse consequences for our business. Specifically, we must seek, and may be unable to obtain, prior written permission of one or more lenders to effect any scheme of amalgamation, merger or acquisition; effect changes in our capital structure; implement a new scheme of expansion or diversification; enter into any borrowing arrangement with any other bank, financial institution, company or otherwise; make any alterations in our Company's controlling ownership or any documents relating to our Company's constitution; invest in the shares or debentures of any other company or extend finance to associate companies; repay monies brought in by the promoters/directors and their friends and relatives; declare dividends; lend or advance or place deposits with any other concern; undertake guarantee obligations on behalf of any third party; create a further charge, lien or encumbrance over the assets and properties to be charged to the bank; sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the bank. Please see the section "Financial Indebtedness" beginning on page 257 of this Draft Red Herring Prospectus for further details.

Contingent Liabilities

The following table sets forth the principal components of our contingent liabilities not provided for as of March 31, 2006, 2007, 2008, 2009 and 2010 and as of September 30, 2010 as per our restated summary statements:

(Rs. in millions)

Particulars	**As of September 30,**	**As of March 31,**				
	2010	**2010**	**2009**	**2008**	**2007**	**2006**
a] Claims against the company not acknowledged as debts						
Income tax matters	48.41	48.41	-	44.91	38.54	35.55
Service tax matters	475.40	415.42	359.61	273.48	91.05	135.95
Central Excise matters	71.10	65.75	64.06	58.50	-	-
Customs Duty	68.81	68.81	68.81	-	-	-
Provident Fund and Employees State Insurance Corporation matters	2.69	2.69	3.26	3.26	3.26	1.58

Sales tax matters	-	1.44	-	-	-	-
Other contractual matters	7.04	5.33	16.40	4.66	3.52	3.11
b] Securities provided to banks/Financial Institutions against credit facilities extended to other bodies corporate						
Corporate Guarantees	-	-	-	-	-	208.28
Godowns, Lorries and Land	-	-	-	-	-	100.72
c] Disputed claims pending in Courts	549.85	521.75	536.51	538.06	467.83	435.21
Total	**1,223.30**	**1,129.60**	**1,048.65**	**922.87**	**604.20**	**920.40**

Please see the section "Financial Statements – Annexure 4" beginning on page 154 of this Draft Red Herring Prospectus for further details.

Historical and Planned Capital Expenditures

For Fiscal 2008, 2009 and 2010 and for the six month period ended September 30, 2010, the cash flow for purchase of fixed assets (including capital work in progress) as per our restated summary statement was Rs. 926.97 million, Rs. 157.42 million, Rs. 504.31 million and Rs. 390.50 million, respectively. The higher expenditure was primarily due to purchase of vehicles in the goods and passenger transportation businesses, aircraft for the air chartering services business, and construction of owned infrastructure facilities at various locations. Our historical capital expenditures were, and we expect our future capital expenditures to be, primarily for the purchase of vehicles for our goods and passenger transportation businesses and setting up of owned transshipment hubs. We intend to use Rs. 1,400.00 million from the Net Proceeds of the Issue for funding the purchase of goods and passenger transportation vehicles. Please see the section "Objects of the Issue" beginning on page 32 of this Draft Red Herring Prospectus for further information on our proposed deployment of funds.

Off- Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet transactions. We lease most of our branches and transhipment hubs. These leases are not carried on our balance sheet, and rent payments in respect of such premises are reflected in our results of operations under the line item "Rent expense" under "Operative expenses".

Quantitative and Qualitative Disclosures about Market Risk

Commodity Risk

In the goods and passenger transportation businesses, our primary market risk centers on fluctuations in fuel prices, which can affect our profitability. Diesel fuel prices fluctuate significantly due to economic, political, and other factors beyond our control. While we attempt to pass along some or all of these costs to our customers through fuel surcharges or increases in our base freight rate or changes to our passenger ticket prices, there can be no assurance that we will be able to offset or otherwise address future increases in the price of fuel through such means. Market pressures may limit our ability to pass along such costs to our customers.

Interest Rate Risk

Since most of our borrowings are subject to floating rates of interest based on changes in the base rate of the respective lenders, which are subject to renegotiation at periodic intervals, movements in domestic interest rates constitutes the main source of interest rate risk. If the interest rates for our existing or future borrowings increase significantly, our cost of funds will increase. This may adversely affect our results of operations, planned capital expenditures and cash flows.

Inflation

Based on our analysis of the periods presented, we believe that inflation has not had a material effect on our operating results as inflationary increases in fuel and employee costs have generally been offset through increases in our base freight rate, passenger ticket prices, fuel surcharges and other price increases.

Unusual or Infrequent Events or Transactions

Except as described in this Draft Red Herring Prospectus, there have been no other events or transactions that, to our knowledge, may be described as "unusual" or "infrequent".

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

Other than as mentioned under the paragraph "Factors affecting our Results of Operations" in the section "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 226 of this Draft Red Herring Prospectus, to our knowledge, there are no other significant economic changes that materially affect or are likely to affect income from continuing operations.

Known Trends or Uncertainties

Except as described in "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages xii and 226, respectively, of this Draft Red Herring Prospectus, to our knowledge, there are no known trends or uncertainties that are expected to have a material adverse impact on our revenues or income from continuing operations.

Future Relationship between Cost and Income

Except as described in "Risk Factors", "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages xii, 74 and 226, respectively, of this Draft Red Herring Prospectus, to our knowledge there are no known factors that will have a material adverse impact on our operations and finances.

Seasonality of Business

The goods and passenger transportation businesses are not seasonal in nature, however, we witness sporadic periods of increased revenues and freight volumes during festivals and holidays. The wind power business is seasonal and revenues are higher in the first half as compared to the second half of the financial year. Therefore, due to the seasonality of the wind power business, we may experience extreme fluctuation in our quarterly revenues and profits.

Any significant dependence on a single or few suppliers

Our Company has historically procured most of its vehicles and spare parts from Ashok Leyland in the goods transportation business. As a result of this supplier concentration, we are exposed to risk of dependence on one supplier. Any delay or non-conformance to quality requirements by Ashok Leyland can impact our expansion plans in the goods transportation business and our ability to meet customer requirements. Our Company has so far not faced any problem from its existing supplier and the relationship continues to be cordial.

Competitive Conditions

We operate in a competitive environment. Please refer to the sections "Our Business", "Industry Overview" and "Risk Factors" beginning on pages 74, 53 and xii, respectively, of this Draft Red Herring Prospectus.

Related Party Transactions

For details in relation to the related party transactions of the Company, please see Annexure 4 of the restated summary statements of the Company beginning on page 154 of this Draft Red Herring Prospectus.

Significant developments after September 30, 2010 that may affect our future results of operations

Except as stated in this Draft Red Herring Prospectus, to our knowledge, no circumstances have arisen since the date of the last restated summary statements as disclosed in this Draft Red Herring Prospectus which materially and adversely affects or is likely to affect, our trading or profitability, or the value of our assets or our ability to pay our liabilities within the next twelve months of the date of the last restated summary statements as disclosed in this Draft Red Herring Prospectus.

FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of the long term loans, working capital facilities, vehicle loans and public deposits of the Company as of November 30, 2010, together with a brief description of certain material covenants of the relevant financing agreements:

Long Term Loans

Lender	Loan Documentation	Amount outstanding as of November 30, 2010 (for fund based facilities)	Interest Rate	Repayment Schedule	Security Created/Guarantees Provided
Shamrao Vithal Co-operative Bank Limited[(A)]	Sanction Letter dated 2 August 2008 for a term loan of Rs. 20 million Loan Agreement dated 9 September 2008 for a term loan of Rs. 20 million Memorandum of Deposit of Title Deeds dated 10 September 2008 Letter of Guarantee dated 9 September 2008 from Mr. Vijay Sankeshwar, Mr. Anand Sankeshwar Continuity Security Bond dated 9 September 2008 Demand Promissory Note dated 9 September 2008	Rs. 12.32 million	PLR -150 bps	Repayable in 60 equated monthly instalments, each inclusive of interest	First charge by way of an equitable mortgage of the property located at Kunchiganal Village, Chitradurga Personal guarantee of Mr. Vijay Sankeshwar and Mr. Anand Sankeshwar
Sri Basaveshwar Sahakari Bank Limited	Sanction Letter dated 31 March 2008 in relation to a term loan of Rs.18.5 million Agreement for Hypothecation dated 31 March 2008 in relation to machineries and spare parts situated at Varur	Rs. 2.38 million	16%	Repayable in 36 equated monthly instalments, inclusive of interest	First charge by way of hypothecation of machineries and spare parts situated at Varur, Hubli Personal guarantee of Mr. Anand Sankeshwar and Mr. D N Kulkarni

Lender	Loan Documentation	Amount outstanding as of November 30, 2010 (for fund based facilities)	Interest Rate	Repayment Schedule	Security Created/Guarantees Provided
NKGSB Co-Op Bank Limited[B]	Sanction Letters dated 5 March 2007 in relation to term loans of Rs.30 million for reimbursement of capital expenditure ("**Term Loan 1**") and Rs. 30 million for construction of godown etc. ("**Term Loan 2**") Agreement for Loan dated 12 March 2007 Letter recording the deposit of title deeds dated 12 March 2007	Rs. 36.11 million	13.25%	Repayable in 84 monthly instalments	First charge by way of an equitable mortgage for Term Loan 1 of the properties situated at Davangere; Neeligin Road, Hubli; HDMC Complex, Hubli and NCM, Hubli Exclusive first charge by way of equitable mortgage for Term Loan 2 of the godown to be built at Davangere; Neeligin Road, Hubli; HDMC Complex, Hubli and NCM, Hubli Collateral security for the Term Loan 2 includes a charge on the properties situated at Davangere; Neeligin Road, Hubli; HDMC Complex, Hubli and NCM, Hubli Personal Guarantee of Mr. Vijay Sankeshwar and Mr. Anand Sankeshwar
State Bank Of India [C]	Sanction Letter dated 26 August 2004 in relation to term loans of Rs 60 million for the Mangalore project and Rs. 520 million for taking over certain loans from Banks and NBFCs Agreement of loan dated 27 August 2004 Agreement of Hypothecation dated 27 August 2004 in relation to the hypothecation of goods and assets Deed of Guarantee for overall limit dated 27 August	Rs.37.43 million	12.75%	Term loan of Rs. 60 million is repayable in 72 monthly instalments of Rs. 12,50,000 plus interest Term loan of Rs. 520 million is repayable in 79 monthly instalments of 83,33,000 plus interest	First charge by way of an equitable mortgage of the property at Varur and extension of the mortgage of the property situated at Mangalore, Hubli and Belgaum First charge by way of hypothecation of 568 trucks, 10 Volvo buses, 37 luxury and 2 sleeper buses First charge by way of hypothecation of plant and machinery and fixtures and furniture, office equipments etc. installed/to be installed situated at Mangalore, Hubli and Belgaum Personal guarantee of Mr. Vijay Sankeshwar and Mr. Anand Sankeshwar

Lender	Loan Documentation	Amount outstanding as of November 30, 2010 (for fund based facilities)	Interest Rate	Repayment Schedule	Security Created/Guarantees Provided
	2004 from Mr. Vijay Sankeshwar and Mr. Anand Sankeshwar Agreement to Mortgage dated 27 August 2004				
UCO Bank [(D)]	Sanction letter dated 26 March 2007 in relation to a term loan facility of Rs 1,200 million for the installation of wind turbine generators Loan Agreement dated 3 August 2005 Hypothecation of Book Debts to Secure Demand Cash Credit dated 26 March 2007 in relation to hypothecation of present and future book debts, bill money receivable, chooses-in-action and claims Deed of Hypothecation dated 26 March 2007 in relation to hypothecation of movable plant and machinery of the 24 wind turbine generators for the wind farm at Kapattagudda, Gadag	Rs. 973.15 million	BPLR	Repayable in 120 equated monthly instalments with a moratorium of 5 months from the date of disbursement.	First charge by way of hypothecation of 24 wind turbine generators of 1.25 MW each located at Kapattagudda, Gadag First charge by way of hypothecation of entire present and future receivables from power generation and CDM credit Second charge by way of mortgage of the Managing Director's residence-cum-guest-house located at Naveen Park, Hubli Personal Guarantee of Mr. Vijay Sankeshwar and Mr. Anand Sankeshwar
Syndicate Bank	Sanction letter dated 8 January 2005 for a term loan of Rs 88 million for the	Rs. 11.44million	PLR – 50 bps	66 monthly instalments of Rs. 13,20,000 and 67th instalment of Rs.	First charge by way of mortgage of land and buildings at R.S. No. 58/2, Waddarhatti Village, Gangavathi measuring 3 acres and

Lender	Loan Documentation	Amount outstanding as of November 30, 2010 (for fund based facilities)	Interest Rate	Repayment Schedule	Security Created/Guarantees Provided
	construction of a transhipment hubs and commercial building General Agreement dated 13 January 2005			8,80,000. Interest to be serviced as and when due.	30 guntas Personal Guarantee of Mr. Vijay Sankeshwar and Mr. Anand Sankeshwar
Union Bank of India	Sanction Letter dated 10 July 2007 for term loan of Rs 481 million General Term Loan Agreement date 12 July 2007 Memorandum of Entry dated 7 February 2008 Composite Hypothecation Deed dated 6 June 2007	Rs. 322.16million	BPLR	Repayable in 120 monthly instalments of Rs. 40,00,000+ interest	First charge by way of hypothecation of 10 wind turbine generators of 1.25 MW each located at Kappatagudda, Gadag First charge by way of hypothecation of goods, stocks, raw materials etc. and present and future book debts at Kappatagudda, Gadag Second charge by way of equitable mortgage of the property located Davangere and Gulbarga Personal Guarantee of Mr. Vijay Sankeshwar, and Mr. Anand Sankeshwar
State Bank of Mysore[(E)]	Sanction letter dated 21 December 2006 for a term loan of Rs. 54 million Deed of mortgage dated 18 January 2007 Equitable Mortgage by Deposit of Title Deeds dated 18 January 2007 Articles of Agreement for medium term loan dated 22 December 2006 Guarantee Agreement dated 22	Rs. 29.55 million	12.50%	Repayable in 24 quarterly instalments of Rs. 22,50,000 each with initial moratorium of 4 quarters from the date of the 1st disbursement	First charge by way of an equitable mortgage of commercial and office premises located at Navi Mumbai First charge by way of hypothecation of fixed assets such as furniture and fixtures Personal guarantee of Mr. Vijay Sankeshwar and Mr. Anand Sankeshwar

Lender	Loan Documentation	Amount outstanding as of November 30, 2010 (for fund based facilities)	Interest Rate	Repayment Schedule	Security Created/Guarantees Provided
	December 2006 Agreement to Mortgage dated 22 December, 2006				

(A) Under the loan documentation, the Company shall not without the prior consent of the bank, (a) make any change to its share capital; (b) effect any scheme of amalgamation or reconstruction; (c) implement a new scheme of expansion or take up an allied line of business; (d) enlarge the scope of its trading activities; (e) declare any dividend if any installments towards principal or interest remains unpaid; (f) withdraw money brought in to the Company by any of its director; (g) invest funds by way of deposits or loan as long as money is due to this bank; (h) borrow or obtain credit facilities from any bank or credit agency; and (i) appoint sole selling agents.

(B) Under the sanction letter dated 5 March 2007, the Company shall not without the prior consent of the bank, (a) make any changes to its constitution; (b) make any other borrowing arrangement either institutional or private; (c) invest in or give loans to any sister concerns/ or for non-operational purposes; (d) take up new projects or make a large scale expansion; (e) effect any merger, acquisition or amalgamation; (e) give a guarantee on behalf of any third party; (f) dispose the whole or substantially the whole of any undertaking; (f) change its shareholding pattern; and (g) change the board of directors.

(C) Under the loan documentation, the Company has agreed not to, without the prior written permission of the bank, (a) effect any change in the Company's capital structure; (b) formulate any scheme of amalgamation or reconstruction; (c) implement any scheme of expansion or take up an allied line of business or manufacture or acquire fixed assets; (d) declare any dividend if any installments towards principal or interest remains unpaid; (e) enlarge the scope of manufacturing or trading activities undertaken from those carried on at that time; (f) repay monies brought in by the promoters/directors and their friends and relatives; (g) invest by way of share capital or lend or advance funds to or place deposits with any other concern (this excludes normal trade or security deposits in the normal course of business); (h) enter into any borrowing arrangement with any other bank, financial institution, company or otherwise; (i) create a further charge, lien or encumbrance over the assets and properties to be charged to the bank; (j) sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the Bank and (k) undertake guarantee obligations on behalf of any other company.

(D) Under the sanction letter dated 26 March 2007, the Company shall not without the prior consent of the bank, (a) make any change to its capital structure; (b) formulate any scheme of amalgamation or reconstruction; (c) implement a new scheme of expansion or diversification or acquire fixed assets; (d) invest by way of share capital in or lend or advance to or place deposits with any other concern (this does not apply to normal trade credit or security deposit in the routine course of business or advances to employees); (e) enter into borrowing arrangements, secured or unsecured with any other bank or financial institution, company or otherwise or accept deposits; (f) undertake guarantee obligations on behalf of any other company; (g) declare dividend in any year except out of profits relating to that year after making due and necessary provisions and provided that no default having occurred. The Company is required to obtain the banks prior approval before declaring dividends; (h) repay monies brought in by the principal shareholders/directors/depositors; (i) make significant changes to the management; (j) arrange for insurance cover in respect of standing charges and loss of profit; (k) effect any major change to the remuneration payable to the directors; (l) create a further charge, lien or encumbrance over the assets and properties to be charged to the bank; (m) sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the bank; and (n) undertake any trading activity other than, sale of products arising out of its own, manufacturing operations.

(E) Under the sanction letter dated 21 December 2006, the Company shall not, without the prior written permission of the bank, (a) effect any change in the Company's capital structure; (b) formulate any scheme of amalgamation or reconstruction; (c) implement any scheme of expansion or acquire fixed assets; (d) invest by way of share capital in or lend or advance funds to or place deposits with any other concern (except in the normal course of business); (e) declare any dividend if any installments towards principal or interest remains unpaid; (f) withdraw loans/deposits secured from Directors and promoters of the Company; (g) create a further charge, lien or encumbrance over the assets and properties to be charged to the bank; (h) permit any transfer of the controlling interest or make any drastic change in the management set up; and (i) undertake guarantee obligations on behalf of any other firm/unit.

Working Capital Facilities

Lender	Loan Documentation	Amount outstanding as of November 30, 2010 (for fund based facilities)	Interest Rate	Repayment Schedule	Security Created/Guarantees Provided
Shamrao Vithal Co-Op Bank Ltd.	Sanction Letter dated 18 June 2010 for a sanctioned amount of Rs.380 million Memorandum of Deposit of Title Deeds dated 6 March 2009 Common Deed of Hypothecation dated 25 August 2003 for hypothecation of movable assets, book debts and 15 vehicles Supplementary Deed to the Common Deed of Hypothecation dated 16 March 2007 in relation to the hypothecation of 22 vehicles Recoding letter evidencing deposit of title deeds dated 16 March 2007 and 5 August 2010 in relation to properties located at Gulbarga, Davangere, Chitradurga and Belgaum Hypothecation Deed dated 5 August 2010 in relation hypothecation of present and future stocks and book debts that are outstanding for not more than 90 days and with a margin of 15%	Rs.281.54 million	12.50% p.a. Interest rate to be renewed in June, 2011.	Renewal due in June, 2011	First charge by way of hypothecation of present and future stocks of raw materials, goods in-process of manufacture and all finished and manufactured goods located at Varur, Hubli First charge by way of hypothecation of present and future book debts (upto Rs. 140 million), stocks, tyres, spares etc., outstanding monies, receivables, claims, bills, rights to movable property and movable assets which are now due, owing or payable or belonging to the Company First charge by way of hypothecation of all plant and machinery located at Varur, Hubli First charge by way of an equitable mortgage of the property located at Gulbarga, Davangere and Belgaum Collateral security of property situated at Chitradurga Hypothecation of unencumbered vehicles worth Rs. 21.9 million Term deposit of Rs. 18.4 million against book debts of above 90 days to 150 days

Lender	Loan Documentation	Amount outstanding as of November 30, 2010 (for fund based facilities)	Interest Rate	Repayment Schedule	Security Created/Guarantees Provided
	Hypothecation Deed dated 5 August 2010 in relation hypothecation of present and future stocks and book debts that are outstanding for 90 to 150 days and with a margin of 25% Demand Promissory Note dated 5 August 2010				
NKGSB Co-Op Bank Limited	Sanction Letter dated 17 March 2008 in relation to a working capital facility of Rs.10 million Extension of charge dated 26 March 2008 on the property located at Davangere and three properties located in Hubli.	Rs. 5.39 million	13.25%	Repayable in 60 monthly instalment of Rs.2,27,000.00	First charge by way of an equitable mortgage of the properties situated at Davangere and three properties situated in Hubli. Personal Guarantee of Mr. Vijay Sankeshwar
State Bank of India	Sanction letter dated 12 June 2009 for a corporate loan of Rs. Rs 250 million Supplemental Agreement of Hypothecation of goods and assets for Increase of Overall Limit dated 19 June 2009 Memorandum confirming the extension of equitable mortgage and letter regarding the grant of individual limits within overall limits.	Rs.210.08 million	13.50%	Repayable in 5 quarterly instalment of Rs. 40 million and a bullet payment of Rs. 50 million in December, 2011	Property situated at Hubli, Mangalore, Belgaum First charge by way of hypothecation of 568 trucks, 10 Volvos, 37 luxury and 2 sleeper buses Personal guarantee of Mr. Vijay Sankeshwar and Mr. Anand Sankeshwar

Vehicle Loans

Serial No.	Name of Financer	Total Sanctioned Amount (in Rs. millions)	Balance outstanding as on November 30, 2010 (in Rs. millions)	Hypothecated Assets
1	Axis Bank Limited	56.85	44.55	20 Trucks, 4 Buses and 5 Cars
2	Centurion Bank of Punjab Limited	55.88	4.09	45 Trucks
3	HDFC Bank Limited	289.71	187.86	133 Trucks, 28 Buses, 6 Forklifts and 1 Tanker
4	ICICI Bank Limited	252.17	86.05	223 Trucks and 8 Buses
5	ING Vysya Bank Limited	139.94	133.83	40 Buses
6	Kotak Mahindra Bank Limited	30.90	8.47	20 Trucks
7	NKGSB Co-op Bank Limited	100.00	89.80	31 Trucks and 14 Buses
9	Kotak Mahindra Prime Limited	13.40	8.48	18 Cars
10	L&T Finance Limited	91.14	86.73	20 Trucks and 21 Buses
11	Magma Fincorp Limited	141.80	134.36	65 Trucks and 8 Buses
12	Reliance Capital Limited	154.80	71.05	99 Trucks, 7 Buses and 1 Crane
13	Religare Finvest Limited	119.82	118.43	40 Trucks, 32 Buses and 1 forklift
13	SREI Equipment Finance Private Limited	889.43	466.56	1 Premier Aircraft, 701 Lorries, 66 Buses, 6 Cranes and 1 Soil Compactor
14	Sundaram Finance Limited	147.63	55.76	114 Trucks, 22 Buses, 9 Tata Ace, 16 Tata Sumo, 1 Ambulance and 11 Forklifts
15	Tata Capital Limited	17.12	12.23	20 Cars and 3 Forklifts
16	Tata Motor Finance Limited	79.00	16.30	141 Lorries, 10 Tata Ace and 1 Tata Sumo
	TOTAL	**2703.15**	**1524.35**	

Sanctions obtained by the Company

Financer	Date of Sanction Letter	Sanctioned Amount (in Rs. Million)	Terms	Purpose	Security to be provided
L&T Finance Limited	October 30, 2010	136.0	Tenor: 5 years, payable in 57 months Moratorium: 90 days Interest: 9.4%	Purchase of commercial vehicles	Hypothecation of assets financed

Financer	Date of Sanction Letter	Sanctioned Amount (in Rs. Million)	Terms	Purpose	Security to be provided
Religare Finvest Limited	July 7, 2010	200	Tenor: 5 years, payable in 57 months Moratorium: 90 days Interest: 9.6%	Purchase of commercial vehicles	Hypothecation of assets financed
HDFC Bank	September 14, 2010	184.00	Tenor: 5 years, payable in 57 months Moratorium: 90 days Interest: 9.5%	Purchase of commercial vehicles	Hypothecation of assets financed
Magma Fincorp Limited	November 20, 2010	63.4	Tenor: 5 years, payable in 57 months Moratorium: 90 days Interest: 9.50%	Purchase of commercial vehicles	Hypothecation of assets financed
ICICI Bank	September 20, 2010	200.87	Tenor: 54 months Moratorium: 90 days Interest: 9.45%	Purchase of commercial vehicles	Hypothecation of assets financed Post-dated cheques towards repayment of loan

Inter-corporate loan

The Company has availed an unsecured inter-corporate loan of Rs. 246 million and Rs. 4.5 million during November, 2010 from VRL Media Limited and VRL Cements Limited, which are payable on demand and carry an interest of 11% per annum.

Public Deposits

As of November 30, 2010 the Company has an amount aggregating approximately to Rs. 140 million outstanding which was raised by the Company by way of public deposits pursuant to Companies (Acceptance of Deposits) Rules, 1975.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

I. PROCEEDINGS INITIATED AGAINST THE COMPANY

(i) Criminal Proceedings

1. A vehicle bearing registration number TN 30L 3820 belonging to the Company was seized by the Civil Supplies Department Authorities of the Government of Tamil Nadu on the allegation of carrying 22 rice bags said to be belonging to the government and in contravention of the Tamil Nadu Schedule Commodities (Regulation and Distribution by Card System) Order, 1982 and the Essential Commodities Act, 1955. The Company has filed a criminal revision petition before the High Court of Madras challenging the order of the Judicial Magistrate First Class, Ponneri in dismissing the application for release of the vehicle. The Company's vehicle was released at the intervention of the High Court. This matter in presently under investigation by the police.

2. A criminal petition has been filed before the High Court of Bombay by the Company for quashing the orders by the Judicial Magistrate, First Class, Barmati, Pune directing the Baramati Town Police for investigation into the matter relating to criminal breach of trust and cheating by the Company. This matter relates to a consignment booked from Baramati to Akola for transportation of seeds. The matter is posted for hearing by the High Court in the second week of December for settlement.

(ii) Civil Proceedings

1. Subrogation Proceedings

Various parties, ("**Consignors**"), had used our services to transport goods, which inadvertently, whether due to an accident or otherwise, got damaged in transit. In each of these cases, the Consignors had insured the relevant goods, and, the relevant insurance company had settled the claims of the Consignor for the goods which were damaged in transit. Subsequently, the relevant insurance companies had, along with the relevant Consignor, initiated proceedings against us, the details of which are as follows:

Sr. No.	Plaintiff(s)/Petitioner(s)	Reference Number of Case	Name and Address of Forum	Approximate Aggregate Claim Amount (Rs. in millions)
1.	Astra IDL Ltd. & Oriental Insurance Company Limited	S: 120/96	City Civil Court Bangalore	0.19
2.	S B Pharmaceuticals & United India Ins. Co. Ltd.	OS: 4216/00	31st Additional City Civil Judge – Bangalore	0.08
3.	Glenmark Pharmaceuticals & Oriental Insurance Co. Ltd.	OS:4198/01	Additional City Civil Judge - Chennai	0.7
4.	Parry Confectionery & New India Ins. Co. Ltd.	OS: 3902/01	Additional City Civil Judge, Chennai	0.13
5.	Rane Engine Valves Ltd. & United India Ins. Co. Ltd.	OS: 2975/03	High Court at Chennai	0.07
6.	Mahyco Seeds Ltd. & United	RCS: 386/06	Civil Judge (Senior Division),	0.03

	India Ins. Co. Ltd.		Jalna	
7.	M.M. Abdul Hameed and Sons & United India Ins. Co. Ltd.	OS: 420/09	Munsiff Court, Aluva	0.083
8.	Vinayaka Industries & Oriental Insurance Co. Ltd.	OS: 3901/10	Additional City Civil & Sessions Judge, Bangalore	0.21

All these proceedings are pending hearing and final disposal.

2. The North West Karnataka Road Transport Corporation ("**NWKRTC**") filed 14 proceedings against the Company and other private tour operators, wherein they sought to restrain such tour operators from parking their tourist vehicles within 500 metres radius from the Central Bus Stand. Pursuant to pleadings initiated by us, the High Court of Karnataka clubbed and transferred all of these 14 proceedings to the Principal Civil Judge (Junior Division) Hubli, which were dismissed. The NWKRTC has filed Regular Appeals before the Senior Civil Judge, Hubli which are currently pending. Additionally, the North East Karnataka Road Transport Corporation ("**NEKRTC**") has filed 3 similar proceedings and the High Court of Karnataka clubbed and transferred these 3 proceedings to the Principal Civil Judge (Junior Division), Gulbarga. Of these 3 proceedings, one was dismissed, and two are still pending. The NWKRTC also filed a similar proceeding before the Principal Civil Judge (Junior Division), Bijapur, which was decreed in favour of the NWKRTC, to which the Company filed an appeal before the Principal Civil Judge (Senior Division), which was subsequently dismissed. The Company has now filed a regular second appeal before the High Court of Karnataka, Gulbarga Bench, who has stayed the matter pending further hearing.

3. A suit (OS: 85/10) has been filed by Madhu Kanekal against Shivappa Gurappa Belagavi & ors., in which the Company has been impleaded as a defendant, before the Additional Civil Judge (Senior Division), Hubli. Certain property in Hubli (CTS Ward No. III – 146/B to 153) was sold by the Belagavi family to the Company. The plaintiff has challenged the sale on the grounds that the property sold was ancestral property in which she holds a share of 1/24.

4. The Registrar of Companies at Karnataka sent our Company a letter dated October 26, 2007 alleging violation of Schedule XIII and the Sections 269 and 198 of the Companies Act. The allegations contained in the letter in this respect are that:
    a. our Company crossed the limit prescribed vis-à-vis its "effective capital" in respect of payment of remuneration to the two managing directors;
    b. our Company did not have a remuneration committee; and
    c. our Company having appointed its managing directors for the period of five years instead of maximum permissible period of 3 years.

    Our Company responded to this letter on November 5, 2007 stating that our Company did not cross the limits prescribed under Schedule XIII of the Companies Act vis-a-vis "effective capital" in respect of payment of remuneration to the two managing directors since as on the relevant date for calculation of "effective capital" our Company was authorised to pay revised remuneration to its managing directors. Even though the AGM resolution passed on August 30, 2005 states that the managing director's remuneration would be restricted to Rs. 500,000 per month, the actual remuneration paid for the financial year 2005-2006 was less than Rs. 4.8 million or less than Rs. 400,000 per month, which is within the limits prescribed under Schedule XIII of the Companies Act. Further, as our Company constituted its remuneration committee on May 28, 2007, it did not have the said committee in existence in August 2005 when the members approved the appointment of our managing directors. Our Company regretted this lapse caused by inadvertence.

5. The Company has received a show cause notice dated August 17, 2010, from the Registrar of Companies, Karnataka, Ministry of Corporate Affairs alleging contravention of Sections 309 and 198 of the Companies Act, as they have paid remuneration to its Directors in excess of 11% of the profit, as per the Balance Sheet as at March 31, 2006. The Company has replied to the show cause notice vide letters dated August 27, 2010, and has subsequently rectified the non-compliances in respect of Sections 309 and 198 of the Companies Act.

2. *Miscellaneous Proceedings Initiated Against The Company*

Sr. No.	Plaintiff / Petitioners / Complainant/ Applicant	Reference Number of Case	Name And Address of Forum	Brief Particulars of Case	Approximate Aggregate Claim Amount (Rs. in millions)	Current Status
1.	Ramkumar Mills Limited, ("**RML**")	OS:8611/01	City Civil Judge at Bangalore,	RML has alleged that the Company delivered goods without collecting the original consignee's copy of the way bill, and has accordingly claimed the value of the goods.	0.71	Pending hearing and final disposal
2.	Ananth Agarbathi Company, ("**AAC**")	RFA 153/06	High Court, Karnataka	A decree was passed in favour of the Company, dismissing the money claim of AAC, (namely the value of the consignment), against the Company. AAC has accordingly appealed the same vide these proceedings.	0.06	Pending hearing and final disposal
3.	Virat Fabrics, (a proprietary concern)	Special Suit 133/99	Joint Civil Judge, (Senior Division), Surat,	Virat Fabrics has alleged that the Company delivered goods without collecting the original consignee's copy of the way bill, and has accordingly claimed the value of the goods.	0.054	Pending hearing and final disposal
4.	Rameshwar Lal	OS: 45/08	Additional District Judge, Jaipur	The plaintiff has alleged that we did not pay hire charges for the vehicle hired from him. Since the plaintiff did not arrange any drivers for the vehicle, the consignment to be	0.06	Pending hearing and final disposal

Sr. No.	Plaintiff / Petitioners / Complainant/ Applicant	Reference Number of Case	Name And Address of Forum	Brief Particulars of Case	Approximate Aggregate Claim Amount (Rs. in millions)	Current Status
				delivered was delayed by 13 days and the consignee refused to pay freight charges. The Company could therefore not pay hire charges to the plaintiff.		
5.	Captain Vidyadhar Shankar Chati	OS: 7621/08	Additional Civil and Sessions Judge, Bangalore	The plaintiff was issued an offer letter by the Company to join as a pilot. However, he failed to report for his duties within the stipulated period, and hence the offer was withdrawn. The plaintiff has claimed he had to pay a certain amount to his previous employer for leaving his employment and has claimed this amount from the Company.	0.191	Pending hearing and final disposal
6.	Geoffrey Manners and Company Limited	RFA: 651/09; OS:7279/00	High Court of Karnataka	The plaintiff has alleged that the Company delivered goods without collecting the original consignee's copy of the way bill, and has accordingly claimed the value of the goods. The High Court has directed the Company to deposit 50% of the decretal amount plus costs, and therefore the Company has deposited Rs. 5,62,651 and has	1.398	Pending hearing and final disposal

Sr. No.	Plaintiff / Petitioners / Complainant/ Applicant	Reference Number of Case	Name And Address of Forum	Brief Particulars of Case	Approximate Aggregate Claim Amount (Rs. in millions)	Current Status
				obtained a stay of the trial court judgment.		
7.	Jaykumar Agrawal	OS: 51/08	Magistrate cum Junior Civil Judge, R.R. District, Hyderabad	The Company hired the plaintiff's vehicle to deliver certain goods. However, certain articles were not delivered, and the Company therefore did not pay the hire charges. Claim filed by plaintiff for these hire charges.	0.018	Pending hearing and final disposal.
8.	Velumani Engineering Industry	OS: 315/09	Court of Subordinate Judge, Coimbatore	The plaintiff has filed the suit alleging that the goods delivered to the consignee were different from the goods originally booked.	0.127	Pending hearing and final disposal.
9.	K.N.N. Unni	OS: 207/2010	Subordinate Judge, Kottayam	The plaintiff was an agent of the Company at Kerala whose agency was terminated. He has filed this suit claiming certain dues.	0.6	Pending hearing and final disposal.
10.	Sri Pumps and Fittings Industrial Corporation (a partnership firm)	OS:714/07	Civil Judge (Junior Division), Rajahmundry	Claim in light of short delivery of 53 Kgs of valves.	0.030	Pending hearing and final disposal
11.	Sri Sai Krishi Kendra (a proprietary concern)	OS:348/07 RA:73/08 (filed by the Company), RA:86/08 (filed by plaintiff)	Principal Civil Judge (Senior Division), Hubli	Claim for delay in delivering the consignment.	0.15	Pending hearing and final disposal

Sr. No.	Plaintiff / Petitioners / Complainant/ Applicant	Reference Number of Case	Name And Address of Forum	Brief Particulars of Case	Approximate Aggregate Claim Amount (Rs. in millions)	Current Status
12.	Civil Supplies CID, Chennai ("**CSC**")	CR: 370/06	High Court at Chennai	Claim that a vehicle belonging to the Company was carrying smuggled rice bags. CSC has prayed for punishment U/s. 7 (1) (a) (ii) of the Essential Commodities Act 1955, R/w. Section 6(4) of the Tamil Nadu Scheduled Commodities (Regulation and Distribution by Card System) Order, 1982.	NIL	Pending hearing and final disposal
13.	Kasturi Bai Yalasangi	OS: 618/93; RSA: 1074/06	High Court of Karnataka	The petitioner has challenged the sale deed for purchase of property by the Company from Suresh G. Athnoor.	NIL	Pending hearing and final disposal
14.	Jayamma and others, ("**Lessors**")	OS: 224/99	City Civil Judge at Shimoga	The Lessors had leased a godown at Shimoga, Karnataka, to the Company. The Lessors have sought a partition of family assets amongst themselves and have served and impleaded the Company as a necessary formal party.	NIL	Pending hearing and final disposal
15.	Fathima Begum and others, ("**Claimants**")	LGC: 42/00	Special Court under the A.P. Land Grabbing (Prohibition) Act, 1982, at Hyderabad	Certain premises admeasuring 1,100/- square feet, had been leased to the Company, by one Mr. Ramanand Agarwal claiming to be the rightful owner of the premises. The Claimants have claimed that they are	NIL	Pending hearing and final disposal

Sr. No.	Plaintiff / Petitioners / Complainant/ Applicant	Reference Number of Case	Name And Address of Forum	Brief Particulars of Case	Approximate Aggregate Claim Amount (Rs. in millions)	Current Status
				the rightful owners and have accordingly initiated these proceedings, wherein the Company has been made a party as we are the Lessees of the said premises.		
16.	Fareeda Begam, second wife of our deceased driver Mr. Khajasab Kalegar	OS: 112/07	III Additional Civil Judge (Junior Division), Gadag	Fareeda Begam, second wife of our deceased driver Mr. Khajasab Kalegar who died in an accident, has claimed her share in all the terminal benefits of the said driver as may be determined.	NIL	Pending hearing and final disposal.
17.	S. Prabhakaran	OS: 88/09	Additional District Munsiff, Vaniyambadi	The petitioner is an ex-agent of the Company at Vaniyambadi who has filed this petition seeking restraint of termination of his agency.	NIL	Pending hearing and final disposal
18.	Manoj Katan	OS: 252/10	Additional Munsiff, Kannur	The plaintiff is an ex-agent of the Company at Kannur who has filed this petition challenging the termination of his agency by the Company.	NIL	Pending hearing and final disposal
19.	North West Karnataka Road Transport Corporation, ("**NWKRTC**")	Misc.Appeal No: 9/06 in OS:31/06 Misc. Appeal No: 1/06 in OS:19/06 WP: 5460/07 in OS.No: 62/06	Honnavar Yellapur Before the High	The NWKRTC filed 14 proceedings against the Company and other private tour operators, wherein they had sought to restrain the Company from parking our tourist vehicles within 500 mtrs. radius from the Central Bus Stand, which proceedings	NIL	Pending hearing and final disposal.

Sr. No.	Plaintiff / Petitioners / Complainant/ Applicant	Reference Number of Case	Name And Address of Forum	Brief Particulars of Case	Approximate Aggregate Claim Amount (Rs. in millions)	Current Status
			Court of Karnataka	were dismissed. NWKRTC has appealed these dismissals.		
20.	The Assistant Excise Commissioner, Kasargod, ("**AEC**")	CR 5/07; KSR 102/07	Kumbala Excise Range,	The AEC has alleged that one of the Company's vehicles was used for illegal transport of liquor and was therefore liable to be confiscated.	NIL	Pending hearing and final disposal.
21.	Mumbai Municipal Corporation	420/497/SS/ 10	Metropolitan Magistrate, Dadar, Mumbai	The Mumbai Municipal Corporation has filed this suit against the Company alleging that the Company's godowns in Mumbai do not have requisite trade licenses under the Mumbai Municipal Corporation Act.	NIL	Pending hearing and final disposal.
22.	Kishore Kumar Oswal v. Ramdev Cloth Stores	OS: 20/09	District Court, Balotra	The plaintiff has claimed payment from the defendant for a consignment delivered to the defendant using the Company's vehicle in December 2005. The Company has been impleaded as a defendant, however no money has been claimed from the Company.	0.052	Pending hearing and final disposal.

(iii) **Tax proceedings**

1. An Income Tax demand of Rs. 34.69 million was raised on the Company in connection with assessment year 2002-03. The Company appealed against this demand before the Commissioner of Income Tax (Appeals) at Hubli, (the "**CIT**"). Vide an order dated December 28, 2007, the CIT dismissed the Company's appeal and directed the Assessing Officer to re-compute and verify various items of income and expenditure, for the relevant assessment year, along with previous and later years. The Company in 2008 filed appeal an appeal against the CIT's order before the Income Tax Appellate Tribual ("**ITAT**") at Bangalore, which was allowed, and the amount recovered from the Company pursuant to the demand was refunded to the Company. The CIT has filed an appeal against the ITAT's order before the High Court of Karnataka for a tax demand of Rs. 15.71 million, which appeal has been registered and admitted. The appeal is pending hearing and final disposal.

2. An Income Tax demand of Rs. 32.70 million was raised on the Company in connection with assessment year 2006-07. In the order dated December 23, 2009, the Assessing Officer treated the Company's wind power project as a project u/s 80 (IA) of the Income Tax Act, and hence disallowed the company from adjusting expenses pertaining to that project against the income received from the other business carried out by the Company. The Company has on January 6, 2010 filed an appeal against this order before the Commissioner of Income Tax (Appeals) at Hubli. The matter is pending hearing and final disposal.

3. In March 2008, the Assistant Commissioner of Income Tax at Bellary conducted a survey u/s 133A of the Income Tax Act. The Assistant Commissioner then asked the Company for certain details and clarifications pertaining to tax deducted at source on certain payments, for assessment years 2006-07 and 2007-08, u/s 201 of the Income Tax Act. The Company submitted the details required, subsequent to which further details were requested and the Company was requested to appear before the Assistant Commissioner. The Company has been submitting details and attending hearings as required. The matter is pending hearing and final disposal.

4. Vijayanand Travels, (a separate division of the Company, earlier a proprietary concern, which runs our passenger transport business), has, through Mrs. Lalita Sankeshwar, (as 'proprietrix' of Vijayanand Travels), initiated proceedings before the Supreme Court of India, vide a Special Leave Petition (No. 10105 of 2007), ("**SLP**"). The SLP has been filed against the (i) Superintendent of Central Excise at Hubli, (ii) Deputy Commissioner of Central Excise, Hubli, (iii) Commissioner of Central Excise, Bangalore, and (iv) Union of India (Department of Revenue).

   The SLP has been preferred under Article 136 of the Constitution of India against the judgement and final order dated April 11, 2007, passed by the High Court of Karnataka, Bangalore, in Writ Appeal No. 1835 of 2006 by which the High Court dismissed the Writ Appeal filed by the petitioner. This matter relates to the constitutionality of the imposition of service tax on the petitioner, in light of the allegation that the petitioner is a tour operator. The petitioner has prayed for a stay of, and, leave to appeal, the impugned judgement and final order. These proceedings are pending hearing and final disposal.

   Subsequently, the Commissioner of Central Excise and Customs, Belgaum, ("**CCEC**"), on February 6, 2008, issued an order against the Company. This order states that five show cause notices were served to the Company for the period starting October 2001 and ending September 2006 in connection with the payment of service tax. The CCEC has demanded that the Company pay the service tax, interest and penalties as computed by it, which aggregate to Rs. 215.59 million together with interest and in addition to this the penalties as applicable The Company has filed an appeal against this order before the CESTAT, Bangalore. The CESTAT has issued a stay order for recovery of tax based on the letter from the Central Board of Excise & Customs, New Delhi. The matter is pending hearing and final disposal.

   The CCEC issued an order against the Company on October 24, 2008. This order states that show cause notices were served on us for the period starting October 2006 and ending September 2007 in connection with the payment of service tax. The CCEC has demanded that we pay the service tax, interest and penalties as computed by it, which aggregate to Rs. 127.90 million together with interest and in addition to this the penalties as applicable. The Company has filed an appeal against this order before the CESTAT, Bangalore. The CESTAT has issued a stay order for recovery of tax based on the letter from the Central Board of Excise & Customs, New Delhi. The matter is pending hearing and final disposal.

   The CCEC issued another show cause notice to the Company on April 17, 2009. This show cause notice relates to the payment of service tax for the period starting October 2007 and ending March 2008. The CCEC has demanded that the Company pay the service tax, interest and penalties as computed by it, which aggregate to Rs. 70.36 million together with interest, and in addition to this, penalties as applicable. The CCEC has not taken further steps based on a stay order issued by the CESTAT, Bangalore. The matter is pending hearing and final disposal.

The CCEC also issued a show cause notice to the Company on October 24, 2009. This show cause notice relates to the payment of service tax for the period starting April 2008 and ending May 2008. The CCEC has demanded that the Company pay the service tax, interest and penalties as computed by it, which aggregate to Rs. 20.21 million together with interest, and in addition to this, penalties as applicable. The CCEC has not taken further steps based on the stay order issued by the CESTAT, Bangalore. The matter is pending hearing and final disposal.

5. In March 2010, the Deputy Commissioner's Office of the Commissioner of Central Excise & Customs, Hubli observed that the Company had paid inadequate service tax on parcels carried through buses, by classifying such service as "transport of goods by road service" instead of as a courier service, and raised a demand of Rs. 41.38 million on the Company in respect of such short payment. The Company has replied to the Deputy Commissioner's observations and has explained that such service is to be classified as transport of goods by road service.

6. In 2008, 2009 and 2010, the Company was asked by the Commissioner of Central Excise & Customs, Belgaum to show cause as to why central excise duty should not be levied on the activities undertaken by the Company in respect of fabricating bodies of vehicles. The total liability raised on the Company in this respect by the Commissioner of Central Excise & Customs is Rs. 65.75 million. The Company has replied to the various show cause notices explaining how such activity is exempt from central excise duty.

7. In 2009, the Commissioner of Customs, Ahmedabad (the "**CoC**") issued a notice to the Company demanding customs duty (including interest) amounting to Rs. 68.81 million on the basis that the aircraft owned by the Company and imported under the Non-scheduled Operators Permit Scheme was being used other than as permitted under notification 21/02-Cus. The Company had previously relied on this notification to claim exemption from payment of duty. Following the CoC's notice, the Company deposited the amount demanded together with interest. The CoC then passed an order against the Company demanding adjustment of the deposit towards the unpaid duty and imposing a penalty on the Company. The Company has filed an appeal before the CESTAT, Ahmedabad and the CESTAT has by way of an order dated August 12, 2010, stayed the recovery of the duty from the Company. The matter is pending hearing and final disposal.

(iv) **Labour and other proceedings**

3. *Proceedings Initiated by Employees*

The following proceedings have been initiated by employees/former employees against the Company. No monetary claims have been made in these proceedings.

Sr. No.	Reference Number of Case	Name and Address of Forum	Plaintiffs/Petitioners	Brief Particulars of Proceedings	Current Status
1.	ID: 246/05	Labour Court, Coimbatore	D. Jayanthimala, formerly employed by the Company as a clerk	Alleged improper removal from employment with effect from May 1, 2004. Reinstatement sought.	Objections have been filed by the Company and the matter is pending hearing and final disposal.
2.	REF 6/03	Additional Labour Court, Bangalore	Nazeer Ahmed and Anwar Ahmed, formerly employed by the Company as hamals	Alleged improper/illegal termination of employment. Reinstatement sought.	Pending hearing and final disposal
3.	WP: 11085/10	High Court of Karnataka	Prabhakar Padmasale, formerly employed by the Company as a clerk	Alleged improper removal from employment. Reinstatement sought.	Pending hearing and final disposal.

4. *Workmen's Compensation Claims*

The Company is involved in various proceedings initiated before the Labour Officer and Workmen's Compensation Commissioner at various locations, in connection with workmen's compensation claims under the Workmen's Compensation Act, 1923, as follows:

Sr. No.	Claim amount (in millions)	Number of Proceedings Involving the Death of a Person	Number of Proceedings Involving Injury or Loss of Property	Total Number of Proceedings	Approximate Aggregate Claim Amount (Rs. in millions)
1	0 to 1	19	42	61	27.88
2	1 to 10	1	2	3	3.82
3	10 to 20	-	-	-	-
4	20 to 40	-	-	-	-
				Aggregate of Claims	**31.70**

5. *Proceedings Initiated Before Consumer Courts*

(a) The Company is involved in various proceedings initiated before various Consumer Forums for deficiency of services, as set out below.

Sr. No.	Claim Amount (Rs. In millions)	Number of Proceedings	Approximate Aggregate Claim Amount (Rs. in millions)
1.	0 to 1	19	1.68
2.	1 to 10	-	-

6. *Proceedings under the Motor Vehicles Act, 1988:*

The Company is involved in various proceedings initiated before various Motor Vehicle Accident Claims Tribunals in the country, under the Motor Vehicles Act, 1988, in connection with accidents that our fleet of vehicles have been/allegedly have been involved in. A substantial portion of the expected liability/ payment arising out of these cases would devolve on third parties such as insurance companies, etc. We have classified the proceedings involving our lorries and passenger buses as follows:

Proceedings Involving our Lorries and Passenger Buses

Sr. No.	Claim amount (Rs. in millions)	Number of Proceedings Involving the Death of a Person	Number of Proceedings Involving Injury or Loss of Property	Total Number of Proceedings	Approximate Aggregate Claim Amount (Rs. in millions)
1	0 to 1	80	421	501	194.18
2	1 to 10	56	49	105	213.01
3	10 to 20	-	1	1	15.75
4	20 to 40	1	-	1	28.21
5	40 and above	-	-	-	-
6	Petitions not received or received in a language other than English	-	-	64	-

Aggregate of Claims	**451.15**

Some of the material cases involving our lorries and passenger buses are provided below:

1. M/s. Vidya Bilagi has filed a petition before Motor Accidents Claim Tribunal, Hubli claiming compensation of Rs.15.75 million for injuries sustained in an accident involving our passenger bus bearing registration No: KA-25/A-7965, which was travelling from Pune to Hubli. The Company has filed its objections to this petition on 10 May 2007 and the vehicle is duly covered under insurance as on the date of the accident.

2. Mr. Ramesh Chandra Toshnival has filed a petition claiming compensation of Rs. 28.21 million before the Motor Accidents Claim Tribunal, Chittorgarh. The son of the petitioner was travelling in a vehicles bearing registration number RJ-09/U-0589 along with his friends and met with an accident by colliding with our vehicle bearing registration number KA-25/B-8329. As a result the son of the petitioner died in the accident. Petitioner has therefore filed a case claiming compensation.

7. *Show Cause Notices*

A Show Cause Notice dated March 3, 2008 has been served to the Company by the Commissioner of Central Excise and Customs, Belgaum, asking the Company to show cause as to why the central excise duty of approx. Rs. 58.1 million (payable on a value of approx. Rs. 355.3 million on vehicle bodies manufactured during January 2003 to October 2007), and the central excise duty of approx. Rs. 0.4 million (on the value of approx. Rs. 2.44 million in respect of scrap cleared from January 2003 to October 2007), should not be demanded and recovered under the proviso to Section 11A of the Central Excise Act, 1944, along with appropriate interest and penalty.

II. PROCEEDINGS INITIATED BY THE COMPANY

(i) Criminal Proceedings

1. The following criminal proceedings have been initiated by us under the Negotiable Instruments Act, 1881, in connection with dishonoured cheques which were issued to us. All of these proceedings are pending hearing and final disposal:

Sr. No.	Name and Address of Forum	Reference Number of Case	Filed Against	Approximate Aggregate Claim Amount (Rs. in millions)
1.	The Judicial Magistrate First Class, Hubli	CC: 1412/07	Shweta Industries	0.07
2.	Judicial Magistrate First Class, Hubli	PC: 614/06	Star Trading	0.028
3.	The Judicial Magistrate First Class, Hubli	CC: 1646/05	S. Aadityan Deepam Textiles	0.085
4.	The Judicial Magistrate First Class, Hubli	CC: 399/09	Ms. Kanta Devi Sharma	0.4
5.	The Judicial Magistrate First Class, Hubli	CC: 301/10	Mr. Naresh Banka, director, Shree Hari Graphics Pvt. Ltd.	0.26
6.	The Judicial Magistrate First Class, Hubli	CC: 1005/09	Mr. G. Vinod Kumar, proprietor, Sathvika Fire Services	0.005
7.	The Judicial Magistrate First Class,	PC:1081/09	Mr. Deepak Kate, director,	0.04

	Hubli		Sony Express Service Pvt. Ltd.	
8.	The Judicial Magistrate First Class, Hubli	PC: 365/09	Mr. N.P. Khalid	0.021
9.	The Judicial Magistrate First Class, Hubli	Private Complaint, unnumbered due to condonation of delay	Mr. Dilip Gopinath Mumbaikar	0.014
10.	The Judicial Magistrate First Class, Hubli	PC: 1143/09	Mr. Baljeetsingh Rathi, proprietor, Robeen Roadlines	0.082
11.	The Judicial Magistrate First Class, Hubli	CC: 437/2010	Mr. Nirmal Kumar Gupta, proprietor, Rishab Electricals	0.157
12.	The Judicial Magistrate First Class, Hubli	CC: 1436/2010	Mr. Jayesh Shah, partner, Jayanth Textile Corporation	0.012
13.	The Judicial Magistrate First Class, Hubli	PC: 326/10	Mr. Rameshwar Prasad Jat, proprietor, Saraswati Khad Beej Bhandar	0.008
14.	The Judicial Magistrate First Class, Hubli	PC: 504/10	SRB Chem (India) Pvt. Ltd.	0.013
15.	The Judicial Magistrate First Class, Hubli	Private Complaint, unnumbered due to condonation of delay	Mr. Partha Chaterjee, managing director, Harbour News Clothing	0.055
16.	The Judicial Magistrate First Class, Hubli	PC: 666/10	Mr. Gurmeet Singh Sawhney, deputy managing director, Koutons Retail India Ltd.	0.84
17.	The Judicial Magistrate First Class, Hubli	PC: 741/10	Mr. Nitin Mittal, director, Royal Coats and Colors (India) Pvt. Ltd.	0.043
18.	The Judicial Magistrate First Class, Hubli	PC: 1136/08	S. Sudhakar	0.047

2. Proceedings were initiated before the Judicial Magistrate First Class, Hubli (Cr. Petn. No.: 844/02) against Mr. N. G. Narayan Swami for the recovery of Rs. 4,000,000, in connection with dishonoured cheques issued to the Company. These proceedings were dismissed on technical grounds and the Company filed an appeal in the High Court of Karnataka. The matter has now been remanded to the trial court where it is pending hearing and final disposal.

3. The Company has filed a complaint against Captain G.K. Suresh before the Judicial Magistrate First Class, Hubli (PC: 355/10). The defendant was appointed by the Company as a pilot. He was sent to the U.S.A. for further training in which he was unsuccessful and his services were therefore terminated by the Company. The cheque issued by him for Rs. 2,000,000 in respect of expenses incurred by the Company towards his training was dishonoured. The matter is pending hearing and final disposal.

4. A complaint (PC: 810/10) has been filed by the Company against Koutons Retail India Ltd. before the Judicial Magistrate First Class, Hubli, in connection with a dishonoured cheque issued to the Company for an amount of Rs. 1,030,144 owed by the accused to the Company as freight charges for transportation of goods. The matter is pending hearing and final disposal.

5. A complaint (PC: 130/P/2007/A) has been filed by the Company before the Judicial Magistrate First Class, Margao against Sandeep Kholkar and Peedikayil Agri Agencies, a partnership firm, seeking a police investigation as the consignment sent by the accused under the declaration of agricultural pesticides turned out to consist of contraband goods when intercepted at a check post. The matter is pending hearing and final disposal.

6. A criminal complaint (CC: 2617/06) has been filed by the Company before the Judicial Magistrate First Class, Hubli in connection with a theft which took place at the Radhakrishnagalli Branch of the Company in Hubli and the recovery of Rs. 5,270/- which has been retrieved and is now in the possession of the Court.

7. A complaint has been filed by the Company in the court of the Judicial Magistrate First Class, Nelamangala, against Thushar Kishan Thumhani, a driver of a lorry which was to deliver certain goods from Mumbai to Bangalore and Chennai. When the lorry reached the transshipment hub it was found that some of the goods, worth Rs. 295,763 were missing. The matter is pending hearing and final disposal.

(ii) **Civil Proceedings**

1. *Writ Petitions filed by the Company*

(a) The Company, vide Civil Writ Petition No. 668 of 2007 before the Supreme Court of India, against the State of Maharashtra and Others, had sought interim reliefs against the respondents from seeking to levy a charge of Rs.1,500/- for goods carried on the top of tourist vehicles in the State of Maharashtra, which was granted vide the Court's order dated January 3, 2008. The said charge was sought to be levied per tourist vehicle, per entry/exit to and from the State of Maharashtra.

The Supreme Court has granted a stay restraining the respondents from levying the said penalty, and the matter is pending hearing and final disposal.

(b) The Company, vide Civil Writ Petition No. 566 of 2009 before the Supreme Court of India, against the State of Karnataka and Others, had sought interim reliefs against the respondents from seeking to levy penalties for goods carried on the top of tourist vehicles in the State of Karnataka. The matter is pending hearing and final disposal.

(c) The Company, vide Writ Petition No. 60829/2009 before the High Court of Karnataka, has challenged the order of the District Registrar, Dharwad stating that the Company had paid insufficient stamp duty on certain property in Hubli, and ordering the Company to pay an additional Rs. 1,12,000 (approx.) in stamp duty and registration fees. The petition is pending hearing and final disposal.

(d) The Company, vide Civil Writ Petition No. 64669/10 before the High Court of Karnataka, has challenged the order of the Regional Transport Office ("**RTO**") permitting dispatch of vehicle documents from the RTO only via speed post. The matter is pending hearing and final disposal.

2. *Suits Filed for the Recovery of Money*

The following proceedings have been initiated by us for the recovery of money, all of which are pending hearing and final disposal:

Sr. No.	**Reference Number of Case**	**Name and Address of Forum**	**Filed Against**	**Brief Particulars of Case**	**Approximate Aggregate Claim Amount (Rs. in millions)**
1.	RFA: 348/06	High Court of Karnataka	Geoffrey Manners	The Additional City Civil Judge, Bangalore granted a decree for part of the Company's claim, and the Company has appealed for the balance amount. An Execution Petition for the decretal amount is being filed separately.	0.32

Sr. No.	Reference Number of Case	Name and Address of Forum	Filed Against	Brief Particulars of Case	Approximate Aggregate Claim Amount (Rs. in millions)
2.	EXE: 214/09	The High Court of Bombay.	Fincon Management Services Ltd.	Recovery of advance paid towards charges for receiving financial assistance, as the required services were not provided. The suit has been decreed in favour of the Company and execution proceedings have now been initiated.	1.5
3.	OS: 179/09, EXE: 41/10	The Civil Judge (Junior Division), Thane	Himachal Golden Transports	Execution proceedings in connection with a claim for the recovery of money which was decreed in our favour.	0.17
4.	EXE: 30/07	Principal Civil Judge (Junior Division), Sinnar	Jyothi Polymers, (a Proprietary concern)	Execution proceedings in connection with a claim for the recovery of money which was decreed in our favour.	0.044
5.	OS:269/03, EXE: 132/10	The Additional Civil Judge (Senior Division), Hubli and City Civil Judge, Bangalore.	Rekha Rajendra	Claim for the recovery of money paid as a refundable security deposit for the use of a godown, which deposit was not refunded after the possession of the godown was returned. The matter was disposed off by the trial court, after which the High Court of Karnataka remanded the matter back to the trial court for fresh evidence.	0.29
6.	OS: 335/03	The Additional Civil Judge (Senior Division), Hubli	Ashok B. Hipparagi,	The defendant is a former in charge of the Delhi office of the Company who had misappropriated the money claimed in this matter during his tenure of employment with the Company.	0.055
7.	OS:7239/03	The City Civil Judge, Bangalore	A. Upendra Char,	The defendant was an employee of the Company who had misappropriated the money claimed in this matter during his tenure of employment with the Company.	0.032
8.	CD: 774/00	The Metropolitan Magistrate, Hyderabad	Ashok Kapoor	Claim for the recovery of money paid as a refundable security deposit for the use of a godown, which deposit was not refunded after the possession of the godown was returned.	0.01
9.	SC: 24/07	The Principal Civil Judge (Senior Division), Hubli	Umesh Talwar	The defendant was an agent of the Company who failed to credit certain consignment related money to our account, along with godown rentals and electricity bills payable by him to us. Exparte judgment and decree has been passed. Execution Petition to be filed.	0.02
10.	OS:428/03	The Civil Judge	Datapro	The Company had obtained a decree for the	0.05

Sr. No.	Reference Number of Case	Name and Address of Forum	Filed Against	Brief Particulars of Case	Approximate Aggregate Claim Amount (Rs. in millions)
		(Junior Division), Hubli	Electronics Pvt. Ltd.	recovery of money towards freight charges, and has accordingly filed these execution proceedings.	
11.	OS: 429/07	The II Additional Civil judge (Jr. Dn.), Hubli	Wizard Biotech Pvt Ltd	Claim for the recovery of freight charges.	0.04
12.	Suit LD No. 195; OS: 566/07	The High Court of Bombay	Indoco Remedies Limited	Claim for the recovery of freight charges.	0.37
13.	OS: 862/08	Principal Civil Judge (Junior Division) - Indore	Nataraj Cold Storage & Foods Pvt. Ltd.	Claim for the recovery of freight charges.	0.038
14.	OS: 5073/10	XIV Assistant Civil Judge, Chennai	Gemini Communications Ltd.	Claim for the recovery of freight charges.	0.119
15.	OS: 10623/09	Patiala House Court, New Delhi	Pasupati Spinning and Weaving Mills Ltd.	Claim for recovery of payment for services provided by the Company.	0.143
16.	OS: 784/08	Additional Civil Judge (Junior Division), Hubli	M. Saravana Kumar & M. Tamil Ozhi	Suit filed against ex-agents at Perundurai for the recovery of dues to be settled by them after their agency was taken over by the Company.	0.309
17.	OS: 257/09	Principal Civil Judge (Junior Division), Hubli	Chandrakant Khilare & Ramesh Pardeshi	Suit filed against ex-agents at Pune for the recovery of dues to be settled by them after their agency was taken over by the Company.	0.056
18.	SC No. 28/09	Principal Civil Judge (Senior Division), Hubli	C. Balakrishnan & P. Kuppuswamy	Suit filed against ex-agents at Tirupattur for the recovery of dues to be settled by them after their agency was taken over by the Company.	0.011
19.	OS: 439/09	Principal Civil Judge (Junior Division), Hubli	C. Balakrishnan & P.V. Chennakrishnan	Suit filed against ex-agents at Uthangarai for the recovery of dues to be settled by them after their agency was taken over by the Company.	0.066
20.	OS: 351/09	Principal Civil Judge (Junior Division), Hubli	B. Radhakrishnan Menon	Suit filed against ex-agent at Thiruvalla for the recovery of dues to be settled by him after his agency was taken over by the Company.	0.045
21.	OS: 352/09	Additional Civil Judge (Junior Division), Hubli	Sachin K. Tupe & Krishnaji Tupe	Suit filed against ex-agents at Uruli Kanchan for the recovery of dues to be settled by them after their agency was taken over by the Company.	0.067
22.	OS: 706/09	Additional Civil Judge (Junior Division), Hubli	Shashank Khot & Sharad Hingmire	Suit filed against ex-agents at Ratnagiri for the recovery of dues to be settled by them after their agency was taken over by the Company.	0.232
23.	OS: 6100/09	Assistant City Civil Judge, Chennai	Shripet Industries	Claim for the recovery of freight charges.	0.05
24.	OS: 6260/09	City Civil Judge, Bangalore	K. Gopala Krishna	Claim for refund of amount paid by the Company to the defendant as security deposit in respect of certain Vizag premises.	0.314
25.	OS: 328/2010	Principal Civil Judge (Junior Division), Hubli	Subhash Devi & Vijay Kumbar	Suit filed against ex-agent at Satara and his guarantor for the recovery of dues to be settled by him after his agency was taken	0.029

Sr. No.	Reference Number of Case	Name and Address of Forum	Filed Against	Brief Particulars of Case	Approximate Aggregate Claim Amount (Rs. in millions)
				over by the Company.	
26.	OS:548/2010	Subordinate Court, Kottayam	K. Satheesan	Suit filed against ex-agent at Kottayam and his guarantor for the recovery of dues to be settled by them after their agency was taken over by the Company.	0.984
27.	OS: 731/2010	Additional Senior Civil Judge, Vijaywada	Godrej Consumer Products Ltd.	Claim for recovery of freight charges.	0.21
28.	OS: 125/2010	Additional Senior Civil Judge, Dharwad	United India Insurance Co. Ltd.	Reimbursement of compensation amounts paid in MVC Nos. 17/04 and 18/04.	1.668
29.	OS: 1372/09	Civil Judge, Patiala House Court, New Delhi	Biotech International Ltd.	Claim for recovery of freight charges.	0.035
30.	OS: 518/2010	High Court of Bombay	Nugrid Consulting Pvt. Ltd.	The Company and the defendant entered into a contract, under the terms of which the defendant was to provide skilled manpower to the Company. The defendant failed to provide any such manpower. Claim filed for refund of amount paid by the Company to the defendant as per the contract.	0.09
31.	OS: 519/2010	High Court of Bombay	Mr. Shaikh Nizamuddin	The defendant was appointed by the Company as its cargo agent for Mumbai South. Subsequent to delivery of consignments the defendant did not settle the amounts with the Company and hence the Company has filed a suit to recover amounts payable by the defendant.	1.694
32.	RCS: 204/10	Civil Court (Senior Division), Kolhapur	Mahalaxmi Goods Transport Company	The Company had hired a vehicle from the defendant to transport certain consignments. The vehicle was damaged in an accident and the Company settled the claims of the customers. The Company has now filed a suit to recover the amount paid to the customers from the defendant.	0.08
33.	Summary Suit 88/2009	Civil Judge (Senior Division), Thane	Evinix Accessories Ltd.	Claim for recovery of freight charges.	0.433
34.	Summary Suit 18/2009	Civil Judge (Junior Division), Vashi	Domech Fabricators	Claim for recovery of freight charges.	0.043
35.	Summary Suit 17/2009	Civil Judge (Junior Division), Vashi	Hundred Percent Digital	Claim for recovery of freight charges.	0.062
36.	Summary Suit 16/2009	Civil Judge (Junior Division), Vashi	Max Foods Limited	Claim for recovery of freight charges.	0.095

3. The Company has filed a suit in the High Court of Bombay (Logging No. 1751/2010) against Parekh Integrated Service Pvt. Ltd. for recovery of a sum of Rs. 3,134,237.82, in respect of the loss caused to the Company when a lorry carrying the defendant's consignment burned down. The defendant had wrongly stated that the goods comprised detergents and food products, and had not revealed that the goods were of an inflammable nature. The matter is pending hearing and final disposal.

4. The Company has entered into a power purchase agreement with the Hubli Electricity Supply Company Limited ("**HESCOM**") under which it sells energy to HESCOM. According to the terms of this agreement, HESCOM is liable to pay interest on any delayed payments to the Company. HESCOM did not pay interest on delayed payments and the Company therefore filed a petition before the Karnataka Electricity Regulatory Commission (OP: 11/09) which was disposed of in favour of HESCOM. The total amount claimed by the Company is Rs. 351,580,630. The Company has now filed a writ petition in this regard before the High Court of Karnataka (MFA: 5773/2010) which is pending hearing and final disposal.

(iii) **Tax Proceedings**

1. A writ petition (WP: 21884/05) has been filed by the Company before the High Court of Karnataka challenging the constitutionality of the levy of infrastructure cess on vehicles by the Hubli Dharwad Municipal Corporation. The matter is pending hearing and final disposal.

2. A writ petition (WP: 15486/07), has been filed by the Company before the High Court of Andhra Pradesh, challenging the orders of the Commissioner of Central Excise, Andhra Pradesh, upholding the seizure of a vehicle owned by the Company by the Andhra Pradesh Central Excise Authorities, in connection with allegations of transporting contraband chemicals. The petition is pending hearing and final disposal.

(iv) **Labour and Miscellaneous Proceedings**

1. Appeals Pursuant to Proceedings Filed By Third Parties under the Motor Vehicles Act, 1988

The Company is involved in various proceedings initiated by third parties before the Motor Vehicle Accident Claims Tribunal at various locations, under the Motor Vehicles Act, 1988, in connection with accidents that our fleet of vehicles have been/allegedly have been involved in. The following are the details of Orders/Decrees passed in these matters, against which the Company has appealed:

Sr. No.	**Claim amount (in lakhs)**	**Number of Proceedings Involving the Death of a Person**	**Number of Proceedings Involving Injury or Loss of Property**	**Total Number of Proceedings**	**Approximate Aggregate Claim Amount (Rs. in millions)**
1.	0 to 1	-	2	2	0.21
2.	1 to 10	-	-	-	-

All these proceedings are pending hearing and final disposal.

2. Appeals Pursuant to Proceedings Filed By Workmen in Connection with their Compensation Claims

The Company is involved in various proceedings initiated before the Labour Officer and Workmen's Compensation Commissioner at various locations, in connection with workmen's compensation claims. The following are the details of orders / decrees passed in these matters, against which the Company has appealed:

Sr. No.	**Claim Amount (Rs. in lakhs)**	**Number of Proceedings Involving the Death of a Person**	**Number of Proceedings Involving Injury or Loss of Property**	**Total Number of Proceedings**	**Approximate Aggregate Claim Amount (Rs. in millions)**
1.	0 to 1	1	2	3	0.93
2.	1 to 10	-	-	-	-

All these proceedings are pending hearing and final disposal.

3. Appeals Pursuant to Proceedings Filed Against the Company in Consumer Courts

Three appeals have been filed by the Company before various State Commissions in appeal against decisions of the Consumer Forum, in connection with alleged deficiency of services provided by the Company. The aggregate amount involved in these appeals which are pending hearing and final disposal is Rs. 168,062.

4. Other Appeals

1. The North West Karnataka Road Transport Corporation, had filed proceedings against the Company and other private tour operators, wherein they had sought to restrain such tour operators from parking our tourist vehicles within 500 metres radius from the Central Bus Stand, and the suit was accordingly decreed against the Company. No monetary claims have been made. The company had filed an appeal which also came to be dismissed. Challenging this, a Regular Second Appeal has been filed before the Hon'ble High Court of Karnataka, Circuit Bench at Gulbarga and the judgment and decree of the lower court has got stayed.

2. The Company filed an application (ESI Application No. 22/2007) under the Employees State Insurance Act, 1948 (the "**ESI Act**") before the Employees State Insurance Court at Hubli, challenging the order of the Assistant Director, Employees State Insurance Corporation, who had demanded a contribution of Rs. 1.29 million in respect of drivers headquartered in Varur. The Company's application stated that since Varur is not a notified area under the ESI Act, the Company need not make contributions in respect of the drivers. The application filed by the Company was dismissed, and the Company has filed an appeal (MFA: 20858/10) before the High Court of Karnataka, Dharwad Bench. The matter has been stayed.

III. PROCEEDINGS INITIATED AGAINST PROMOTERS OF THE COMPANY

(a) Criminal Proceedings

1. Criminal Defamation Proceedings against our Promoter Mr. Vijay Sankeshwar in his capacity as Erstwhile Printer and Publisher of the Kannada daily 'Vijay Karnataka'

Sr. No.	Parties	Reference Number of Suit	Name and Address of Forum	Brief Particulars of Proceedings	Current Status
1.	K. N. Ashok Vs. Mr. Vijay Sankeshwar	CC: 416/06	Judicial Magistrate First Class, Virajpet	These proceedings have been initiated in connection with the alleged news item involving one Mr. M. K. Ashok for wrong publication of the initials as K. N. Ashok in the news item.	Pending hearing and final disposal. Stayed by High Court of KN.
2.	C. Chennigappa vs. Mr. Vijay Sankeshwar	CC: 2630/06	Additional Chief Metropolitan Magistrate	These proceedings have been initiated in connection with a news item regarding the suspension of the Complainant while in service.	Pending hearing and final disposal.
3.	Fakirappa Baligar vs. Mr. Vijay Sankeshwar	CC: 463/06	Judicial Magistrate First Class, Dharwad	These proceedings have been initiated in connection with a news item regarding the alleged mis-appropriation of agricultural	Pending hearing and final disposal.

Sr. No.	Parties	Reference Number of Suit	Name and Address of Forum	Brief Particulars of Proceedings	Current Status
				labourers insurance money.	
4.	Mohammed Bashu v/s V. C Hiremath and others	OS:199/06	Civil Judge, Junior Division, Hospet	The petitioner has claimed defamatory damages for the news item published in Vijay Karnataka.	Pending hearing and final disposal.

(b) **Civil Proceedings**

1. Guru Teak Investments (Mysore) Private Limited initiated proceedings before the 4th Additional City Civil Judge, Bangalore (OS: 15206/06), with a prayer that Mr. Vijay Sankeshwar be directed to not publish any news item regarding the plaintiff. No monetary claims have been made by the plaintiff.

2. In 2009, the Commissioner of Customs, Ahmedabad (the "CoC") issued a notice our Promoters demanding customs duty amounting to Rs. 10,000,000 and Rs. 50,000 from Mr. Vijay Sankeshwar and Mr. Anand Sankeshwar respectively, on the basis that the aircraft owned by the Company and imported under the Non-scheduled Operators Permit Scheme was being used other than as permitted under notification 21/02-Cus. The Company had previously relied on this notification to claim exemption from payment of duty. Following the CoC's notice, the Company deposited the amount demanded together with interest. The CoC then passed an order against the Company demanding adjustment of the deposit towards the unpaid duty and imposing a penalty on the Company. The Company has filed an appeal before the CESTAT, Ahmedabad and the CESTAT has by way of an order dated August 12, 2010, stayed the recovery of the duty from the Company. The matter is pending hearing and final disposal.

IV. PROCEEDINGS INITIATED BY THE PROMOTERS OF OUR COMPANY

(i) **Criminal Proceedings**

1. The Company had diversified into the newspaper industry and started a Kannada Daily called *Vijay Karnataka*, operated by it's the then subsidiary Vijayanand Printers Limited. The Company's Promoter Mr. Vijay Sankeshwar declared himself printer and publisher of *Vijay Karnataka*. The entire shareholding of Vijayanand Printers Limited was sold to the Times Group on August 25, 2006.

   A Criminal Special Leave Petition ("**SLP**") was filed by (i) the Editor of *Vijay Karnataka*, (ii) a *Vijay Karnataka* reporter, and, (iii) Mr. Vijay Sankeshwar as the printer and publisher of *Vijay Karnataka*, against the Registrar General of the High Court of Karnataka, (SLP CRL 1205 of 2003). This SLP was filed against the Common Order dated March 17, 2003 of the Full Bench in the contempt of court proceedings initiated *suo motu* by the High Court of Karnataka wherein it was held that certain news items published in *Vijay Karnataka* about three High Court Judges were prima facie contemptuous, and, that the petitioners and others should be charged with commission of an offence punishable under Section 12 of the Contempt of Courts Act, 1971. The SLP seeking leave to appeal the order of March 17, 2003 is pending final disposal.

2. Defamation proceedings have been initiated by our Promoter Mr. Vijay Sankeshwar against B. S. Shivaprasad in the court of the Judicial Magistrate First Class, Hubli (CC: 546/07 and CC: 689/06), in light of a publication in the *Karavali Ale* criticizing Mr. Sankeshwar as the printer and publisher of *Vijay Karnataka*. The proceedings are pending hearing and final disposal.

3. Defamation proceedings have been initiated by our Promoter Mr. Vijay Sankeshwar against Mr. Basavaraj Patil Yatnal, the then Union Minister of State for Railways, in the court of the Judicial Magistrate First Class, Hubli (CC: 1081/04; Cr. P. 7536/09) in light of criticism of Mr. Vijay Sankeshwar by Mr. Basavaraj Patil Yatnal for failure to form a political party. The proceedings are pending hearing and final disposal.

4. *Criminal Appeal*

Criminal Appeal No. 433/03 and Special Leave Petition (Criminal) No. 1205/03 have been initiated in the Supreme Court at Delhi by Mr. Vijay Sankeshwar in his capacity as the erstwhile printer and publisher of *Vijay Karnataka*, challenging the suo moto contempt of court proceedings initiated by the High Court of Karnataka against *Vijay Karnataka* and Mr. Vijay Sankeshwar for publishing an article in connection with certain High Court Judges. This appeal and SLP are pending hearing and final disposal. The Supreme Court has stayed the High Court proceedings.

V. PROCEEDINGS INITIATED AGAINST THE DIRECTORS OF OUR COMPANY

(i) **Tax proceedings**

In 2009, the Commissioner of Customs, Ahmedabad (the "CoC") issued a notice our Directors demanding customs duty amounting to Rs. 250,000 on the basis that the aircraft owned by the Company and imported under the Non-scheduled Operators Permit Scheme was being used other than as permitted under notification 21/02-Cus. The Company had previously relied on this notification to claim exemption from payment of duty. Following the CoC's notice, the Company deposited the amount demanded together with interest. The CoC then passed an order against the Company demanding adjustment of the deposit towards the unpaid duty and imposing a penalty on the Company. The Company has filed an appeal before the CESTAT, Ahmedabad and the CESTAT has by way of an order dated August 12, 2010, stayed the recovery of the duty from the Company. The matter is pending hearing and final disposal.

(ii) **Miscellaneous Proceedings**

NIL

VI. PROCEEDINGS INITIATED BY OR AGAINST COMPANIES PROMOTED BY OUR PROMOTERS

(i) VRL CEMENTS LIMITED

(i) **Criminal Proceedings**

NIL

(ii) **Civil Proceedings**

NIL

(iii) **Economic offences**

NIL

(iv) **Securities laws offences**

NIL

(v) **Tax proceedings**

NIL

(vi) **Miscellaneous Proceedings**

NIL

Contingent Liability as of September 30, 2010

NIL

(ii) **VRL MEDIA LIMITED**

(i) **Criminal Proceedings**

NIL

(ii) **Civil Proceedings**

NIL

(iii) **Economic offences**

NIL

(iv) **Securities laws offences**

NIL

(v) **Tax proceedings**

NIL

(vi) **Miscellaneous Proceedings**

NIL

Contingent Liability as of September 30, 2010

NIL

(iii) **VRL SECURITIES LIMITED**

(i) **Criminal Proceedings**

NIL

(ii) **Civil Proceedings**

NIL

(iii) **Economic offences**

NIL

(iv) **Securities laws offences**

NIL

(v) **Tax proceedings**

NIL

(vi) **Miscellaneous Proceedings**

NIL

Contingent Liability as of September 30, 2010

NIL

VII. PROCEEDINGS INITIATED BY OR AGAINST FIRMS WHERE ANY PROMOTER IS A PARTNER, HUFs WHERE ANY PROMOTER IS A KARTA, TRUSTS WHERE ANY PROMOTER IS A TRUSTEE

1. **SHRI AYYAPPA BHAKTA VRUNDA TRUST (a registered religious public trust where our Promoter is the president)**

(i) **Criminal Proceedings**

NIL

(ii) **Civil Proceedings**

NIL

(iii) **Economic offences**

NIL

(iv) **Securities laws offences**

NIL

(v) **Tax proceedings**

NIL

(vi) **Miscellaneous Proceedings**

NIL

Contingent Liability as of September 30, 2010

NIL

2. **ARADHANA TRUST (a private trust where our Promoter is a trustee)**

(i) **Criminal Proceedings**

NIL

(ii) **Civil Proceedings**

NIL

(iii) **Economic offences**

NIL

(iv) **Securities laws offences**

NIL

(v) **Tax proceedings**

NIL

(vi) **Miscellaneous Proceedings**

NIL

Contingent Liability as of September 30, 2010

NIL

VIII. DETAILS OF PAST CASES WHERE PENALTIES WERE IMPOSED ON THE COMPANY, PROMOTERS, DIRECTORS, ANY FIRM WHERE ANY PROMOTER IS A PARTNER, ANY HUF WHERE ANY PROMOTER IS A KARTA, AND ANY TRUST WHERE ANY PROMOTER IS A TRUSTEE, AND DETAILS OF PAST DEFAULTS OF THE COMPANY

(i) **Compounding of Offences under the Companies Act, 1956**

(a) The Company and its Promoters, Mr. Vijay Sankeshwar and Mr. Anand Sankeshwar, applied to the Company Law Board at Chennai for the compounding of various offences in connection with the following provisions of the Companies Act, 1956: (i) Section 292(A) (Audit Committee), (ii) Section 372(A) (inter-corporate loans and investments), (iii) Section 211(1) 3A & 3C (form and content of balance sheet and profit and loss account), (iv) Section 297(1) (Board's sanction in contracts where directors are interested) and (v) Section 141(2) (rectification of register of charges). These offences were duly compounded. Aggregate compounding fees of Rs.175,000 have been duly paid by the Company.

(b) The RoC sent the Company a letter dated October 26, 2007, asking us to provide details in connection with (i) alleged non compliance with Rule 3(1)(c) of the Deposit Rules, (ii) alleged violation of Section 297 of the Companies Act, 1956, and, (iii) alleged violation of Schedule XIII and associated Sections (269 and 198), of the Act. We have responded to the said letter, explaining as to why there was no violation of Schedule XIII and associated Sections of the Act. As suggested by the RoC in the said letter, we have compounded the alleged violation of Section 297 of the Companies Act, 1956 and the contravention of the Deposit Rules.

The following are the names of small scale creditors to whom the Company owes a sum exceeding Rs. 1,00,000 which is outstanding for more than thirty days:

NIL

IX. MATERIAL DEVELOPMENTS

No material developments have taken place after September 30, 2010, the date of the last balance sheet that would materially adversely affect the performance or prospects of the Company otherwise than as disclosed under the chapter titled "Management's Discussion and Analysis Of Financial Condition And Results Of Operations**"** on page 226 and section titled "Financial Information" on page 144 of this Draft Red Herring Prospectus.

In accordance with SEBI requirements, the Company and BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission of the stock exchanges.

GOVERNMENT AND OTHER APPROVALS

On the basis of the indicative list of approvals provided below, the Company can undertake the Issue and other than as stated below, no further approvals from any regulatory authority is required to undertake the Issue. Unless otherwise stated, these approvals are valid as of the date of this Draft Red Herring Prospectus.

Approvals for the Issue

1. The Board of Directors has, pursuant to a circular resolution passed at its meeting held on August 26, 2010, authorized the Issue. The shareholders of the Company have, pursuant to a resolution dated September 23, 2010, under Section 81(1A) of the Companies Act, authorized the Issue.

2. The Company has obtained in-principle listing approvals dated [•] and [•] from the BSE and the NSE, respectively, and will be required to obtain final listing and trading approvals prior to the commencement of trading of the Equity Shares on the Stock Exchanges.

3. The Company has applied to the FIPB on November 20, 2010 to approve the allotment and/or issue equity share to non-residents.

Approvals for our Business

We require various approvals to carry on our business. These include:

S. No.	Description of Licenses/ Approvals Obtained	Issued By	License/ Approval No.	Date of Issue	Date of Expiry/ Comments
Tax					
1.	Registration certificate as a dealer for value added tax under Section 22 of the Karnataka Value Added Tax Act, 2003.	Assistant Commissioner of Commercial Taxes, Local VAT office, 320, Hubli	TIN No. 29610372690	March 11, 2008	Valid until cancelled
2.	Permanent Account Number.	Income Tax Department	No.AABCV3609C	-	Valid until cancelled
3.	Tax Deduction Account Number.	Income Tax Department	BLRV02701G	-	Valid until cancelled
4.	Registration certificate under the Central Sales Tax Registration and Sales Rules, 1957.	Assistant Commissioner of Commercial Taxes	29610372690	July 5, 2006	Valid until cancelled
5.	Certificate of registration with the Central Excise Department under Section 69 of the Finance Act, 1994.	Office of the Superintendent of Central Excise and Customs, Range 'A', Hubli	AABCV3609CST001	October 1, 2008	Valid until cancelled
Labour					
6.	Registration under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.	Regional Provident Fund Commissioner, Bangalore	No. KN/10179	February 18, 1985	Valid until cancelled
7.	Registration under the Employees' State Insurance Act, 1948.	Regional Director of the Regional Office of the Employees' State Insurance Corporation, Karnataka	Orgincal No. 53-6002-106. Changed to 58/00/002062/000/1006 with effect from June 25, 2010.	May 28, 1986	Valid until cancelled
8.	License under Factories Act, 1948 for the unit situated in Bangalore.	Chief Examiner of Industries, Industries and Boilers Division, Karnataka	MYB – 11398	January 1, 2003	December 31, 2012
9.	License under Factories Act, 1948 for the unit situated at Varur.	Chief Examiner of Industries, Industries and Boilers Division, Karnataka	MY/DWB-1589	January 1, 2005	December 31, 2010

S. No.	Description of Licenses/ Approvals Obtained	Issued By	License/ Approval No.	Date of Issue	Date of Expiry/ Comments
10.	Certificate of registration to work a motor transport undertaking.	Assistant Labour Commissioner and Inspector under Motor Transport Workers' Act, 1961 Dharwad Division, Hubli	28/MTW/DWR/86-87	September 14, 1992	December 31, 2010
Industrial					
11.	Authorisation for handling hazardous waste under Rule 5(4) of the Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008.	Senior Environmental Officer, Karnataka State Pollution Board	KPSCB/HWM/889	February 28, 2009	September 30, 2013
12.	License for storage of 60 KL Petroleum Class B at Chitradurga.	Deputy Chief Controller of Explosives, Mangalore Sub Circle Office, Petroleum and Explosives Safety Organisation, Ministry of Commerce & Industry,	P/SC/KA/14/2153(P58695)	November 3, 2004,	December 31, 2012
13.	License to store 100 KL petroleum in connection with a pump for fuelling motors at Hubli.	Deputy Chief Controller of Explosives, Mangalore Sub Circle Office, Mangalore, Petroleum and Explosives Safety Organisation, Ministry of Commerce and Industry	P/SC/KA/14/1875(P27351)	December 11, 2003	December 31, 2010
14.	License to transport 20KL of Class A/B petroleum by the vehicle under the Petroleum Act, 1934, under the Petroleum Rules, 2002 granted for vehicle No.KA-25/A-9022.	Deputy Chief Controller of Explosives, Mangalore Sub Circle Office, Petroleum and Explosives Safety Organisation, Ministry of Commerce & Industry	P/SM/KA/11/4034(P190503)	January 16, 2007	December 31, 2012
15.	License to transport 20KL of Class A/B petroleum by the vehicle under the Petroleum Act, 1934, the Petroleum Rules, 2002 granted for vehicle No.KA-25/A-9929.	Deputy Chief Controller of Explosives, Mangalore Sub Circle Office, Petroleum and Explosives Safety Organisation, Ministry of Commerce & Industry	P/SM/KA/11/4260(P199459)	July 10, 2007	December 31, 2012
16.	License to transport 20KL of Class A/B petroleum under the provision of the Petroleum Act, 1934 and the Petroleum Rules, 2002 granted for vehicle No. KA-25/B-0393.	Deputy Chief Controller of Explosives, Mangalore Sub Circle Office, Petroleum and Explosives Safety Organisation, Ministry of Commerce & Industry	P/SM/KA/11/4362(P204262)	November 7, 2007	December 31, 2012
17.	License to transport 20KL of Class A/B petroleum under the provision of the Petroleum Act, 1934 and the Petroleum Rules, 2002 granted for vehicle No. KA-25/B-0394.	Deputy Chief Controller of Explosives, Mangalore Sub Circle Office, Petroleum and Explosives Safety Organisation, Ministry of Commerce & Industry	P/SM/KA/11/4354(P204095)	November 1, 2007	December 31, 2012
Miscellaneous					
18.	Approval under the Weights and Measures (Enforcement) Act, 1985 for a 50 ton capacity weighing machine and calibration of diesel bunks at Varur, Hubli and Chitradurga.	Department of Weights and Measures	9/0304	November 27, 2008	November 26, 2013
19.	Sanction letter for power supply of 1000 KVA (33KV) to the H.T. Installations.	Chief Engineer (Electricity), Hubli Zone, Hubli Electricity Supply Company Limited	CEH/EE (O)/E-2/8539-43	January 19, 2005	Valid until cancelled
20.	Approval under Rule 63 of Indian Electricity Rules, 1956 for commissioning 2 x 1000 KVA	Chief Electrical Inspector to Government, Government of Karnataka.	CEIG/DCEI/EI (T)/DEI-1/9585-89	August 5, 2005	Valid until cancelled

S. No.	Description of Licenses/ Approvals Obtained	Issued By	License/ Approval No.	Date of Issue	Date of Expiry/ Comments
	transformers.				
21.	Approval for 50 KVA power supply to the transhipment hub situated at Gangavati.	Executive Engineer (Electricity), Gulbarga Electricity Supply Company Limited	KNA/SKNA(K)/Co./2 006-07/10573-74	February 27, 2007	Valid until cancelled
22.	Approval under Rule 63 of Indian Electricity Rules, 1956 for the installation of 1x250 KVA transformers at the transhipment hub situated at Gangavati.	Electrical Inspector, Raichur, Government of Karnataka	EI/RCR/06-07/712-16	February 23, 2007	Valid until cancelled
23.	Power sanction letter for the H.T. Installations.	Deputy General Manager (Electricity), Commercial, Operation and Maintenance Division, Bangalore Electricity Supply Company Limited, Chitradurga	DGM/AGM(O)/M(T)/ 539-40	July 19, 2004	Valid until cancelled
24.	Approval for the installation of 500 KVA transformers at the checkpoint and diesel supply unit situated at Chitradurga.	Executive Engineer (Electricity), Commercial, Operation and Maintenance Division, Bangalore Electricity Supply Company Limited, Chitradurga	EEE/AEE(O)/ AE(T)/ CTA/ 2005-06 10/6	May 7, 2005	Valid until cancelled
25.	Approval under Rule 63 of Indian Electricity Rules, 1956 for the commissioning of a 1x500 KVA transformers and high tension connection.	Deputy Chief Electrical Inspector, Tumkur, Government of Karnataka (Electrical Inspectorate)	DCEI/TMK/94-97	April 8, 2005	Valid until cancelled
26.	Sanction for a 700 KVA power supply.	Executive Engineer (Electricity), Mangalore Electricity Supply Company Limited, Operations & Management Division, Mangalore	EEE/MNG/AEE (O)/AET-1/ 2004-2005/HT-/16373-77	January 10, 2005	Valid until cancelled
27.	Certificate for Importer-Exporter Code (IEC).	Foreign Trade Development Officer, Joint Director General of Foreign Trade, Ministry of Commerce, Government of India	0706016645	November 1, 2006	Valid until cancelled
Approvals in relation to the wind power business					
28.	Approval for transfer of 8.75 MW wind power in favour of M/s. Vijayanand Roadlines Limited (Phase 1) from out of sanctioned 100.00 MW wind power capacity (wind mill project) at Keluru village of Mundaragi Taluk, Gadag District of Suzlon Energy Limited.	By the order and in name of the Governor of Karnataka through the Under Secretary to the Government of Karnataka, Energy Department	G.O. No. EN 453 NCE 2006	November 30, 2006	Valid until cancelled
29.	Approval for transfer of 3.75 MW wind power capacity in favour of M/s. Vijayanand Roadlines Limited (Phase 5) from out of sanctioned 100.00 MW wind power capacity (wind mill project) at Bagewadi village of Mundaragi Taluk, Gadag District of Suzlon Energy Limited.	By the order and in name of the Governor of Karnataka through the Joint Secretary to the Government of Karnataka, Energy Department	G.O. No. EN 445 NCE 2006	November 28, 2006	Valid until cancelled
30.	Approval for transfer of 15.00 MW wind power capacity in favour of M/s. Vijayanand Roadlines Limited (Phase 4) from out of sanctioned 100.00 MW wind power capacity	By the order and in name of the Governor of Karnataka through the Under Secretary to the Government of	G.O. No. EN 404 NCE 2006	October 12, 2006	Valid until cancelled

S. No.	Description of Licenses/ Approvals Obtained	Issued By	License/ Approval No.	Date of Issue	Date of Expiry/ Comments
	(wind mill project) at Hirevadatti, Keluru and Chikkavaddati villages of Mundaragi Taluk, Gadag District of Suzlon Energy Limited.	Karnataka, Energy Department			
31.	Approval for transfer of 5.00 MW wind power capacity in favour of M/s. Vijayanand Roadlines Limited (Phase 3) from out of sanctioned 100.00 MW wind power capacity (wind mill project) at Harugeri village of Mundaragi Taluk, Gadag District of Suzlon Energy Limited.	By the order and in name of the Governor of Karnataka through the Under Secretary to the Government of Karnataka, Energy Department	G.O. No. EN 405 NCE 2006	October 12, 2006	Valid until cancelled
32.	Approval for transfer of 2.50 MW wind power capacity in favour of M/s. Vijayanand Roadlines Limited (Phase 2) from out of sanctioned 100.00 MW wind power capacity (wind mill project) at Harugeri village of Mundaragi Taluk, Gadag District of Energy of Suzlon Energy Limited.	By the order and in name of the Governor of Karnataka through the Under Secretary to the Government of Karnataka, Energy Department	G.O. No. EN 358 NCE 2006	August 14, 2006	Valid until cancelled
33.	Approval for transfer of 10.00 MW wind power capacity in favour of M/s. Vijayanand Roadlines Limited (Phase 1) from out of sanctioned 100.00 MW wind power capacity (wind mill project) at Hirevadatti village of Mundaragi Taluk, Gadag District of Suzlon Energy Limited.	By the order and in name of the Governor of Karnataka through the Under Secretary to the Government of Karnataka, Energy Department	G.O. No. EN 357 NCE 2006	August 14, 2006	Valid until cancelled
Approvals in relation to our aircraft business					
34.	Non-Scheduled Operator Permit.	Director General of Civil Aviation, Government of India	08/2008	April 4, 2008	April 3, 2011
35.	Certificate of Registration of Hawker Beechcraft Corporation, Wichita, Kansas, USA – Premier 1A (Model 390) and marking of “VT-VRL”	Directorate General of Civil Aviation, Government of India.	Certificate No. 3694; Category A	January 14, 2008	NA Note: The certificate of registration has been endorsed in favour of SREI Infrastructure Finance Limited, Kolkata and valid upto December 2011
36.	Certificate of airworthiness	Directorate General of Civil Aviation, Government of India.	No. 4003	January 14, 2008	-
37.	Noise certificate	Office of Director General of Civil Aviation, Government of India.	4003 (NC)	January 14, 2008	

S. No.	Description of Licenses/ Approvals Obtained	Issued By	License/ Approval No.	Date of Issue	Date of Expiry/ Comments
Intellectual Property					
38.	Registration of the logo "VRL" under the Trade and Merchandise Marks Act, 1958.	Registrar of Trade Marks	359033B	February 29, 1983	2018
39.	Registration of the monogram "VRL" as an artistic work under the Copyright Act, 1957.	Copyright Office	A28042/80	May 30, 1980	-

Government Approvals/ Licence required related to our project

Application made but not received

Nil

Applications required but not made

Nil

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board of Directors has, pursuant to a circular resolution passed at its meeting held on August 26, 2010, authorized the Issue. The shareholders of the Company have, pursuant to a resolution dated September 23, 2010, under Section 81(1A) of the Companies Act authorized the Issue.

The Company has received in-principle approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated [•] and [•], respectively.

Prohibition by SEBI, RBI or governmental authorities

We confirm that neither: (i) the Company, Promoters, Promoter Group, Directors, Group Companies of our Promoters and persons in control of the Company nor (ii) companies with which any of the Promoters, Directors or persons in control of the Company are or were associated as a promoter, director or person in control, nor (iii) relatives of our Promoters are debarred or prohibited from accessing the capital markets under any order or direction passed by SEBI or any other authority.

Other than Mr. Karunakara Shetty, none of the Directors are associated with the securities market. We confirm that SEBI has not initiated any action against him or any of the entities that he is associated with. None of the Company, the Promoters, the Group Companies of the Promoters and the relatives (as per Companies Act, 1956) of the Promoters have been declared as wilful defaulters by the RBI or any other governmental authority.

The Promoters and the Group Companies of our Promoters have further confirmed that there are no violations of securities laws committed by them in the past or currently pending against them.

Eligibility for the Issue

The Company is eligible to make the Issue in accordance with Regulation 26(1) of the ICDR Regulations as explained below.

Regulation 26(1) of the ICDR Regulations states as follows:

(1) An issuer may make an initial public offer, if:

(a) it has net tangible assets of at least three crore rupees in each of the preceding three full years (of twelve months each), of which not more than fifty per cent. are held in monetary assets:

Provided that if more than fifty per cent of the net tangible assets are held in monetary assets, the issuer has made firm commitments to utilise such excess monetary assets in its business or project;

(b) it has a track record of distributable profits in terms of section 205 of the Companies Act, 1956, for at least three out of the immediately preceding five years:

Provided that extraordinary items shall not be considered for calculating distributable profits;

(c) it has a net worth of at least one crore rupees in each of the preceding three full years (of twelve months each);

(d) the aggregate of the proposed issue and all previous issues made in the same financial year in terms of issue size does not exceed five times its pre-issue net worth as per the audited balance sheet of the preceding financial year;

(e) *if it has changed its name within the last one year, at least fifty per cent of the revenue for the preceding one full year has been earned by it from the activity indicated by the new name.*

The Company confirms that:

(a) The Company has net tangible assets of at least Rs. 30 million in each of the preceding three full years (of twelve months each), of which not more than 50% are held in monetary assets;
(b) The Company has a track record of distributable profits in terms of section 205 of the Companies Act, for at least three out of the immediately preceding five years;
(c) The Company has a net worth of at least Rs. 10 million in each of the preceding three full years (of twelve months each).

The net tangible assets, monetary assets, and net worth derived from the Restated Financial Statements included in this Draft Red Herring Prospectus under the section "Financial Statements" beginning on page 144 of this Draft Red Herring Prospectus and the distributable profit derived from the audited financial statements of the Company, as at and for the last five years is set forth below:

(Rs. in millions)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007	Fiscal 2006
Distributable Profits (1)	310.38	12.47	78.92	852.92	33.69
Dividend paid / payable	219.17	-	-	200.00	-
Net Worth (excluding share application money received) (2)	1091.81	1037.86	1025.35	869.58	244.70
Net tangible assets (3)	1072.58	1009.48	988.22	864.41	239.44
Monetary assets (4)	186.27	239.12	196.19	151.59	70.82
Monetary assets as a percentage of the net tangible assets	17.37	23.69	19.85	17.54	29.58

(1) *'Distributable profits' have been defined in terms of Section 205 of the Companies Act, 1956 and have been derived based on Restated Net Profit after Extraordinary Items for each of the financial years.*
(2) *'Net worth' has been defined as the aggregate of equity share capital and reserves, excluding preference share redemption reserve and miscellaneous expenditure, if any.*
(3) *'Net tangible assets' means the sum of all net assets of the Company excluding intangible assets as defined in Accounting Standard 26, Intangible Assets, notified by Companies (Accounting Standards) Rules, 2006.*
(4) *Monetary assets comprise of cash and bank balances and public deposit accounts with the Government.*

(d) The pre-Issue net worth of the Company, based on the audited balance sheet as at March 31, 2010, is Rs. 1,091.81 million and five times such pre-Issue net worth is Rs. 5,459.05 million. The aggregate of the proposed Issue and all previous issues made in the same financial year in terms of issue size is not expected to exceed five times its pre-issue net worth as per the audited balance sheet of the preceding financial year;
(e) The Company has changed its name in the year 2006 to VRL Logistics Limited.

- The Company will comply with the Regulation 43(2) of the ICDR Regulations; accordingly, not more than 50% of the Issue shall be available for allocation to Qualified Institutional Bidders and not less than 15% and 35% of the Issue shall be available for allocation to Non-Institutional Bidders and Retail Individual Bidders, respectively, subject to valid Bids being received.

Further, in accordance with Regulation 26(4) of the ICDR Regulations, the Company shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted in the Issue shall not be less than 1,000, failing which the entire application monies will be refunded forthwith.

If such money is not repaid within eight days after the Company becomes liable to repay it (i.e., from the date of refusal or within twelve (12) Working Days from the date of Bid/Issue Closing Date, whichever is earlier), then the Company shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

In terms of Rule 19(2)(b) of the Securities Contracts Regulations Rules, 1957, as amended, this is an Issue for 25% of the post-Issue capital. If the Issue does not constitute 25% of the post-Issue capital, then the entire application money shall be refunded. The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Issue shall be available for allocation on a proportionate basis to QIB Bidders provided that the Company may allocate, in consultation with the Book Running Lead Manager, up to 30% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the remaining QIB Portion ("Net QIB Portion"). 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs.Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs.

Under-subscription, if any, in the Qualified Institutional, Non-Institutional and Retail categories, would be allowed to be met with spill-over from any other category or combination of categories at the sole discretion of the Company, in consultation with the BRLM and the Designated Stock Exchange. See also the section "Issue Structure" beginning on page 311 of this Draft Red Herring Prospectus.

Disclaimer Clause of SEBI

AS REQUIRED, A COPY OF THIS DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, SBI CAPITAL MARKETS LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER, SBI CAPITAL MARKETS LIMITED, IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, SBI CAPITAL MARKETS LIMITED, HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED DECEMBER 10, 2010 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

WE, THE LEAD MERCHANT BANKER TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:

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

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

WE CONFIRM THAT:

(A) THE DRAFT RED HERRING PROSPECTUS FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

(B) ALL THE LEGAL REQUIREMENTS RELATING TO THE SAID ISSUE, AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED OR ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

(3) WE CONFIRM THAT BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID.

(4) WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.

(5) WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF THE LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

(6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.

(7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE.

(8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.

(9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE

(10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. – NOT APPLICABLE

AS THE OFFER SIZE IS MORE THAN 100 MILLION, HENCE UNDER SECTION 68B OF THE COMPANIES ACT, 1956, THE EQUITY SHARES ARE TO BE ISSUED IN DEMAT ONLY.

(11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

(12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:

(A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY; AND

(B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.

(13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHILE MAKING THE ISSUE.

(14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.

(15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

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

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 60B of the Companies Act. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Disclaimer from the Company and the BRLM

The Company and the BRLM accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at the Company's instance and anyone placing reliance on any other source of information, including the Company's website, www.vrlgroup.in, or the website of any Promoters or Promoter Group company, or the website of any affiliate or associate of the Company, would be doing so at his or her own risk.

The BRLM accepts no responsibility, save to the limited extent as provided in the Issue Agreement entered into between the BRLM and the Company on December 9, 2010 and the Underwriting Agreement to be entered into between the Underwriters and the Company.

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

Neither the Company, its Directors and officers, nor any member of the Syndicate, is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Bidders will be required to confirm and will be deemed to have represented to the Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. The Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

The BRLM and its respective affiliates may engage in transactions with, and perform services for, the Company and its respective group companies or affiliates in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with the Company and its respective group companies or affiliates, for which they have received, and may in the future receive, compensation.

Disclaimer in Respect of Jurisdiction

The Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors), HUFs, companies, corporate bodies and societies registered under applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), trusts under applicable trust law and who are authorized under their constitution to hold and invest in shares, public financial institutions as specified in Section 4A of the Companies Act, VCFs, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with a minimum corpus of Rs. 250 million, pension funds with a minimum corpus of Rs. 250 million, the National Investment Fund, insurance funds set up and managed by the army, navy and/or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and to permitted non-residents including FIIs, Foreign Venture Capital Investors registered with the SEBI, Eligible NRIs, multilateral and bilateral development financial institutions and other eligible foreign investors, provided that they are eligible under all applicable laws and regulations to hold Equity Shares. This Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions.

Any dispute arising out of the Issue will be subject to the exclusive jurisdiction of competent court(s) in Mumbai, Maharashtra, India only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with the SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any invitation, offer or sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been, and will not be, registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only outside the United States in compliance with Regulation S of the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been, and will not be, registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Further, each Bidder where required agrees that such Bidder will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws and legislations in each jurisdiction, including India.

Disclaimer clause of the BSE

[•]

Disclaimer clause of the NSE

[•]

Disclaimer clause of IPO Grading Agency

[•]

Filing

A copy of this Draft Red Herring Prospectus has been filed with the SEBI at the Securities and Exchange Board of India, SEBI Bhavan, G Block, 3rd Floor, Bandra Kurla Complex, Bandra (E), Mumbai 400 051, Maharashtra, India.

A copy of the Red Herring Prospectus, along with the other documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act will be delivered for registration to the RoC at Bangalore, India.

Listing

Applications have been made to the BSE and the NSE for permission for listing of the Equity Shares being offered and sold in the Issue. The [•] will be the Designated Stock Exchange with which the basis of Allotment will be finalized.

If the permissions to deal in, and for an official quotation of, the Equity Shares are not granted by any of the Stock Exchanges mentioned above, the Company shall forthwith repay, without interest, all monies received from applicants in reliance on the Red Herring Prospectus. If such money is not repaid within eight days after our Company becomes liable to repay it, our Company and every officer in default will, on and from the expiry of eight days, be jointly and severally liable to repay such application money, with interest at the rate of 15% p.a. as prescribed under Section 73 of the Companies Act.

The Company shall use its best efforts to ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges within twelve (12) Working Days of the Bid/Issue Closing Date.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, 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."

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the legal advisors, the Bankers to the Company and the Bankers to the Issue, the lenders, the experts and the IPO Grading Agency; and (b) the BRLM, the Syndicate Members, the Escrow Collection Banks and the Registrar to the Issue to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC, as required under Sections 60 and 60B of the Companies Act. Further, such consents will not be withdrawn up to the time of delivery of the Red Herring Prospectus and Prospectus for registration with the RoC.

In accordance with the Companies Act and the ICDR Regulations, H. K. Veerbhaddrappa & Co., Hubli and Walker, Chandiok & Co, Mumbai, Chartered Accountants, have given their written consent to the inclusion of their report on financial statements in the form and context in which it appears in this Draft Red Herring Prospectus.

H. K. Veerbhaddrappa & Co., Hubli and Walker, Chandiok & Co, Mumbai, Chartered Accountants, have given their written consent to inclusion of their report relating to the possible tax benefits accruing to our Company and its shareholders in the form and context in which it appears in this Draft Red Herring Prospectus.

[●], the IPO Grading Agency, will give its written consent to being named as an expert for purposes of grading of the Issue and to the inclusion of its grading of the Issue in the Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus to the RoC.

Expert Opinion

Except the report of [●] in respect of the IPO grading of the Issue (a copy of which will be annexed to the Red Herring Prospectus as Annexure I), and such persons that are deemed to be experts under the Companies Act, and except as stated in this Draft Red Herring Prospectus, we have not obtained any expert opinions.

Issue Related Expenses

The BRLM's fee, underwriting commission, brokerage and selling commission and other expenses including printing, advertising and media expenses with respect to the Issue will be paid by the Company.

The Issue related expenses include, among others, underwriting and selling commissions, printing and distribution expenses, legal fees, advertisement expenses and registrar and depository fees. The estimated Issue expenses are as follows:

Activity	Expense (Rupees in millions)[(1)]	As a % of Total Issue Expenses	As a % of Issue Size
Fees payable to Book Running Lead Manager	[●]	[●]	[●]
Underwriting commission, brokerage and selling commission	[●]	[●]	[●]
Fees payable to the Registrar to the Issue	[●]	[●]	[●]
Fees payable to the Bankers to the Issue	[●]	[●]	[●]
SCSB Commission	[●]	[●]	[●]
Other (listing fees, legal fees, grading expenses, advertising and marketing expenses, printing and stationery, etc.)	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

(1) To be completed after the Issue Price is finalized.

Fees Payable to the BRLM and the Syndicate Members

The total fees payable to the Book Running Lead Manager and the Syndicate Members (including underwriting commission and selling commission and reimbursement of their out of pocket expenses) will be as per their engagement letter, a copy of which is available for inspection at the Company's Registered Office from 10.00 a.m. to 4.00 p.m. on Working Days from the date of this Draft Red Herring Prospectus until the Bid/Issue Closing Date.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue for processing of applications, data entry, printing of CANs/refund orders (or revised CANs, if required), preparation of refund data on magnetic tape and printing of bulk mailing register will be as per an agreement dated December 3, 2010 entered into among the Company and the Registrar to the Issue, a copy of which is available for inspection at the Company's Registered Office from 10.00 a.m. to 4.00 p.m. on Working Days from the date of this Draft Red Herring Prospectus until the Bid/Issue Closing Date.

The Registrar to the Issue will be reimbursed for all out of pocket expenses including cost of stationery, postage, stamp duty, and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to make refunds in any of the modes described in the Red Herring Prospectus and the Prospectus or send allotment advice by registered post/speed post/under certificate of posting.

Particulars regarding Public or Rights Issues during the last five years

The Company has not made any previous public issues (including any rights issue) in the five years preceding the date of this Draft Red Herring Prospectus.

Previous issues of Equity Shares otherwise than for cash

Except as stated in the sections "Capital Structure" beginning on page 19 of this Draft Red Herring Prospectus, the Company has not made any previous issues of shares for consideration other than cash.

Underwriting commission, brokerage and selling commission on Previous Issues

Since this is the initial public offering of the Company's Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing for or procuring or agreeing to procure subscription for any of the Equity Shares since the inception of the Company.

Listed Companies under the Same Management

There are no listed companies under the same management within the meaning of Section 370(1B) of the Companies Act, as of the date of this Draft Red Herring Prospectus, that have made any public or rights issue during the last three years.

Performance v/s objects – last three issues of the Company

This is the initial public offering of the Company's Equity Shares.

Performance v/s objects – last one issue of the Group Companies of our Promoters and associate companies

There are no listed Group Companies of our Promoters or associate companies.

Outstanding Debentures or Bond Issues or Preference Shares

The Company has no outstanding debentures or bonds or redeemable preference shares as of the date of this Draft Red Herring Prospectus.

Stock Market Data of the Equity Shares

This being an initial public offering of the Equity Shares of the Company, the Equity Shares are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

The agreement among the Registrar to the Issue and the Company provides for retention of records with the Registrar to the Issue for a period of at least three years from the last date of dispatch of the letters of allotment, or refund orders, demat credit or, where refunds are being made electronically, giving of refund instructions to the clearing system, to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount blocked on application, Depository Participant, and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar and the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid-cum-Application Form was submitted by the ASBA Bidders.

Disposal of Investor Grievances by the Company

The Company estimates that the average time required by the Company or the Registrar to the Issue or the SCSB in case of ASBA Bidders for the redressal of genuine investor grievances shall be 10 days from the date of receipt of the complaint. In case of complaints that are not routine or where external agencies are involved, the Company will seek to redress these complaints as expeditiously as possible.

The Company has constituted a Shareholders and Investors Grievance Committee for the redressal of investor grievances. The constitution of the Shareholders and Investors Grievance Committee is as follows:

S. No.	Name of the Director	Executive/Non-Executive/Independent
1.	Mr. C. Karunakara Shetty	Independent
2.	Mr. Sudhir Ghate	Independent
3.	Mr. J. S. Korlahalli	Independent

The terms of reference of the Shareholders and Investors Grievance Committee are to review and look into redressal of shareholders and investor complaints in relation to transfer of shares, non-receipt of balance sheet or declared dividend etc.

The Company has appointed Mr. Aniruddha Phadnavis, Company Secretary, as the Compliance Officer to redress all complaints, if any, of the investors participating in the Issue, and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

Mr. Aniruddha Phadnavis
Giriraj Annexe,
Circuit House Road,
Hubli 580 029,
Karnataka, India;
Telephone: +91 836 2237 511
Facsimile: +91 836 2256 612
Email: investors@vrllogistics.com
Website: www.vrlgroup.in

Disposal of investor grievances by listed companies under the same management as the Company

There are no listed companies under the same management as the Company.

Change in Auditors

The following changes have been made to the statutory auditors of the Company in the past three years:

Financial Year	Name of auditor	Reason
2007-08	H.K. Veerbhaddrappa & Co., Hubli	Appointment
2008-09	H.K. Veerbhaddrappa & Co., Hubli and Walker Chandiok & Co., Mumbai (joint statutory auditors)	Appointment
2009-10	H.K. Veerbhaddrappa & Co., Hubli	Appointment
2010-2011	H.K. Veerbhaddrappa & Co., Hubli and Walker Chandiok & Co., Mumbai (joint statutory auditors)	Appointment

Purchase of Property

In the past, the Company has entered into two transactions with the Promoter, Mr. Vijay Sankeshwar, in relation to the sale and purchase of property. The details of which are provided in the table below:

Property Purchased by the Promoter from the Company

Address	Valuation of the Property* (Rs. in millions)	Date of the Transaction	Sale Value (Rs. in millions)
'Lalit Mahal', 120-125, Naveen Park, Kusugal Road, Keshwapur, Hubli – 580020, Karnataka	92.86	March 29, 2010	99.43 (including VAT).

* The valuation report was prepared by G.S. Angadi, Chartered Engineer.

Property Sold by the Promoter to the Company

Address	Valuation of the Property* (Rs. in millions)	Date of the Transaction	Purchase Value (Rs. in millions)
R. S. No. 354/3, Bangalore Road, Cheebi Village, Varur, Hubli–581207, Karnataka	3.63	November 20, 2009	3.56 (including registration charges)

* The valuation report was prepared by G.S. Angadi, Chartered Engineer.

Other than the as mentioned above, the Company has not in the two years preceding the date of the Draft Red Herring Prospectus purchased any property in which its Promoters and/or any of its Directors, have any direct or indirect interest in any payment made thereunder.

Capitalization of Reserves or Profits

The Company has not capitalized its reserves or profits at any time during the last five years except for the capitalisation of profits in Fiscal 2007 by way of issue of bonus shares at face value Rs. 10 aggregating to Rs.500 million.

Revaluation of Assets

The Company has not revalued its assets in the last five years.

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued and transferred in the Issue are subject to the provisions of the Companies Act, the SCRA, the SCRR, the Memorandum and Articles of Association, the terms of the Red Herring Prospectus, the Prospectus, the Bid-cum-Application Form, the ASBA Bid-cum-Application Form, the Revision Form, the CAN, the Allotment Advice, the listing agreements with the Stock Exchanges and other terms and conditions as may be incorporated in the Allotment Advice, CANs and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to applicable laws, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the Registrar of Companies, the RBI, the FIPB and/or other authorities, as in force and to the extent applicable.

Authority for the Issue

Please see the section "Other Regulatory and Statutory Disclosures – Authority for the Issue" beginning on page 296 of this Draft Red Herring Prospectus.

Ranking of Equity Shares

The Equity Shares being issued and transferred in the Issue shall be subject to the provisions of the Companies Act and the Memorandum and Articles of Association and shall rank *pari passu* with the existing Equity Shares of the Company including rights in respect of dividends. The Allottees of the Equity Shares in the Issue shall be entitled to dividends and other corporate benefits, if any, declared by the Company after the date of Allotment. See also the section "Main Provisions of the Articles of Association" beginning on page 352 of this Draft Red Herring Prospectus.

Mode of Payment of Dividend

The Company shall pay dividends to its shareholders in accordance with the provisions of the Companies Act, the ICDR Regulations and the listing agreements with Stock Exchanges.

Face Value and Issue Price

The face value of each Equity Share is Rs. 10. The Issue Price of the Equity Shares is Rs. [●] per Equity Share. At any given point of time in the Issue there shall be only one denomination of Equity Shares subject to applicable law. The Price Band and the minimum Bid lot size for the Issue will be decided by the Company, in consultation with the BRLM, and advertised in three widely circulated newspapers (one each in English, Hindi and Kannada), at least two (2) Working Days prior to the Bid/Issue Opening Date.

Options to Subscribe

Equity shares being offered through the Red Herring Prospectus can be applied for in dematerialised form only.

Compliance with the ICDR Regulations

In connection with the Issue, Allotment and transfer of the Equity Shares in the Issue, the Company shall comply with applicable disclosure and accounting norms specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, the equity shareholders of the Company shall have the following rights:

- The right to receive dividends, if declared;

- The right to attend general meetings and exercise voting powers, unless prohibited by law;
- The right to vote on a poll either in person or by proxy;
- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive any surplus on liquidation subject to any statutory and other preferential claims being satisfied;
- The right to freely transfer their Equity Shares, subject to applicable foreign direct investment policy, foreign exchange regulations and other applicable laws; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreements executed with the Stock Exchanges, and the Memorandum and Articles of Association of the Company.

For a detailed description of the main provisions of the Articles of Association relating to voting rights, dividend, forfeiture and lien, transfer and transmission, and/or consolidation/splitting, please see the section "Main Provisions of the Articles of Association" beginning on page 352 of this Draft Red Herring Prospectus.

Market Lot and Trading Lot

Under Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. As per the ICDR Regulations, the trading of the Equity Shares shall be in dematerialized form only. Since trading of the Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allotment in the Issue will be in electronic form in multiples of one Equity Share, subject to a minimum Allotment of [●] Equity Shares.

The Price Band and the minimum Bid Lot size for the Issue will be decided by our Company in consultation with the BRLM and advertised in a widely circulated English national newspaper, a widely circulated Hindi national newspaper and a widely circulated Kannada newspaper, at least two (2) Working Days prior to the Bid/Issue Opening Date.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts in Mumbai, India.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or First Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of the sole Bidder or in case of joint Bidders, the death of all the Bidders, as the case may be, the Equity Shares that are Allotted 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 benefits to which such person would be entitled if such person 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 the Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can only be made on the prescribed form available on request at the Registered Office or with the Registrar and transfer agents of the Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- 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 register himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with the Company. Nominations registered with the respective Depository Participant of the applicant will prevail. If the investors wish to change their nomination, they are requested to inform their respective Depository Participant.

Minimum Subscription

If the Company does not receive a minimum subscription of 90% of the Issue, including devolvement to the Underwriters, within 60 days from the Bid/Issue Closing Date, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Company becomes liable to pay the amount, the Company shall pay interest prescribed under Section 73 of the Companies Act.

Furthermore, in accordance with Regulation 26(4) of the ICDR Regulations, the Company shall ensure that the number of Allottees in the Issue shall not be less than 1,000.

Application by Eligible NRIs, FIIs and FVCIs

There is no reservation in this Issue for NRIs, FIIs and FVCIs. As per RBI regulations, OCBs cannot participate in the Issue.

Arrangement for disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on transfer of shares

Other than the Equity Shares Allotted in the Anchor Investor Portion, which shall be locked-in for a period of 30 days from the date of Allotment in the Issue, there are no restrictions on transfers and transmission of Equity Shares in the Issue and on their consolidation/ splitting except as provided in the Articles of Association. See also the section "Main Provisions of the Articles of Association" beginning on page 352 of this Draft Red Herring Prospectus.

Joint Holders

Where two or more persons are registered as the holders of Equity Shares, they shall be deemed to hold the same as joint tenants with benefits of survivorship.

ISSUE STRUCTURE

The Issue of 23,566,667 Equity Shares at the Issue Price for cash, aggregating Rs. [●] million, is being made through the Book Building Process. The Issue will constitute 25% of the post-issue Equity paid up Share capital of the Company.

	QIBs#	**Non-Institutional Bidders**	**Retail Individual Bidders**
Number of Equity Shares(1)	Not more than 11,783,332 Equity Shares shall be available for allocation.	Not less than 3,535,001 Equity Shares or Issue Size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation.	Not less than 8,248,334 Equity Shares or Issue Size less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation.
Percentage of Issue size available for allotment/allocation	Not more than 50% of the Issue shall be available for allocation to QIB Bidders. However, 5% of the Net QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation proportionately to Mutual Funds. Mutual Funds participating in the 5% reservation in the Net QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs.	Not less than 15% of the Issue or the Issue less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation.	Not less than 35% of the Issue or the Issue less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation.
Basis of Allocation if respective category is oversubscribed	Proportionate as follows: (a) 412,417 Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and (b) 7,835,915 Equity Shares shall be Allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate.	Proportionate.
Minimum Bid	Such number of Equity Shares so that the Bid Amount exceeds Rs. 200,000.	Such number of Equity Shares so that the Bid Amount exceeds Rs. 200,000.	[●] Equity Shares
Maximum Bid	Such number of Equity Shares not exceeding the Issue size, subject to applicable limits.	Such number of Equity Shares not exceeding the Issue size, subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 200,000.
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter.	[●] Equity Shares and in multiples of one Equity Share thereafter.	[●] Equity Shares and in multiples of one Equity Share thereafter.
Trading Lot	One Equity Share.	One Equity Share.	One Equity Share.

	QIBs#	Non-Institutional Bidders	Retail Individual Bidders
Who can Apply(2)	Public financial institutions as specified in Section 4A of the Companies Act, FIIs and sub-accounts registered with SEBI (other than a sub-account which is a foreign corporate or foreign individual), scheduled commercial banks, Mutual Funds, multilateral and bilateral development financial institutions, VCFs, FVCIs, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of Rs. 250 million, pension funds with a minimum corpus of Rs. 250 million in accordance with applicable law, the National Investment Fund, insurance funds set up and managed by the army, navy and/or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India.	Eligible NRIs, Resident Indian individuals, HUFs (in the name of the *Karta*), companies, corporate bodies, scientific institutions, societies and trusts, FII sub-account which is a foreign corporate or foreign individual.	Resident Indian individuals (including HUFs in the name of the *karta* and Eligible NRIs) applying for Equity Shares such that the Bid Amount per individual Bidder does not exceed Rs. 200,000 in value.
Terms of Payment	The entire Bid Amount shall be payable at the time of submission of the Bid-cum-Application Form to the Syndicate Members.##	The entire Bid Amount shall be payable at the time of submission of the Bid-cum-Application Form to the Syndicate Members. ##	The entire Bid Amount shall be payable at the time of submission of the Bid-cum-Application Form to the Syndicate Members. ##
Amount payable on Bidding	100% of the Bid Amount on Bidding. ##	100% of the Bid Amount on Bidding. ##	100% of the Bid Amount on Bidding. ##

\# The Company may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis. The QIB Portion includes the Anchor Investor Portion in accordance with the ICDR Regulations. The Anchor Investors shall pay the entire Bid Amount at the time of submission of the application forms. In addition, one third of the Anchor Investor Portion shall be reserved for the domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors. For further details, please see "Issue Procedure" on page 315 of this Draft Red Herring Prospectus.

\#\# In case of ASBA Bidders, the SCSBs shall be authorized to block such funds in the bank account of the ASBA Bidders that are specified in the ASBA Bid-cum-Application Forms.

(1) Subject to valid Bids being received at or above the Issue Price. The Issue is being made through the Book Building Process wherein not more than 50% of the Issue shall be available for allocation on a proportionate basis to QIBs. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

Under-subscription, if any, in the Qualified Institutional, Non-Institutional and Retail categories, would be allowed to be met with spill-over from any other category or combination of categories at the sole discretion of the Company, in consultation with the BRLM and the Designated Stock Exchange. See also the section "Issue Procedure" beginning on page 315 of this Draft Red Herring Prospectus.

(2) In case the Bid-cum-Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and the names are in the same sequence in which they appear in the Bid-cum-Application Form.

Withdrawal of the Issue

The Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before allotment. If the Company withdraws from the Issue, the Company shall issue a public notice that shall include reasons for such withdrawal, within two days of the closure of the Issue. The notice of withdrawal shall be issued in the same newspapers where the pre-Issue advertisements have appeared and the Company shall also promptly inform the Stock Exchanges. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day from the receipt of such notification. If the Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determine that they will proceed with an initial public offering of the Company's Equity Shares, the Company shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. Under the ICDR Regulations, QIBs shall not be allowed to withdraw their Bids after the Bid/Issue Closing Date.

Letters of Allotment or Refund Orders or Instructions to SCSBs

The Company shall give credit of any equity shares allotted to the successful Bidders' beneficiary account with its Depository Participant within two (2) Working Days from the date of Allotment of the Equity Shares and in any case, within the prescribed time under the applicable law. Applicants will receive refunds through NECS only (subject to availability of all information for crediting the refund through NECS) except where the applicant is eligible to receive refunds through Direct Credit, NEFT or RTGS. In the case of other applicants, the Company shall ensure the dispatch of refund orders, if any, of value up to Rs. 1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk within two (2) Working Days from the date of Allotment of the Equity Shares and in any case, within the prescribed time under the applicable law.

In case of ASBA Bidder, the Registrar to the Issue shall instruct the SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA for withdrawn, rejected or unsuccessful or partially successful ASBAs within 12 (twelve) working days (as defined in the relevant SEBI circular) of the Bid/Issue Closing Date.

Interest in case of delay in dispatch of Allotment Letters or Refund Orders/instruction to SCSB by the Registrar to the Issue

Allotment of Equity Shares in the Issue, including the credit of Allotted Equity Shares to the beneficiary accounts of the Depository Participants, shall be made not later than 12 Working Days of the Bid/Issue Closing Date. Our Company further agrees that it shall pay interest at the rate of 15% per annum if the allotment letters or refund orders have not been dispatched to the Bidders or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within eight days from the day our Company becomes liable to repay. If such money is not repaid within eight days from the day our Company becomes liable to repay, our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under sub-section (2) and (2A) of section 73 of the Companies Act. Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Bid/Issue Program

<table>
<tr><th colspan="2">BID/ISSUE PERIOD</th><th colspan="2"></th></tr>
<tr><td rowspan="2">BID/ISSUE OPENS ON</td><td rowspan="2">[•]</td><td>BID/ISSUE CLOSES ON (FOR QIB BIDDERS)</td><td>[•]</td></tr>
<tr><td>BID/ISSUE CLOSES ON (FOR NON QIB BIDDERS)</td><td>[•]</td></tr>
</table>

The Company may consider participation by Anchor Investors for up to 3,535,500 Equity Shares in accordance with the ICDR Regulations on the Anchor Investor Bid/Issue Date. See also the section "Issue Procedure – Anchor Investor Portion" beginning on page 350 of this Draft Red Herring Prospectus.

Bids and any revision in Bids will be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bidding Period at the Bidding centers mentioned in the Bid-cum-Application Form or, in case of Bids submitted through ASBA, at the Designated Branches, **except that on the Bid/Issue Closing Date (which for QIBs will be a day prior to the Bid/Issue Closing Date for other non-QIB Bidders), Bids shall be accepted only between 10.00 a.m. and 3.00 p.m.** (Indian Standard Time) and uploaded until (i) 5.00 p.m. in case of Bids by QIB Bidders and Retail Bidders; and until (ii) 4.00 p.m. for Non-Institutional Bidders. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders other than QIB Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders other than QIB Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation in the Issue. If such Bids are not uploaded, our Company and the Syndicate shall not be responsible. Bids will be accepted only on working days, i.e., Monday to Friday (excluding any public holiday).

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

The Company, in consultation with the BRLM, reserves the right to revise the Price Band during the Bidding Period in accordance with the ICDR Regulations. Under the ICDR Regulations, the Cap Price should not be more than 20% of the Floor Price i.e., the Cap Price shall be less than or equal to 120% of the Floor Price. Subject to compliance with the immediately preceding sentence, the revised Floor Price Band can move up or down to the extent of 20% of the Floor Price disclosed in the Red Herring Prospectus or the issue advertisement, as the case may be.

In case of revision in the Price Band, the Bidding Period will be extended for at least three additional Working Days subject to the Bidding Period not exceeding ten Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the website of the BRLM and at the terminals of the other members of the Syndicate.

ISSUE PROCEDURE

This section applies to all Bidders. ASBA Bidders should note that the ASBA process involves an application procedure that is different from the procedure applicable to Bidders other than ASBA Bidders. ASBA Bidders are advised to familiarize themselves with the procedure applicable to them prior to making an application through the ASBA process and to ensure that the ASBA Bid-cum-Application Form is correctly completed, as described in this section. Please note that all Bidders are required to pay the full Bid Amount or instruct the relevant SCSB to block the full Bid Amount along with the application.

The ASBA facility shall be available to all investors (excluding Anchor Investors), including QIBs.

The syndicate/ sub-syndicate members may procure the ASBA Bid-cum-Application Form from the investors and submit it to the SCSB. Syndicate/ sub-syndicate members are required to upload the bid and other relevant details of the ASBA Bid-cum-Application Form in the bidding platform provided by the stock exchanges and forward the same to the SCSBs.

In respect of QIBs that are Anchor Investors, the issue procedure set out below should be read with, and is qualified by, the paragraphs below relating to Anchor Investors, including without limitation, the section "Anchor Investor Portion".

The Company and the BRLM are not liable for any amendments, modifications or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus.

Book Building Procedure

In terms of Rule 19(2)(b) of the SCRR, this Issue is for 25% of the post Issue capital of the Company. The Issue is being made through the Book Building Process wherein not more than 50% of the Issue shall be available for allocation on a proportionate basis to QIBs. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Allocation to Anchor Investors shall be on a discretionary basis and not on a proportionate basis.

ASBA Process

In accordance with the ICDR Regulations, all Bidders (including QIB Bidders) can participate in the Issue through the ASBA process. ASBA Bidders shall submit an ASBA Bid-cum-Application Form either (i) in physical form to the Designated Branch of an SCSB or (ii) in electronic form through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the bank account ("ASBA Account") specified in the ASBA Bid-cum-Application Form used by ASBA Bidders. The SCSB shall block an amount equal to the Bid Amount in the ASBA Account, on the basis of an authorization to this effect given by the account holder at the time of submitting the Bid. The ASBA data shall thereafter be uploaded by the SCSB in the electronic bidding system of the Stock Exchanges. The Bid Amount shall remain blocked in the ASBA Account until approval of the basis of Allotment in the Issue by the Designated Stock Exchange and consequent transfer of the Bid Amount against the allocated shares to the Public Issue Account, or until withdrawal or failure of the Issue or until withdrawal or rejection of the ASBA Bid, as the case may be. Once the basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the requisite amount to the Public Issue Account. In case of withdrawal or failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the BRLM and/or the Registrar.

Investors should note that allotment of Equity Shares to all successful Bidders will only be in the dematerialized form. The Bid-cum-Application Forms and ASBA Bid-cum-Application Forms which do not have the details of the Bidders' Depository Account shall be treated as incomplete and are liable to be rejected. Bidders will not have the option of being allotted the Equity Shares in physical form. Upon allotment, the Equity Shares shall be traded only in the dematerialized segment of the Stock Exchanges.

Bid-cum-Application Form

Bidders (other than ASBA Bidders) shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid. Before being issued to the Bidders, the Bid-cum-Application Form shall be serially numbered and date and time stamped and such form shall be issued in duplicate signed by the Bidder. The Bid-cum-Application Form shall contain information about the Bidder, the price and the number of Equity Shares that the Bidder wishes to Bid. The Bidders shall have the option to make a maximum of three (3) Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. On filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as a valid Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorized the Company to make the necessary changes in the Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by SEBI and/or the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

ASBA Bid-cum-Application Form

The ASBA Bid-cum-Application Form shall contain all relevant information, including as specified in the relevant regulations, and shall be uniform for all ASBA Bidders. ASBA Bidders shall use the ASBA Bid-cum-Application Form bearing the code of the Syndicate Member and/or the Designated Branch of an SCSB for the purpose of making a Bid in terms of the Red Herring Prospectus. The list of banks notified by SEBI to act as SCSBs for the ASBA process and details of Designated Branches of SCSBs collecting the ASBA Bid-cum-Application Forms are available at http://www.sebi.gov.in/pmd/scsb.pdf. On filing of the Prospectus with the RoC, the ASBA Bid-cum-Application Form shall be considered as a valid Application Form. Upon completing and submitting the ASBA Bid-cum-Application Form, the ASBA Bidder is deemed to have authorized: (i) the SCSBs to do all acts as are necessary to make an application in the Issue, including uploading his or her or its Bid, blocking or unblocking of funds in the ASBA Account and transfer funds to the Public Issue Account on receipt of instruction from the Registrar to the Issue after approval of the basis of Allotment by the Designated Stock Exchange; and (ii) the Registrar to the Issue to issue instructions to the Controlling Branch of the SCSBs to unblock the funds in the ASBA Account, upon approval of the basis of Allotment by the Designated Stock Exchange. Further, upon completing and submitting the ASBA Bid-cum-Application Form, the ASBA Bidder is deemed to have authorized the Company to make the necessary changes in the Red Herring Prospectus and the ASBA Bid-cum-Application Forms as would be required for filing the Prospectus with the RoC and as would be required by SEBI and/or the RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

The prescribed colour of the Bid-cum-Application Form/ASBA Bid-cum-Application Form for various categories is as follows:

Category	**Colour of Bid-cum-Application Form/ASBA Bid-cum-Application Form**
Persons resident in India and Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs applying on a repatriation basis, FIIs, registered Multilateral and Bilateral Development Financial Institutions and other Non-Residents applying on a repatriation basis	Blue

Who can Bid?

1. Persons eligible to invest in the Equity Shares under all applicable laws, rules, regulations and guidelines.

2. Indian nationals resident in India who are not minors in single or joint names (not more than three) or in the names of minors as natural/legal guardian.

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/ASBA Bid-cum-Application Form as follows: "Name of sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals.

4. Eligible NRIs on a repatriation basis or a non-repatriation basis subject to compliance with applicable laws. NRIs, other than Eligible NRIs, are not permitted to participate in the Issue.

5. FIIs and sub accounts registered with the SEBI (other than a sub-account which is a foreign corporate or foreign individual) are permitted to participate in the Issue in the QIB Portion.

6. Sub-accounts of FIIs, which are foreign corporate or foreign individuals are permitted to participate in the Issue under the Non-Institutional Portion.

7. State Industrial Development Corporations.

8. Insurance companies registered with the Insurance Regulatory and Development Authority, India.

9. Provident funds with a minimum corpus of Rs. 250 million and who are authorized under their constitution to invest in equity shares.

10. Pension funds with a minimum corpus of Rs. 250 million and who are authorized under their constitution to invest in equity shares.

11. Companies, corporate bodies and societies registered under applicable laws in India and authorized to invest in equity shares.

12. Venture Capital Funds registered with the SEBI.

13. Foreign Venture Capital Investors registered with the SEBI.

14. Mutual Funds registered with the SEBI.

15. Indian financial institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to the RBI regulations and the ICDR Regulations and other regulations, as applicable).

16. Multilateral and bilateral development financial institutions.

17. Trusts registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts and who are authorized under their constitution to hold and invest in equity shares.

18. Scientific and/or industrial research organizations in India authorized to invest in equity shares.

19. National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India.

20. Insurance funds set up and managed by the army, navy and/or air force of the Union of India.

21. Insurance funds set up and managed by the Department of Posts, India.

As per the current RBI regulations, OCBs cannot participate in the Issue.

Participation by associates of the BRLM and Syndicate Members

The BRLM and Syndicate Members shall not be entitled to subscribe to the Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM and Syndicate Members may subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis. Such bidding and subscription may be on their own account or on behalf of their clients. The BRLM or any person related to the BRLM shall not participate in the Anchor Investor Portion.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 412,417 Equity Shares, allocation shall be made to Mutual Funds on a proportionate basis to the extent of the Mutual Fund Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

One-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price.

The Bids made by the asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with the SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

In accordance with current regulations, the following restrictions are applicable for investments by Mutual Funds:

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry-specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

Bids by Eligible NRIs

Bid-cum-Application Forms shall be made available for Eligible NRIs at the Registered Office of the Company and with the members of the Syndicate.

NRI applicants should note that only such applications as are accompanied by payment in free foreign exchange or by debit to their NRE Account or FCNR Account shall be considered for Allotment. The Eligible NRIs who intend to make payment through the Non-Resident Ordinary (NRO) account shall use the application form meant for Resident Indians and shall not use the forms meant for any reserved category.

Bids by FIIs

In accordance with the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of the post-Issue paid up equity capital of the Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total paid up equity capital of the Company or 5% of the total paid up equity capital of the Company, in case such sub-account is a foreign corporate or a foreign individual and provided that such investment is made out of funds raised or collected or brought from outside through normal banking channels and the investment shall also not exceed the overall ceiling specified for FIIs. Under the portfolio investment scheme, the aggregate issue of equity shares to FIIs and their sub-accounts should not exceed 24% of post-issue paid-up equity capital of a company. However, this limit can be increased to the permitted sectoral cap/statutory limit, as applicable to the Company after obtaining approval of its Board of Directors followed by a special resolution to that effect by its shareholders in their general meeting. Pursuant to a board resolution dated June 2, 2010 and a special resolution of the shareholders dated June 8, 2010, the Company has increased the FII limit to 49%.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended (the "SEBI FII Regulations"), an FII, as defined in the SEBI FII Regulations, is permitted to issue or otherwise deal in offshore derivative instruments (defined under the SEBI FII Regulations as any instrument by whatever name called, which is issued overseas by an FII against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India) only in favour of those entities that are regulated by any appropriate foreign regulatory authority, subject to compliance with "Know Your Client" requirements. An FII is also required to ensure that no further issue or transfer of any offshore derivative instrument is made to any person other than a person regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Sub-accounts of FIIs are not permitted to issue offshore derivative instruments. Associates and affiliates of the Underwriter that are FIIs may issue offshore derivative instruments against Equity Shares allocated to them in the Issue.

Bids by the SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 and the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, each as amended, prescribe investment restrictions on VCFs and FVCIs. While the holding by any VCF in one venture capital undertaking should not exceed 25% of the corpus of the VCF, an FVCI is permitted to invest all of its funds committed in one venture capital fund. Further, VCFs and FVCIs can invest only up to 33.33% of their investable funds by way of subscription to an initial public offering of a venture capital undertaking whose shares are proposed to be listed.

Pursuant to the ICDR Regulations, the shareholding of SEBI-registered VCFs and FVCIs held in a company prior to making an initial public offering would be exempt from lock-in requirements only if the shares have been held by them for at least one (1) year prior to the time of filing the draft red herring prospectus with the SEBI.

The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits applicable to them. The Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. The Company and the BRLM are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations in respect of such matters and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size for all Bidders (including ASBA Bidders)

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder should not exceed Rs. 200,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 200,000. Where the Bid Amount is over Rs. 200,000 due to a revision in the Bid or a revision in the Price Band or on exercise of the option to bid at Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The Cut-off Price option is given only to Retail Individual Bidders indicating their agreement to the Bid and to purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.

(b) **For Non-Institutional Bidders and QIB Bidders:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs.200,000 and is a multiple of [●] Equity Shares. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them under applicable laws. **Under the existing ICDR Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the entire Bid Amount upon submission of the Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs.200,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs.200,000 or less due to a revision in the Bids or a revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Non-Institutional Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIB Bidders are not allowed to Bid at the Cut-off Price.

(c) **For Bidders in the Anchor Investor Portion**: The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount is at least Rs.100 million and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than 30% of the QIB Portion. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids. **Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Issue Date and are required to pay the entire Bid Amount upon submission of the Bid.** If the Issue Price is greater than the Anchor Investor Issue Price, the additional amount being the difference between the Issue Price and the Anchor Investor Issue Price shall be paid by the Anchor Investors. If the Issue Price is lower than the Anchor Investor Issue Price, the Allotment to Anchor Investors shall be at the Anchor Investor Issue Price.

Payments made upon any revision of Bids shall be adjusted against the payment made at the time of the original Bid or the previously revised Bid.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus.

Refund amounts following a permitted withdrawal of a Bid shall be paid in the manner described under paragraph "Payment of Refund".

Information for the Bidders

The Company will file the Red Herring Prospectus with the RoC at least three (3) days before the Bid/Issue Opening Date.

Bidders other than ASBA Bidders

1. Bid cum Application Forms and the Red Herring Prospectus will be available with the members of the Syndicate.

2. Any investor (who is eligible to invest in the Equity Shares) who would like to obtain the Red Herring Prospectus along with the Bid-cum-Application Form can obtain the same from the Registered Office of the Company or from any of the members of the Syndicate.

3. Eligible investors who are interested in subscribing for the Equity Shares should approach the BRLM or Syndicate Members or their authorized agent(s) to register their Bids.

4. The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the member of the Syndicate. Bid-cum-Application Forms which do not bear the stamp of a member of the Syndicate will be rejected.

ASBA Bidders

1. The Company shall ensure that adequate copies of the Red Herring Prospectus and the ASBA Bid-cum-Application Form are made available to the SCSBs and the SCSBs will then make such copies available to investors applying under the ASBA process. Additionally, the Company shall ensure that the SCSBs are provided with soft copies of the abridged prospectus. The SCSBs shall make such documents available on their websites. The ASBA Bid-cum-Application Form shall also be available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Date. The BRLM shall ensure that certain information, including a soft copy of the abridged prospectus, is provided to the Stock Exchanges at least two days prior to the Bid/Issue Opening Date to enable the Stock Exchanges to include such information in the ASBA Bid-cum-Application Form before it is made available on their websites.

2. ASBA Bidders, under the ASBA process, who wish to obtain the Red Herring Prospectus and/or the ASBA Bid-cum-Application Form can obtain such documents from the Designated Branches of the SCSBs or the BRLM. ASBA Bidders can also obtain a copy of the abridged prospectus and/or the ASBA Bid-cum-Application Form in electronic form from the websites of the SCSBs and the Stock Exchanges.

3. The Bids should be submitted on the prescribed ASBA Bid-cum-Application Form either in physical mode or in electronic mode through the internet banking facility offered by an SCSB for bidding and blocking funds in the bank account maintained with the SCSB specified in the ASBA Bid-cum-Application Form.

4. The ASBA Bid-cum-Application Forms should bear the stamp of a member of the Syndicate and/or the Designated Branch of the SCSB. ASBA Bid-cum-Application Forms which do not bear the stamp of a member of the Syndicate and/or an SCSB will be rejected.

5. ASBA Bidders shall correctly mention the bank account number in the ASBA Bid-cum-Application Form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA Bid-cum-Application Form to the applicable Designated Branch. In case the amount available in the bank account specified in the ASBA Bid cum Application Form is insufficient for blocking the amount equivalent to the Bid Amount, the SCSB shall reject the Bid.

6. If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid-cum-Application Form should be signed by the account holder as provided in the ASBA Bid-cum-Application Form.

The applicants should note that in the event that the Depository Participant identification number (DP ID), the client identification number (Client ID) and PAN mentioned in their Bid-cum-Application Form/ASBA Bid-cum-Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members or Designated Stock Exchanges of the SCSBs, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Bid is liable to be rejected.

Method and Process of Bidding

1. The Company shall declare the Bid/Issue Opening Date and the Bid/Issue Closing Date in the Red Herring Prospectus to be filed with the RoC and also publish the same in three widely circulated newspapers (one each in English, Hindi and Kannada). This advertisement, subject to the provisions of Section 66 of the Companies Act, shall be in the format prescribed in Schedule XIII of the ICDR Regulations.

2. The Price Band and the minimum Bid lot size for the Issue will be decided by the Company, in consultation with the BRLM and and advertised in three newspapers (one each in English, Hindi and Kannada), at least two (2) Working Days prior to the Bid/Issue Opening Date. The Syndicate and the SCSBs shall accept Bids from the Bidders during the Bidding Period.

3. The Bidding Period shall be for a minimum of three (3) Working Days and shall not exceed ten (10) Working Days including the days for which the Issue is kept open in case of a revision in the Price Band. Where the Price Band is revised, the revised Price Band and Bidding Period will be widely disseminated by notification to the BSE, NSE by issuining a press release and also by indicating the change on the website of the BRLM and at the terminals of the members of the Syndicate. The Bidding Period may be extended, if required, by an additional three (3) Working Days, subject to the total Bidding Period not exceeding ten (10) Working Days.

4. During the Bidding Period, eligible investors who are interested in subscribing for the Equity Shares should approach the members of the Syndicate or their authorized agents to register their Bid. Other than ASBA Bidders, Bids by QIBs, including Anchor Investors, will have to be submitted to the BRLM or its affiliated Syndicate Members. 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.

   ASBA Bidders are required to submit their Bids either in physical or electronic mode. ASBA Bidders submitting their Bids in physical mode should approach the Designated Branches of the SCSBs. ASBA Bidders submitting their Bids in electronic form should submit their Bids using the internet enabled bidding and banking facility of the SCSBs for bidding and blocking funds in the accounts of the bank account maintained with the SCSB specified in the ASBA Bid-cum-Application Form, and accordingly registering such Bids. Every Designated Branch of the SCSBs shall accept Bids from all such investors who wish to place Bids through them and the account in which funds are to be blocked is maintained with them. Such SCSBs shall have the right to vet the Bids, subject to the terms of the ICDR Regulations and the Red Herring Prospectus.

   The Designated Branches of the SCSBs shall provide to the ASBA Bidders an acknowledgment specifying the application number as proof of acceptance of the ASBA Bid-cum-Application Form. Such acknowledgment does not in any manner guarantee that the Equity Shares Bid for shall be allocated to the ASBA Bidders. Upon receipt of the ASBA Bid-cum-Application Form, submitted in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as specified in the ASBA Bid-cum-Application Form, prior to uploading such Bids with the Stock Exchanges. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.

5. Each Bid-cum-Application Form/ASBA Bid-cum-Application Form will give the Bidder the choice to Bid for up to three optional prices (for details refer to the paragraph "Bids at Different Price Levels") within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form/ASBA 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.

6. The Bidder cannot Bid on another Bid-cum-Application Form after Bid(s) on one Bid-cum-Application Form have been submitted to any member of the Syndicate. Submission of a second Bid-cum-Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point in time before the Allotment of Equity Shares in the Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph "Build up of the Book and Revision of Bids".

An ASBA Bidder cannot Bid, either in physical or electronic mode, on another ASBA Bid-cum-Application Form or a non-ASBA Bid-cum-Application Form after a Bid on one (1) ASBA Bid-cum-Application Form, either in physical or electronic mode, has been submitted to the Designated Branches of SCSBs and uploaded by the ASBA Bidder. Submission of a second ASBA Bid-cum-Application Form or a non-ASBA Bid-cum-Application Form to either the same or to another Designated Branch of the SCSB will be treated as multiple Bids and will be liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in the Issue. However, the ASBA Bidder can revise the Bid through the ASBA Revision Form, the procedure for which is detailed under the paragraph "Build up of Book and Revision of Bids".

7. Except in relation to the Bids received from the Anchor Investors, the members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip ("TRS") for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form.

   In the case of ASBA Bidders, if sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid-cum-Application Form. The Designated Branch shall thereafter enter the Bid details from the prescribed ASBA Bid-cum-Application Form, if submitted in physical mode, or the Bid information submitted through the electronic mode made available by the SCSBs, as the case may be, into the electronic bidding system of the Stock Exchanges and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.

8. Along with the Bid-cum-Application Form, all Bidders (other than ASBA Bidders) will make payment in the manner described under the paragraph "Payment Instructions – Terms of Payment for Bidders other than ASBA Bidders and Payment into the Escrow Account". For payment by ASBA Bidders, see "Payment Instructions – Mode of Payment for ASBA Bidders" below.

9. The identity of qualified institutional buyers (other than Anchor Investors who have been allocated Equity Shares) Bidding in the Issue shall not be made public.

Bids at Different Price Levels

1. The Price Band and the minimum Bid lot will be decided by the Company, in consultation with the BRLM, at least two (2) Working Days prior to the Bid/Issue Opening Date and shall be published in three widely circulated national newspapers (one each in English, Hindi and Kannada). The Bidders can Bid at any price within the Price Band in multiples of Re.1 (Rupee One).

2. The Company, in consultation with the BRLM, reserves the right to revise the Price Band during the Bidding Period in accordance with the ICDR Regulations. The cap on the Price Band should not be more than 20% of the Floor Price. Subject to compliance with the immediately preceding sentence, the revised Floor Price can move up or down to the extent of 20% of the original floor of the Price Band.

3. In case of a revision of the Price Band, the Bidding Period shall be extended, if required, for three (3) additional Working Days, subject to a maximum of ten (10) Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release and also by indicating the change on the website of the BRLM and at the terminals of the members of the Syndicate.

4. The Company, in consultation with the BRLM, can finalize the Issue Price within the Price Band without the prior approval of, or intimation to, the Bidders.

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 the Cut-off Price. However, bidding at the Cut-off Price is prohibited for QIB Bidders or Non-Institutional Bidders and such Bids from QIB Bidders or Non-Institutional Bidders shall be rejected.

6. Retail Individual Bidders who Bid at the Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at the Cut-off Price shall deposit the Bid Amount based on the cap of the Price Band in the Escrow Account. In the event that the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who Bid at the Cut-off Price, the Retail Individual Bidders shall receive the refund of the excess amounts from the Refund Account in the manner described under the paragraph "Payment of Refund". Retail Individual Bidders applying under the ASBA process and bidding at the Cut-off Price shall instruct the SCSBs to block the Bid Amount based on the cap of the Price Band in the relevant ASBA Account.

7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at the Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band to the members of the Syndicate to whom the original Bid was submitted, or, in the case of ASBA Bidders, instruct the SCSB to whom the original Bid was submitted to block additional amounts based on the cap of the revised Price Band (such that the total amount, i.e., the original Bid Amount plus additional payment does not exceed Rs. 200,000 if the Bidder wants to continue to Bid at the Cut-off Price). In case the total amount (i.e., original Bid Amount plus additional amount paid or blocked) exceeds Rs. 200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment or instruct the SCSB to block an additional amount, and the Issue Price is higher than the cap of the Price Band before revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional amount would be required to be paid or blocked from the Bidder and the Bidder is deemed to have approved such revised Bid at the Cut-off Price.

8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at the Cut-off Price could either revise their Bid or the excess amount paid or blocked at the time of bidding would be refunded from the Refund Account or unblocked by the SCSBs, as the case may be.

9. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [●] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

Electronic Registration of Bids

1. The members of the Syndicate and the Designated Branches of the SCSBs will register the Bids using the on-line facilities of the Stock Exchanges. There will be at least one (1) on-line connectivity facility in each city where a stock exchange is located in India and where Bids are being accepted.

   An SCSB shall not upload any Bid received through ASBA in the electronic bidding system of the Stock Exchanges unless:

   (i) it has received the ASBA Bid-cum-Application Form in a physical or electronic form; and

   (ii) it has blocked the application money in the ASBA Account specified in the ASBA Bid-cum-Application Form or has systems to ensure that electronic ASBA Bid-cum-Application Forms are accepted in the system only after blocking of application money in the relevant bank account opened with it.

2. The BSE and the NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and the Designated Branches and their respective authorized agents during the Bidding Period. On the Bid/Issue Closing Date, the members of the Syndicate and the Designated Branches shall upload the Bids until such time as may be permitted by the Stock Exchanges. Bidders are cautioned that a high inflow of Bids typically experienced on the last day of bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time and such Bid that could not be uploaded may not be considered for allocation in the Issue.

3. The aggregate demand and price for Bids registered on electronic facilities of the BSE and the NSE will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centers as well as on the BSE's website at www.bseindia.com and on the NSE's website at www.nseindia.com. Pursuant to Item 12(g) of Part A of Schedule XI, the ICDR Regulations require that the bidding terminals shall contain an online graphical display of demand and Bid prices updated at periodic intervals not exceeding thirty (30) minutes. A graphical representation of consolidated demand and price will be made available on the bidding terminals of the Syndicate and the websites of the Stock Exchanges by the end of each day during the Bidding Period.

4. At the time of registering each Bid, the members of the Syndicate and the Designated Branches shall enter the following details of the investor in the on-line system:

   (a) Name of the Bidder(s). Bidders should ensure that the name given in the Bid-cum-Application Form or ASBA Bid-cum-Application Form, as the case may be, is exactly the same as the name in which the Depositary Account is held. In case the Bid-cum-Application Form/ASBA Bid-cum-Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid-cum-Application Form/ASBA Bid-cum-Application Form;

   (b) Bid-cum-Application Form/ASBA Bid-cum-Application Form number;

   (c) Investor category—Retail Individual Bidder; Non Institutional Bidders, Corporate, QIBs, Eligible NRI, FII, FVCI, or Mutual Fund (if applicable) etc.;

   (d) Number of Equity Shares bid for;

   (e) PAN (of the First Bidder, in case of more than one Bidder);

   (f) Depository Participant identification number and client identification number of the demat account of the Bidder;

   (g) Bid Amount;

   (h) Price option; and

   (i) Cheque number, in the case of Bidders other than ASBA Bidders.

   In case of submission of the Bid by an ASBA Bidder through the electronic mode, the ASBA Bidder shall complete the above-mentioned details, except the ASBA Bid-cum-Application Form number which shall be system generated.

5. Upon request, a system-generated TRS will be given to the Bidder as proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate or Designated Branches of the SCSBs, as the case may be. The registration of the Bid by the member of the Syndicate or the Designated Branch does not guarantee that the Equity Shares shall be allocated to the Bidders either by the members of the Syndicate or the Company.

6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

7. In case of QIB Bidders (other than QIBs Bidding through ASBA), the BRLM has the right to accept the Bid or reject the Bid. However, such rejection should be made at the time of acceptance of the Bid-cum-Application Form provided that the reasons for such rejection shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed in the Red Herring Prospectus.

   The SCSB may reject the Bids made through the ASBA process if the ASBA Account maintained with the SCSB as specified in the ASBA Bid-cum-Application Form does not have sufficient funds equivalent to the Bid Amount. Subsequent to the acceptance of the Bid by the Designated Branch, the Company will have a right to reject the Bids only on technical grounds listed in the Red Herring Prospectus and the Prospectus.

8. The permission given by the BSE and the NSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company, the BRLM or the Designated Branches of the SCSBs have been cleared or approved by the BSE and the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements; nor does it take any responsibility for the financial or other soundness of the Company, the Promoters, the management or any scheme or project of the Company.

9. It is also to be distinctly understood that the approval given by the BSE and the NSE should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by the BSE or the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and the NSE.

10. Details of Bids in the Anchor Investor Portion will not be registered on the online facilities of the Stock Exchanges.

11. Only Bids that are uploaded on the on-line IPO system of the Stock Exchanges shall be considered for allocation/Allotment. The members of the Syndicate and the Designated Branches shall within one (1) Working Day of the Bid/Issue Closing Date verify and modify the selected fields in the Bid details uploaded in the on-line IPO system of the Stock Exchanges during the Bidding Period after which such information will be sent to the Registrar for validation. The Syndicate or the SCSB, as the case may be, will be responsible for any error in the Bid details uploaded by them in the on-line IPO system of the Stock Exchanges. The BRLM, the Company, and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commission in relation to Bids accepted by SCSBs, Bids uploaded by SCSBs, Bids accepted but not uploaded by SCSBs or Bids accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Bids uploaded by SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.

Build Up of the Book and Revision of Bids

1. The Bidding process shall be only through an electronically linked transparent bidding facility provided by the Stock Exchanges. Bids registered by various Bidders (except Anchor Investors) through the members of the Syndicate or the Designated Branches of the SCSBs shall be electronically transmitted to the BSE or the NSE mainframe on a regular basis.

2. The book gets built up at various price levels. At the end of each day of the Bidding Period, the demand shall be shown graphically on the bidding terminals of the Syndicate and the websites of the Stock Exchanges.

3. During the Bidding Period, any Bidder who has Bid for the Equity Shares at a particular price level is free to revise his or her or its Bid within the Price Band using the printed Revision Form or ASBA Revision Form, which is a part of the Bid-cum-Application Form and ASBA Bid-cum-Application Form, respectively.

4. Revisions can be made in the desired number of Equity Shares and/or the Bid Amount by using the Revision Form or ASBA Revision Form, as the case may be. In addition to the revised options in the Revision Form/ASBA Revision Form, the Bidder must complete the details of all the options in the Bid-cum-Application Form/ASBA Bid-cum-Application Form or earlier Revision Form/ASBA Revision Form. For example, if a Bidder has Bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still complete all the details of the other two options that are not being changed in the Revision Form. Incomplete or inaccurate Revision Forms and ASBA Revision Forms will not be accepted by the members of the Syndicate and the SCSBs, respectively.

5. Bidders can revise their Bids any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom the original Bid was placed or the same Designated Branch of the SCSB with which he or she or it holds the relevant bank account in which funds have been blocked.

6. Bidders are advised to retain copies of the blank Revision Form/ASBA Revision Form and the revised Bid must be made only on such Revision Form/ASBA Revision Form or copies thereof.

7. Any upward revision of the Bid shall be accompanied by (i) payment in the form of cheque or demand draft for any incremental amount to be paid in case of Bidders other than ASBA Bidders or (ii) an instruction to block any incremental amount, on account of the upward revision of the Bid in case of ASBA Bidders. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund or unblocked by the SCSB, in accordance with the terms of the Red Herring Prospectus. In the case of non-ASBA Bids, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or the electronic transfer of funds through RTGS for the incremental amount in the Bid Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the Bidders. In such cases, the members of the Syndicate will revise the earlier Bid details with the new Bid details and provide the cheque or demand draft number of the new payment instrument in the electronic book.

8. When a Bidder revises a Bid, the Bidder shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate or the SCSBs, as the case may be. **It is the responsibility of the Bidder to request and obtain the revised TRS, which will act as proof of revision of the original Bid.**

9. In the case of ASBA Bids, after the Bid/Issue Closing Date, the SCSBs shall provide to the Registrar to the Issue aggregate information relating to the total number of ASBA Bid-cum-Application Forms uploaded and the total number of Equity Shares and total amount blocked against the uploaded ASBA Bid-cum-Application Forms. The Registrar to the Issue shall reconcile the electronic data received from the Stock Exchanges and the information received from the SCSBs.

Price Discovery and Allocation

1. After the Bid/Issue Closing Date, the Registrar to the Issue shall aggregate the demand generated under the ASBA process with the Bids received under the non-ASBA process to determine the demand generated at different price levels. Thereafter, the BRLM shall analyze the demand generated at various price levels and discuss pricing strategy with the Company.

2. The Company, in consultation with the BRLM, shall finalize the Issue Price and the number of Equity Shares to be allocated in each investor category.

3. The Issue is being made through the Book Building Process wherein not more than 50% of the Issue shall be available for allocation on a proportionate basis to QIBs. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Allocation to Anchor Investors shall be on a discretionary basis and not on a proportionate basis.

4. In case of over-subscription in all categories, not more than 50% of the Issue shall be available for allocation on a proportionate basis to QIBs. 5% of the Net QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. However, if the aggregate demand by Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIBs in proportion to their Bids. In the event that the aggregate demand in the QIB Portion has been met, under-subscription, if any, will be met with spill-over from any other category or combination of categories at the discretion of the Company, in consultation with the BRLM and the Designated Stock Exchange.

   Under-subscription, if any, in the Retail Portion and Non-Institutional Portion, would be allowed to be met with spill-over from any other category or combination of categories at the sole discretion of the Company, in consultation with the BRLM and the Designated Stock Exchange. However, if the aggregate demand by Mutual Funds is less than 412,417 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders.

5. Allotment to Eligible NRIs, FIIs and sub-accounts registered with SEBI, FVCIs or Mutual Funds will be subject to applicable laws, rules, regulations, guidelines and approvals.

6. The Company reserves the right to cancel or withdraw the Issue at any time after the Bid/Issue Opening Date.

7. In terms of the ICDR Regulations, QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Issue Date.

8. If an ASBA Bidder wants to withdraw the ASBA Bid-cum-Application Form during the Bidding Period, the ASBA Bidder shall submit the withdrawal request to the SCSB, which shall perform the necessary actions, including deletion of details of the withdrawn ASBA Bid-cum-Application Form from the electronic bidding system of the Stock Exchanges and unblocking of funds in the relevant bank account.

   If an ASBA Bidder wants to withdraw the ASBA Bid-cum-Application Form after the Bid/Issue Closing Date, the ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue before finalization of basis of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file. The instruction for and unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrar to the Issue to the SCSB once the basis of Allotment has been approved by the Designated Stock Exchange.

9. The allotment details shall be put on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

(a) On or immediately after the Pricing Date, the Company, the BRLM, and the Syndicate Members may enter into an Underwriting Agreement.

(b) After signing the Underwriting Agreement, the Company will update and file the Red Herring Prospectus with the RoC, which then will be termed "Prospectus". The Prospectus will have details of the Issue Price, Issue size, underwriting arrangements and will be complete in all material respects.

Filing of the Red Herring Prospectus and the Prospectus with the RoC

The Company will file a copy of the Red Herring Prospectus and the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Announcement of pre-Issue Advertisement

Subject to the provisions of Section 66 of the Companies Act, 1956, the Company shall, after registering the Red Herring Prospectus with the RoC, make a pre-issue advertisement in two national newspapers an English national newspaper with wide circulation, a Hindi national newspaper with wide circulation and a Kannada newspaper with wide circulation.

Advertisement regarding the Issue Price and the Prospectus

A statutory advertisement will be issued by the Company after the filing of the Prospectus with the RoC. This advertisement, in addition to the other information, shall indicate the Issue Price. Any material updates between the date of the Red Herring Prospectus and the Prospectus shall be included in such statutory advertisement.

Issuance of Allotment Advice

(a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLM or the Registrar to the Issue shall send to the members of the Syndicate and to the Controlling Branches of the SCSBs, a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or before the approval of the basis of allocation for the Retail Individual Bidders and Non-Institutional Bidders. However, the investor should note that the Company shall ensure that the instructions by the Company for demat credit of the Equity Shares to all investors in the Issue shall be given on the same date as the date of Allotment.

(b) The Registrar to the Issue will send an Allotment Advice to the Bidders who have been allocated Equity Shares in the Issue. The dispatch of an Allotment Advice shall be deemed a valid, binding and irrevocable contract for the Bidder.

(c) In case of an Anchor Investor, the issuance of a CAN is subject to “Notice to Anchor Investors: Allotment Reconciliation and Revised CANs”, as set forth below.

Notice to Anchor Investors: Allotment Reconciliation and Revised CANs

At the discretion of the BRLM, select Anchor Investors shall be sent the CAN indicating the number of Equity Shares that may be allocated to them. The Anchor Investors are required to pay the entire amount at the time of submitting the Bid. This CAN shall constitute a valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the Anchor Investors that they have paid the entire Anchor Investor Issue Price for all the Equity Shares allocated to such Anchor Investor. This CAN is subject to the Bid-cum-Application Form/ASBA Bid-cum-Application Form submitted by the Anchor Investors being valid in all respects, the Issue Price being finalized at a price not higher than the Anchor Investor Issue Price and allotment by the Board of Directors. In the event the Issue Price is higher than the Anchor Investor Issue Price, a revised CAN will be sent to Anchor Investors. The price of Equity Shares in such revised CAN shall be different from that specified in the earlier CAN.

Anchor Investors should note that they shall be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares or increased price of Equity Shares. Any revised CAN, if issued, to any Anchor Investor will supersede in entirety the earlier CAN.

Unblocking of ASBA Account

Once the basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue shall provide the following details to the Controlling Branches of each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the Public Issue Account designated for this purpose, within the timelines specified in the ASBA facility: (i) the number of Equity Shares to be Allotted against each valid ASBA Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each valid ASBA Bid, (iii) the date by which funds referred to in (ii) above shall be transferred to the Public Issue Account, and (iv) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn and/or unsuccessful ASBA Bids, if any, to enable SCSBs to unblock the respective bank accounts. On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Bidder to the Public Issue Account and shall unblock the excess amount, if any, in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of notification from the Registrar to the Issue by the Controlling Branch of the SCSB in relation to the approval of the basis of Allotment in the Issue by the Designated Stock Exchange in the event of withdrawal or failure of the Issue or rejection of the ASBA Bid, as the case may be.

Designated Date and Allotment of Equity Shares

(a) The Company will ensure that (i) Allotment of the Equity Shares; (ii) credit to the successful Bidder's depositary account is completed within twelve (12) Working Days of the Bid/Issue Closing Date.

(b) As per the ICDR Regulations, Allotment/transfer of the Equity Shares will be only in dematerialized form to the allottees.

(c) Successful Bidders will have the option to re-materialize the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to the Issue.

GENERAL INSTRUCTIONS

DOs:

(a) Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of the Red Herring Prospectus;

(b) Ensure that you Bid within the Price Band;

(c) In case you are an ASBA Bidder, ensure that you use the ASBA Bid-cum-Application Form specified for the purposes of the ASBA process. Bidders should read all the instructions carefully and complete the Bid-cum-Application Form/ASBA Bid-cum-Application Form;

(d) Ensure that the details of your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be Allotted in dematerialized form only;

(e) In case you are a Bidder other than an ASBA Bidder, ensure that your Bid is submitted at the bidding center only on a form bearing the stamp of a member of the Syndicate. In case you are an ASBA Bidder, ensure that your Bid is submitted at a Designated Branch of an SCSB, with a branch of which the ASBA Bidder or a person whose bank account will be utilized by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue or collecting banks (assuming that such collecting banks are not SCSBs), the Company, the Registrar, or the BRLM;

(f) Ensure that you have collected a TRS for all your Bid options;

(g) Submit revised Bids to the same member of the Syndicate or the same Designated Branch of the SCSB through whom the original Bid was placed and obtain a revised TRS;

(h) Except for Bids on behalf of the Central or State Government officials and the officials appointed by the courts in terms of a SEBI circular dated June 30, 2008 and Bidders resident in the state of Sikkim who in terms of a SEBI circular dated July 20, 2006 may be exempt from specifying their PAN for transacting in the securities market, ensure that you mention your PAN allotted under the I.T. Act, irrespective of the amount of the Bid. Applications in which PAN is not mentioned will be rejected. (See paragraph "Other Instructions — Permanent Account Number" below);

(i) Ensure that the Depository Participant identification number (DP ID), the client identification number (Client ID) and PAN mentioned in the Bid-cum-Application Form/ASBA Bid-cum-Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members or Designated Branches of the SCSBs, as the case may be, matches with the DP ID, Client ID and PAN available in the Depository database. **The Bidders should note that in case the DP ID, Client ID and the PAN mentioned in their Bid-cum-Application Form/ASBA Bid-cum-Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members or the Designated Branches of the SCSBs, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Bids are liable to be rejected.**

Where the Bid-cum-Application Form/ASBA Bid-cum-Application Form is submitted in joint names, ensure that the beneficiary account is also held in the same joint names and such names are in the same sequence in which they appear in the Bid-cum-Application Form/ASBA Bid-cum-Application Form;

(j) Ensure that the Demographic Details are updated, true and correct in all respects;

(k) Ensure that the entire Bid Amount is paid at the time of submission of the Bid or in case of ASBA Bidders, the funds equivalent to the entire Bid Amount are blocked in the relevant ASBA Account; and

(l) In addition, ASBA Bidders should ensure that:

(i) the ASBA Bid-cum-Application Form is signed by the account holder in case the applicant is not the account holder;

(ii) the correct bank account numbers have been mentioned in the ASBA Bid-cum-Application Form;

(iii) the authorization box in the ASBA Bid-cum-Application Form has been correctly checked, or an authorization to the SCSB through the electronic mode has been otherwise provided, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the ASBA Bid-cum-Application Form in the ASBA Account maintained with a branch of the concerned SCSB; and

(iv) an acknowledgement from the Designated Branch of the concerned SCSB for the submission of the ASBA Bid-cum-Application Form has been obtained.

DON'Ts:

(a) Do not Bid for lower than the minimum Bid size;

(b) Do not Bid/revise a Bid to a price that is less than the Floor Price or higher than the Cap Price;

(c) If you are a Bidder other than an ASBA Bidder, do not Bid on another Bid-cum-Application Form or an ASBA Bid-cum-Application Form after you have submitted a Bid to a member of the Syndicate. If you are an ASBA Bidder, do not Bid on another ASBA Bid-cum-Application Form or a Non-ASBA Bid-cum-Application Form after you have submitted a Bid to a Designated Branch of an SCSB;

(d) Do not submit more than five (5) ASBA Bid-cum-Application Forms per bank account for the Issue;

(e) Do not pay the Bid amount in cash, postal order, money order or by stockinvest. If you are an ASBA Bidder, the payment of the Bid Amount in any mode other than blocked amounts in the bank account maintained with an SCSB shall not be accepted under the ASBA process;

(f) Do not send Bid-cum-Application Forms/ASBA Bid-cum-Application Forms by post; instead only submit them to a member of the Syndicate or a Designated Branch of an SCSB, as the case may be;

(g) Do not Bid at the Cut-off Price (in case of a Bid by a QIB Bidder or a Non-Institutional Bidder);

(h) Do not complete the Bid-cum-Application Form/ASBA Bid-cum-Application Form such that the Equity Shares Bid for exceeds the Issue size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;

(i) Do not bid at Bid Amount exceeding Rs. 200,000, in the case of a Bid by a Retail Individual Bidder;

(j) In case you are a Bidder other than an ASBA Bidder, do not submit the Bid without payment of the entire Bid Amount. In case you are an ASBA Bidder, do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are blocked in the relevant ASBA Account;

(k) In case you are an ASBA Bidder, do not instruct your respective banks to release the funds blocked in the bank account under the ASBA process; and

(l) Do not submit the incorrect PAN, depository participant identification number or client identification number details or submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

INSTRUCTIONS FOR COMPLETING THE BID-CUM-APPLICATION FORM/ASBA BID-CUM-APPLICATION FORM

Bidders other than ASBA Bidders can obtain Bid-cum-Application Forms and/or Revision Forms from the members of the Syndicate. ASBA Bidders can obtain ASBA Bid-cum-Application Forms and/or ASBA Revision Forms from the Designated Branches of the SCSBs. ASBA Bidders can also obtain a copy of the ASBA Bid-cum-Application Form and/or ASBA Revision Form in electronic form from the websites of the SCSB or the Stock Exchanges.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

1. Made only in the prescribed Bid-cum-Application Form/ASBA Bid-cum-Application Form or Revision Form/ASBA Revision Form, as applicable.

2. Made in a single name or in joint names (not more than three, and in the same order as their Depository Participant details).

3. Completed in full, in BLOCK LETTERS in English and in accordance with the instructions contained herein, on the Bid-cum-Application Form/ASBA Bid-cum-Application Form or in the Revision Form/ASBA Revision Form. Incomplete Bid-cum-Application Forms/ASBA Bid-cum-Application Forms or Revision Forms/ASBA Revision Forms are liable to be rejected. Bidders should note that the Syndicate or SCSBs will not be responsible for errors in data entry due to incomplete or illegible Bid-cum-Application Forms/ASBA Bid-cum-Application Forms or in the Revision Forms/ASBA Revision Forms.

4. Bids from the Retail Individual Bidders must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter subject to a maximum Bid Amount of Rs. 200,000.

5. For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs.200,000 and in multiples of [•] Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them does not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws and regulations.

6. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's PAN, Depository Account and Bank Account Details

Bidders should note that on the basis of Bidder's PAN, Depository Participant's name, DP ID number and the client ID number provided by them in the Bid-cum-Application Form/ASBA Bid-cum-Application Form and as entered into the electronic bidding system of the Stock Exchanges by the members of the Syndicate and the SCSBs as the case may be, the Registrar to the Issue will obtain from the Depository, the demographic details of the Bidders including the Bidder's address, occupation and bank account details including the nine-digit Magnetic Ink Character Recognition ("**MICR**") code as appearing on a cheque leaf ('**Demographic Details**'). These Demographic Details would be used for giving refunds and allocation advice (including through physical refund warrants, Direct Credit, NECS, NEFT and RTGS) or unblocking of ASBA Account or mailing of Allotment Advice/CANs to the Bidders. Hence, Bidders are advised to immediately update their bank account details and Demographic Details as appearing on the records of the Depository Participant and ensure that they are true and correct. Failure to do so could result in delays in dispatch/credit of refunds to Bidders or unblocking of ASBA Accounts at the Bidders' sole risk and none of the Company, the Syndicate, the Registrar to the Issue, the Escrow Collection Banks or the SCSBs shall have any responsibility and undertake any liability for the same. **Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form/ASBA Bid-cum-Application Form.**

IT IS MANDATORY FOR ALL THE BIDDERS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER, CLIENT IDENTIFICATION NUMBER AND PAN IN THE BID-CUM-APPLICATION FORM/ASBA BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN ON THE BID-CUM-APPLICATION FORM/ASBA BID-CUM-APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. ADDITIONALLY, THE PAN IN THE BID-CUM-APPLICATION FORM/ASBA BID-CUM-APPLICATION FORM SHOULD BE EXACTLY THE SAME AS PROVIDED TO THE DEPOSITORY PARTICIPANT. IF THE BID-CUM-APPLICATION FORM/ASBA BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND SUCH JOINT NAMES ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR ON THE BID-CUM-APPLICATION FORM/ASBA BID-CUM-APPLICATION FORM.

Since these Demographic Details will be used for all correspondence with the Bidders, they are advised to update the Demographic Details as provided to their Depository Participants. The Demographic Details given by Bidders in the Bid-cum-Application Form/ASBA Bid-cum-Application Form will not be used for any other purposes by the Registrar to the Issue.

By signing the Bid-cum-Application Form/ASBA Bid-cum-Application Form, the Bidder will be deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Allotment advice/CAN, refund orders and letters notifying the unblocking of the bank accounts of ASBA Bidders would be mailed to the addresses of the Bidders as per the Demographic Details received from the Depositories. Bidders may note that delivery of Allotment advice/CANs, refund orders and letters notifying the unblocking of the bank accounts of ASBA Bidders may get delayed if such documents, once sent to the address obtained from the Depositories, are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid-cum-Application Form and ASBA Bid-cum-Application Form would be used only to ensure dispatch of refund orders and letters notifying the unblocking of the bank accounts of ASBA Bidders, respectively. Please note that any such delay shall be at the Bidder's sole risk and none of the members of the Syndicate, the Designated Branches of the SCSBs, or the Company shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or pay any interest for such delay. **In case of refunds to Bidders other than ASBA Bidders through electronic modes as detailed in the Red Herring Prospectus, Bidders may note that refunds may get delayed if bank particulars obtained from the Depository Participant are incorrect.**

Where no corresponding record is available with the Depositories that matches three parameters, namely, PAN of the sole/First Bidder, the Depository Participant's identification number (DP ID) and the client identification number (Client ID), then such Bids are liable to be rejected.

See also "Bids under Power of Attorney" below.

Bids by Non-Residents, Eligible NRIs, FVCIs and FIIs registered with SEBI on a repatriation basis

Bids and revisions to Bids must be made:

1. On the Bid-cum-Application Form/ASBA Bid-cum-Application Form or the Revision Form/ASBA Revision Form, as applicable, and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

2. In the names of individuals, or in the names of FIIs registered with the SEBI and multilateral and bilateral development financial institutions but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

3. In a single name or joint names (not more than three and in the same order as their Depository Participant details).

   Bids by Eligible NRIs for a Bid Amount of up to Rs. 200,000 would be considered under the Retail Portion for the purposes of allocation and Bids by NRIs for a Bid Amount of more than Rs. 200,000 would be considered under the Non-Institutional Portion for the purposes of allocation.

   Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only at the prevailing exchange rate and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE Accounts, details of which should be furnished in the space provided for this purpose on the Bid-cum-Application Form. The Company will not be responsible for any loss incurred by the Bidder on account of conversion of foreign currency.

It is to be clearly understood that there is no reservation for Non-Residents, Eligible NRIs, FVCIs and FIIs, and all such Bidders will be treated on the same basis as with other categories for the purpose of allocation.

As per the current RBI regulations, OCBs cannot participate in the Issue.

Bids under Power of Attorney

In the case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies or registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be submitted along with the Bid-cum-Application Form/ASBA Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid, in whole or in part, in either case, without assigning any reason therefor.

In the case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form/ASBA Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid, in whole or in part, in either case, without assigning any reason therefor.

In the case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid-cum-Application Form/ASBA Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In the case of Bids made by provident funds, subject to applicable law, with a minimum corpus of Rs. 250 million and pension funds with a minimum corpus of Rs. 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid-cum-Application Form/ASBA Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In the case of Bids made by Mutual Funds and VCFs registered with the SEBI and FVCIs registered with the SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form/ASBA Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

The Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form/ASBA Bid-cum-Application Form, subject to such terms and conditions that the Company, and the BRLM may deem fit.

The Company, in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that, for the purpose of printing particulars on the refund order and mailing of the allotment advice/CANs/refund orders/letters notifying the unblocking of the bank accounts of ASBA Bidders, the Demographic Details given on the Bid-cum-Application Form/ASBA Bid-cum-Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar to the Issue shall use Demographic Details as given on the Bid-cum-Application Form/ASBA Bid-cum-Application Form instead of those obtained from the Depositories.

PAYMENT INSTRUCTIONS

Escrow Mechanism for Bidders other than ASBA Bidders

The Company and the members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders make out the cheque or demand draft in respect of his or her or its 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 relevant Escrow Accounts. The Escrow Collection Banks will act in terms of the Red Herring Prospectus, the Prospectus and the Escrow Agreement. The monies in the Escrow Accounts shall be maintained by the Escrow Collection Banks for and on behalf of the Bidders. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Accounts to the Public Issue Account and the Refund Account as per the terms of the Escrow Agreement, the Red Herring Prospectus and the Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement among the Company, the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment for Bidders other than ASBA Bidders and Payment into the Escrow Account

Each Bidder shall pay the entire Bid Amount at the time of the submission of the Bid-cum-Application Form, and shall, along with the submission of the Bid-cum-Application Form, draw a cheque or demand draft in favor of the relevant Escrow Account of the Escrow Collection Bank(s) (see "Payment into Escrow Account" below), and submit such cheque or demand draft to the member of the Syndicate to whom the Bid is being submitted. Bidders may also provide the entire Bid Amount by way of an electronic transfer of funds through the RTGS mechanism. Bid-cum-Application Forms accompanied by cash/stockinvest/money order/postal order shall not be accepted.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account. The balance amount after transfer to the Public Issue Account of the Company shall be transferred to the Refund Account on the Designated Date. Within twelve (12) Working Days of the Bid/Issue Closing Date, the Escrow Collection Bank(s) shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment, to the Bidders.

Payment into Escrow Account

1. All Bidders are required to pay the entire Bid Amount at the time of submission of the Bid-cum-Application Form. The Bidders shall, with the submission of the Bid-cum-Application Form, draw a payment instrument for the Bid Amount in favor of the Escrow Account and submit the same to the members of the Syndicate.

2. The payment instruments for payment into the Escrow Account should be drawn in favor of:

   (a) In the case of Resident QIB Bidders: "[●]"

   (b) In the case of Non-Resident QIB Bidders: "[●]"

   (c) In the case of Resident Bidders: "[●]"

   (d) In the case of Non-Resident Bidders: "[●]"

   (e) In the case of Resident Anchor Investors: "[●]"

   (f) In the case of Non-Resident Anchor Investors: "[●]"

3. In the case of Bids by Eligible NRIs applying on a repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of the Non-Resident Bidder bidding on a repatriation basis. Payment by draft should be accompanied by a bank certificate confirming that the draft has been issued by debiting a NRE Account or a FCNR Account.

4. In the case of Bids by Eligible NRIs applying on a non-repatriation basis, the payments must be made by Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application, remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of an NRO Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE Account or a FCNR Account or an NRO Account.

5. In case of Bids by FIIs the payment should be made out of funds held in a special rupee account along with documentary evidence in support of the remittance. Payment by draft should be accompanied by a bank certificate confirming that the draft has been issued by debiting a special rupee account.

6. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account.

7. The monies deposited in the Escrow Accounts will be held for the benefit of the Bidders until the Designated Date.

8. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts into the Public Issue Account as per the terms of the Escrow Agreement and the surplus amount shall be transferred to the Refund Account.

9. Within twelve (12) Working Days from the Bid/Issue Closing Date, the Refund Bank(s) shall refund all amounts payable to unsuccessful Bidders and the excess amount paid on Bidding, if any, after adjusting for Allotment to the Bidders.

10. **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 center where the Bid-cum-Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/stockinvest/money orders/postal orders will not be accepted.**

Payment by Stockinvest

Under the terms of the RBI Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Accordingly, payment through stockinvest will not be accepted in the Issue.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

Separate receipts shall not be issued for the money payable on the submission of Bid-cum-Application Forms or Revision Forms. However, the collection 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.

Mode of Payment for ASBA Bidders

ASBA Bidders shall specify the bank account number in the ASBA Bid-cum-Application Form and the SCSB shall block an amount equivalent to the application money in the bank account specified in the ASBA Bid-cum-Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal or rejection of the Bid or receipt of instructions from the Registrar to the Issue to unblock the Bid Amount.

In the event of withdrawal or rejection of the Bid or in respect of unsuccessful ASBA Bid-cum-Application Forms, the Registrar to the Issue shall give instructions to the Controlling Branch of the SCSB to unblock the application money in the relevant bank account. The entire Bid Amount, as specified in the ASBA Bid-cum-Application Form submitted by an ASBA Bidder, will be required to be blocked in the relevant ASBA Account until the approval of the basis of Allotment in the Issue by the Designated Stock Exchange and consequent transfer of the Bid Amount against allocated Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Upon completing and submitting the ASBA Bid-cum-Application Form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount, in the ASBA Account maintained with the SCSB.

An ASBA Bid-cum-Application Form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted.

After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid-cum-Application Form until the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Accounts, in accordance with the ICDR Regulations, into the Public Issue Account. The balance amount, if any, against any Bid in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

OTHER INSTRUCTIONS

Joint Bids in case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all refund payments and instructions for unblocking of funds in the bank account with the Designated Branch will be made in favor of the Bidder whose name appears first in the Bid-cum-Application Form/ASBA Bid-cum-Application Form or Revision Form/ASBA Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one (1) Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures to be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name, age, status and first line address will be accumulated and taken into a separate process file which would serve as a multiple master document.

2. In this master, a check will be carried out for the same PAN numbers. In cases where the PAN numbers are different, the same will be deleted from this master.

3. The Registrar to the Issue will obtain from the Depositories the details of the applicant's address based on the DP ID and Client ID provided in the Bid-cum-Application Form/ASBA Bid-cum-Application Form and create an address master.

4. The addresses of all these applications from the multiple master will be strung from the address master. This involves including the addresses in a single line after deleting non-alpha and non-numeric characters, i.e., commas, full stops, hashes etc. Sometimes, the name, the first line of the address and pin code will be converted into a string for each application received and a photo match will be carried out among all the applications processed. A print-out of the addresses will be made to check for common names. Applications with the same name and same address will be treated as multiple applications.

5. The applications will be scanned for similar DP ID and Client ID. In cases where applications bear the same numbers, these will be treated as multiple applications.

6. After the aforesaid procedures, a print-out of the multiple master will be taken and the applications physically verified to tally signatures and also the father's/husband's names. On completion of this, the applications will be identified as multiple applications.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Funds and such Bids in respect of more than one scheme of the Mutual Funds will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. In relation to Bids by an FII under different sub-accounts will be having same PAN but different demat numbers. Such Bids will not be treated a multiple bids.

The Company, in consultation with the BRLM, reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number

SEBI had issued a circular directing that with effect from July 2, 2007, PAN would be the sole identifiable number for participants transacting in the securities market, irrespective of the amount of transaction. Pursuant to Item XII(B)(17)(c) of Schedule VIII of the ICDR Regulations, it has been stipulated that all applicants are required to disclose their PAN allotted under the I.T. Act in the Bid-cum-Application Form/ASBA Bid-cum-Application Form, irrespective of the amount of the Bid. Applications in which PAN so allotted is not mentioned would be rejected. The SEBI has exempted Bids on behalf of the Central or State Government officials and the officials appointed by the courts from the abovementioned requirement in terms of a SEBI circular dated June 30, 2008 and has exempted persons resident in the state of Sikkim from the abovementioned requirement (subject to the Depository Participants collecting sufficient documentary evidence to verify that such persons are Sikkim residents) in terms of a SEBI circular dated July 20, 2006.

Therefore, irrespective of the amount of the Bid, the Bidder or, in the case of a Bid in joint names, each of the Bidders, is required to mention his/her PAN allotted under the I.T. Act. Bid-cum-Application Forms/ASBA Bid-cum-Application Forms without the quoting of the PAN will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.**

RIGHT TO REJECT BIDS

In case of QIB Bidders, the Company, in consultation with the BRLM, may reject the Bids if such rejection is made at the time of acceptance of the Bid-cum-Application Form, provided that the reason for rejecting the Bid shall be provided to such Bidders in writing. In case of Non-Institutional Bidders, and Retail Individual Bidders, the Company will have a right to reject Bids based on technical grounds only. Consequent refunds shall be made as described in the Red Herring Prospectus and will be sent to the Bidder’s address at the Bidder’s risk.

The Designated Branches of the SCSBs shall have the right to reject Bids made under the ASBA process if at the time of blocking the Bid Amount in the ASBA Bidder’s bank account, the relevant Designated Branch determines that sufficient funds are not available in such Bidder’s bank account maintained with the SCSB. Subsequent to the acceptance of the Bid by the SCSB, the Company will have a right to reject such Bid only on technical grounds.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on, *inter alia*, the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. In case of Bids through the ASBA process, the amount mentioned in the ASBA Bid-cum-Application Form does not tally with the entire amount payable for the value of the Equity Shares Bid for;

2. Application on plain paper;

3. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;

4. Bids are submitted by persons not competent to contract under the Indian Contract Act, 1872, including minors and insane persons;

5. PAN is not stated or is stated incorrectly in the Bid-cum-Application Form/ASBA Bid-cum-Application Form (except for Bids on behalf of the Central or State Government officials, residents of Sikkim and the officials appointed by the courts) or GIR number given instead of PAN;

6. The Bid is for lower number of Equity Shares than specified for that category of investors;

7. Bids are submitted at a price less than the lower end of the Price Band;

8. Bids are submitted at a price more than the higher end of the Price Band;

9. Bids are submitted at Cut-off Price by Non-Institutional Bidders and QIB Bidders whose Bid Amount exceeds Rs. 200,000;

10. Bids are submitted for a number of Equity Shares, which are not in multiples of [●];

11. Bidder's category is not ticked;

12. Multiple Bids;

13. In the case of a Bid under power of attorney or by limited companies, corporates, trusts, etc., relevant documents are not submitted;

14. Bids are accompanied by stockinvest/money order/postal order/cash;

15. Signature of sole and/or joint Bidders is missing. In addition, with respect to ASBA Bids, the ASBA Bid-cum-Application Form not being signed by the account holders, if the account holder is different from the ASBA Bidder;

16. The Bid-cum-Application Form/ASBA Bid-cum-Application Form does not have the stamp of the BRLM or the Syndicate Members or the SCSBs;

17. The Bid-cum-Application Form/ASBA Bid-cum-Application Form does not have the Bidder's depository account details or the details given are incomplete;

18. Bid-cum-Application Form/ASBA Bid-cum-Application Form is not delivered by the Bidder within the time prescribed as per the Bid-cum-Application Form/ASBA Bid-cum-Application Form and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid-cum-Application Form/ASBA Bid-cum-Application Form;

19. In case no corresponding record is available with the Depositories that matches three parameters, namely, PAN of the First Bidder, the Depository Participant identification number (DP ID) and the client identification number (Client ID);

20. Bids are submitted for amounts greater than the maximum permissible amounts prescribed by the regulations;

21. Bids where clear funds are not available in the Escrow Accounts as per the final certificate from the Escrow Collection Banks;

22. For Bidders other than ASBA Bidders, Bids by QIBs are not submitted through the BRLM;

23. Bids by OCBs;

24. Bids are submitted by U.S. residents or U.S. persons other than in reliance on Regulation S under the Securities Act;

25. Bids are submitted by persons who are not eligible to acquire Equity Shares of the Company under any applicable law, rule, regulation, guideline, approval order or judgment, inside India or outside India; and

26. Bids not uploaded on the terminals of the Stock Exchanges.

In addition to the grounds listed above, applications under the ASBA process are liable to be rejected on, *inter alia*, the following technical grounds:

1. Submission of more than five (5) ASBA Bid-cum-Application Forms per account for the Issue;

2. Authorization for blocking funds in the ASBA Bidder's bank account not ticked or provided;

3. Inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA Bid-cum-Application Form at the time of blocking such Bid Amount in the ASBA Account; and

4. Application on plain paper or on split form.

Bidders are advised that Bids under the ASBA process that are not uploaded in the electronic book of the Stock Exchanges due to any of the grounds mentioned above will be rejected.

In the event that the Depository Participant identification number (DP ID), the client identification number (Client ID) and PAN mentioned in the Bid-cum-Application Form/ASBA Bid-cum-Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members or Designated Branches of the SCSBs, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Bid is liable to be rejected.

Equity Shares in Dematerialized form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in the Issue shall be allotted only in a dematerialized form (i.e., not in the form of physical certificates but fungible statements issued in electronic mode).

In this context, two tripartite agreements have been entered into among the Company, the respective Depositories and Karvy Compushare Private Limited, the Registrar and Share Transfer Agent:

(a) an agreement dated June 20, 2007, among NSDL, the Company and Karvy Compushare Private Limited; and

(b) an agreement dated June 7, 2007 among CDSL, the Company and Karvy Compushare Private Limited.

Bidders will be allotted or transferred Equity Shares only in dematerialized mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

1. A Bidder applying for Equity Shares must have at least one beneficiary account with the Depository Participants of either NSDL or CDSL prior to making the Bid.

2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's identification number) appearing on the Bid-cum-Application Form/ASBA Bid-cum-Application Form or Revision Form/ASBA Revision Form.

3. Equity Shares Allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

4. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details with the Depository.

5. If incomplete or incorrect details are given under the heading "Bidders Depository Account Details" in the Bid-cum-Application Form/ASBA Bid-cum-Application Form or Revision Form/ASBA Revision Form, it is liable to be rejected.

6. The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid-cum-Application Form/ASBA Bid-cum-Application Form *vis-à-vis* those recorded with his or her Depository Participant.

7. Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

8. The trading of the Equity Shares will be in dematerialized form only for all investors in the demat segment of the respective Stock Exchanges.

9. Non-transferable allotment advice or refund orders will be directly sent to the Bidders by the Registrar to the Issue.

COMMUNICATIONS

All future communications in connection with Bids made in the Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid-cum-Application Form/ASBA Bid-cum-Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid-cum-Application Form/ASBA Bid-cum-Application Form, name and address of the member of the Syndicate or the Designated Branch of the SCSB where the Bid-cum-Application Form/ASBA Bid-cum-Application Form was submitted and cheque/draft number and issuing bank thereof or the bank account number in which the amount equivalent to the Bid Amount was blocked and a copy of the acknowledgement slip.

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

ASBA Bidders may address all grievances relating to the ASBA process to the Registrar to the Issue, with a copy to the relevant SCSB, giving full details such as name and address of the applicant, the number of Equity Shares applied for, the Bid Amount blocked on application, bank account number and the Designated Branch or the collection center of the SCSB where the ASBA Bid-cum-Application Form was submitted by the ASBA Bidder.

The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or willful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held. The Company, the BRLM, the Syndicate Members and the Registrar accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable ICDR Regulations.

PAYMENT OF REFUND

Bidders (other than ASBA Bidders) should note that on the basis of the Depository Participant identification number, the client identification number and the PAN provided by them in the Bid-cum-Application Form, the Registrar to the Issue will obtain from the Depository the Bidder's bank account details including a nine-digit Magnetic Ink Character Recognition ("MICR") code. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidder's sole risk and none of the Company, the Syndicate Members, the Escrow Collection Banks, the Registrar to the Issue, or the BRLM shall have any responsibility and undertake any liability for the same.

In the case of Bids from Eligible NRIs and FIIs, refunds, if any, will generally be payable in Indian Rupees only and net of bank charges and/or commission. If so desired, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Mode of making refunds for Bidders other than ASBA Bidders

The payment of refund, if any, would be done through various modes as mentioned below:

- NECS—Payment of refund would be done through NECS for Bidders having an account at any of the centers specified by the RBI. This mode of payment of refunds would be subject to availability of complete bank account details including the nine-digit MICR code as obtained from the Depository.

- NEFT—Payment of refund may be undertaken through NEFT wherever the branch of the applicants' bank is NEFT enabled and has been assigned the Indian Financial System Code ("IFSC"), which can be linked to a Magnetic Ink Character Recognition ("MICR") of that particular branch. The IFSC Code will be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is in an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency and the past experience of the registrars to the initial public offerings. In the event NEFT is not operationally feasible, the payment of refunds will be made through any one of the other modes as discussed above.

- Direct Credit—Applicants having their bank account with the Refund Banker shall be eligible to receive refunds, if any, through direct credit. Charges, if any, levied by the Refund Bank(s) for the same will be borne by the Company.

- RTGS—Applicants having a bank account at any of the centers notified by SEBI where clearing houses are managed by the RBI, and whose Bid Amount exceeds Rs. 200,000, shall have the option to receive refunds, if any, through RTGS. Such eligible applicants who indicate their preference to receive refunds through RTGS are required to provide the IFSC Code in the Bid-cum-Application Form. In the event of failure to provide the IFSC Code in the Bid-cum-Application Form, the refund shall be made through NECS or direct credit, if eligibility is disclosed. Charges, if any, levied by the Refund Bank(s) for the same will be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit will be borne by the applicant.

- For all the other applicants, including applicants who have not updated their bank particulars along with the nine-digit MICR code, the refund orders will be dispatched under certificate of posting for refund orders, if any, of value less than Rs.1,500 and through speed post or registered post for refund orders, if any, of Rs.1,500 and above. Some refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Mode of making refunds for ASBA Bidders

In case of ASBA Bidders, the Registrar to the Issue shall instruct the Controlling Branch of the SCSB to unblock the funds in the relevant ASBA Account for any withdrawn, rejected or unsuccessful ASBA Bids or in the event of withdrawal or failure of the Issue. See “Unblocking of ASBA Account” above.

Interest on refund of excess Bid Amount

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders or instructions for unblocking of funds in the ASBA Account are not dispatched within twelve (12) working days from the Bid/Issue Closing Date.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEY AND INTEREST IN CASE OF DELAY

With respect to Bidders, other than ASBA Bidders, the Company shall ensure dispatch of Allotment Advice/CANs, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two (2) Working Days of the Allotment of Equity Shares.

In case of Bidders who receive refunds through NECS, NEFT, direct credit or RTGS, the refund instructions will be given to the clearing system within twelve (12) Working Days from the Bid/Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through the electronic mode within twelve (12) Working Days of the Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use its best efforts to ensure that all steps for completion of the necessary formalities for listing is completed and trading commences within twelve (12) Working Days of the Bid/Issue Closing Date at all the Stock Exchanges where the Equity Shares are proposed to be listed.

In accordance with the Companies Act, the requirements of SEBI, the Stock Exchanges and the ICDR Regulations, the Company further undertakes that:

- Allotment/transfer of the Equity Shares shall be made only in dematerialized form, including the credit of Allotted/transferred Equity Shares to the beneficiary accounts of the Depository Participants, within twelve (12) Working Days of the Bid/Issue Closing Date;

- With respect to Bidders, other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within twelve (12) Working Days of the Bid/Issue Closing Date would be ensured. With respect to the ASBA Bidders’ instructions for unblocking of the funds in the ASBA Account shall be made within twelve (12) Working Days from the Bid/Issue Closing Date; and

- The Company shall pay interest at 15% per annum for any delay beyond twelve (12) working days from the Bid/Issue Closing Date as mentioned above, if Allotment is not made or if dispatch of refund orders, or in case where the refund or a portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner, or in case of ASBA Bidders, instructions for unblocking of funds in the ASBA Account, and/or demat credits are not made to investors within the twelve (12) working days time period prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Allotment Advice or Refund Orders or Instructions to the SCSBs

The Company shall credit each Equity Share Allotted to the applicable beneficiary account with its Depository Participant within twelve (12) Working Days of the Bid/Issue Closing Date. Applicants residing at any of the centers where clearing houses are managed by the RBI will get refunds through NECS only (subject to availability of all information for crediting the refund through NECS) except where the applicant is otherwise disclosed as eligible to receive refunds through Direct Credit, NEFT and RTGS. In the case of other applicants, the Company shall ensure the dispatch of refund orders, if any, of value less than Rs.1,500 under certificate of posting, and shall dispatch refund orders, if any, of Rs.1,500 and above by registered post or speed post at the sole or First Bidder's sole risk within twelve (12) Working Days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter (refund advice) through ordinary post informing them about the mode of credit of refund within ten (10) Working Days of the Bid/Issue Closing Date. In case of ASBA Bidders, the Registrar to the Issue shall instruct the Controlling Branch of the SCSB to unblock the funds in the relevant ASBA Account for any withdrawn, rejected or unsuccessful ASBA Bids within ten (10) working days of the Bid/Issue Closing Date.

Save and except refunds effected through the electronic mode, i.e., NECS, NEFT, direct credit or RTGS, refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by the Company, as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"Any person who:

(a) ***makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or***

(b) ***otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,***

shall be punishable with imprisonment for a term which may extend to five years".

ALLOTMENT

Basis of Allotment

A. For Retail Individual Bidders

i. Bids received from Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all successful Retail Individual Bidders will be made at the Issue Price.

ii. The Issue size less Allotment to Non-Institutional Bidders and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

iii. If the valid Bids in this portion are less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Retail Individual Bidders to the extent of their valid Bids.

iv. If the valid Bids in this portion are greater than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis of not less than [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate basis of allocation, refer below.

B. For Non-Institutional Bidders

i. Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

ii. The Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

iii. If the valid Bids in this portion are less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their valid Bids.

iv. If the valid Bids in this portion are greater than [●] Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis of not less than [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate basis of allocation refer below.

C. For QIB Bidders

A. Bids received from QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to QIB Bidders will be made at the Issue Price.

B. The QIB Portion shall be available for allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

C. Allotment shall be undertaken in the following manner:

(a) Allocation to Anchor Investors shall be made in accordance with the ICDR Regulations.

(b) After allocation to Anchor Investors, in the first instance allocation to Mutual Funds for up to 5% of the Net QIB Portion shall be determined as follows:

(i) If bids from Mutual Funds exceed 5% of the Net QIB Portion, allocation to Mutual Funds shall be made on a proportionate basis for up to 5% of the Net QIB Portion.

(ii) If the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.

(iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to QIB Bidders as set out in (c) below.

(c) In the second instance allocation to all Bidders shall be determined as follows:

(i) In the event of an over-subscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.

(ii) Mutual Funds who have received allocation as per (b) above, for less than the number of Equity Shares bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

(iii) Under-subscription below 5% of the Net QIB Portion, if any, in the Mutual Fund Portion, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

D. For Anchor Investors

A. Allocation of Equity Shares to Anchor Investors will be at the discretion of the Company, in consultation with the BRLM, subject to compliance with the following requirements:

(i) not more than 30% of the QIB Portion will be allocated to Anchor Investors;

(ii) one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price; and

(iii) allocation to Anchor Investors shall be on a discretionary basis and subject to a minimum number of two (2) Anchor Investors for allocation up to Rs. 2,500 million and a minimum number of five (5) Anchor Investors for allocation more than Rs. 2,500 million.

Bids received from ASBA Bidders will be considered at par with Bids received from non-ASBA Bidders. The basis of allocation to such valid ASBA Bidders will be that applicable to non-ASBA Retail Individual Bidders, Non-Institutional Bidders and QIB Bidders, as applicable. ASBA Bidders who are Retail Individual Bidders (including HUFs) and who have Bid for Equity Shares for an amount less than or equal to Rs. 200,000 in any of the Bidding options in the Issue, will be categorized as Retail Individual Bidders. ASBA Bidders that are not Retail Individual Bidders and who have Bid for Equity Shares for an amount over Rs. 200,000 will be categorized as Non-Institutional Bidders or QIBs, as the case may be. No preference shall be given to ASBA Bidders *vis-à-vis* non-ASBA Bidders and *vice versa*.

The BRLM, the Registrar to the Issue and the director or managing director of the Designated Stock Exchange shall ensure that the basis of Allotment is finalized in a fair and proper manner in accordance with the ICDR Regulations. The drawing of lots (where required) to finalize the basis of Allotment shall be done in the presence of a public representative on the Governing Board of the Designated Stock Exchange.

Method of proportionate basis of Allotment

In the event the Issue is oversubscribed, the basis of Allotment shall be finalized by the Company, in consultation with the BRLM and the Designated Stock Exchange. The executive director or managing director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalized in a fair and proper manner. Allotment to Bidders shall be made in marketable lots on a proportionate basis as explained below:

(a) Bidders will be categorized according to the number of Equity Shares applied for by them.

(b) The total number of Equity Shares to be Allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

(c) The number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is the total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

(d) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the market lot), the decimal will be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it will be rounded off to the lower whole number. Allotment to all Bidders in such categories shall be arrived at after such rounding off.

(e) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:

- Each successful Bidder shall be Allotted a minimum of [●] Equity Shares; and

- The successful Bidders out of the total Bidders for a portion shall be determined by the drawing of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (c) above; and

(f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that portion, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance of Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for the minimum number of Equity Shares.

Illustration of Allotment to QIBs (other than Anchor Investors) and Mutual Funds ("MF")

Issue details

Particulars	**Issue details**
Issue size	200 million equity shares
Allocation to QIB (not more than 50% of the Issue)	100 million equity shares
Anchor Investor Portion (up to 30% of QIB Portion)	30 million equity shares
Portion available to QIBs other than Anchor Investors [(2) - (3)]	70 million equity shares
Of which:	
a. Reservation For Mutual Funds (5%)	3.50 million equity shares
b. Balance for all QIBs including Mutual Funds	66.50 million equity shares
Number of QIB applicants	10
Number of equity shares applied for	500 million equity shares

Details of QIB Bids

S. No.	**Type of QIBs**	**No. of shares bid for (in million)**
1.	A1	50
2.	A2	20
3.	A3	130
4.	A4	50
5.	A5	50
6.	MF1	40
7.	MF2	40
8.	MF3	80
9.	MF4	20
10.	MF5	20
	TOTAL	**500**

* *A1-A5: (QIBs other than Mutual Funds), MF1-MF5 (QIBs which are Mutual Funds)*

Details of Allotment to QIBs Applicants

Type of QIB	**Shares bid for**	**Allocation of 3.50 million equity shares to MF proportionately (see note 2 below)**	**Allocation of balance 66.50 million equity shares to QIBs proportionately (see note 4 below)**	**Aggregate allocation to Mutual Funds**
(I)	**(II)**	**(III)**	**(IV)**	**(V)**
	(Number of equity shares in million)			
A1	50	0	6.65	0
A2	20	0	2.66	0
A3	130	0	17.29	0
A4	50	0	6.65	0
A5	50	0	6.65	0
MF1	40	0.70	5.32	6.02
MF2	40	0.70	5.32	6.02
MF3	80	1.40	10.64	12.04

Type of QIB	Shares bid for	Allocation of 3.50 million equity shares to MF proportionately (see note 2 below)	Allocation of balance 66.50 million equity shares to QIBs proportionately (see note 4 below)	Aggregate allocation to Mutual Funds
MF4	20	0.35	2.66	3.01
MF5	20	0.35	2.66	3.01
	500	**3.50**	**66.50**	**30.10**

Notes:

1. The illustration presumes compliance with the requirements specified in the Red Herring Prospectus in the section "Issue Structure" beginning on page 311 of the Red Herring Prospectus.

2. Out of 70.00 million equity shares allocated to QIBs, 3.50 million (i.e., 5%) will be allocated on a proportionate basis among five (5) Mutual Fund applicants who applied for 200 million equity shares in the QIB Portion.

3. The balance 66.50 million equity shares, i.e., 70.00 - 3.50 (available for Mutual Funds only) will be Allotted on a proportionate basis among 10 QIB Bidders who applied for 500 million equity shares (including 5 Mutual Fund applicants who applied for 200 million Equity Shares).

4. The figures in the fourth column entitled "Allocation of balance 66.50 million equity shares to QIBs proportionately" in the above illustration are arrived at as explained below:

   - For QIBs other than Mutual Funds (A1 to A5) = Number of equity shares Bid for (i.e., in column II of the table above) × 66.50/496.50

   - For Mutual Funds (MF1 to MF5) = (No. of equity shares bid for (i.e., in column II of the table above) less equity shares Allotted (i.e., column III of the table above) × 66.50/496.50

   - The numerator and denominator for arriving at the allocation of 66.50 million equity shares to the 10 QIBs are reduced by 3.50 million shares, which have already been Allotted to Mutual Funds in the manner specified in column III of the table above.

Undertakings by the Company

The Company undertakes as follows:

- that complaints received in respect of the Issue shall be dealt with expeditiously and satisfactorily. The Company has authorized the Company Secretary and Compliance Officer to redress all complaints, if any, of the investors participating in the Issue;

- that adequate arrangements shall be made to the collect all ASBA Bids and to consider them similar to non-ASBA Bids while finalizing the basis of allotment;

- that all steps will be taken for the completion of the necessary formalities for listing is completed and trading commences within twelve (12) Working Days of the Bid/Issue Closing Date at all the Stock Exchanges where the Equity Shares are proposed to be listed;

- that the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed in the Red Herring Prospectus shall be made available to the Registrar to the Issue by us;

- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within twelve (12) Working Days of the Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

- that the refund orders or Allotment Advice/CAN to Eligible NRIs shall be dispatched within the specified time; and

- that no further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus and the Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription, etc.

Utilization of proceeds of the Issue

The Board of Directors certifies that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in Section 73(3) of the Companies Act;

- details of all monies utilized out of the Net Proceeds of the Issue shall be disclosed under an appropriate heading in the balance sheet of the Company indicating the purpose for which such monies have been utilized; and

- details of all unutilized monies out of the Net Proceeds of the Issue, if any, shall be disclosed under the appropriate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.

The Company shall not have recourse to the Net Proceeds of the Issue until the final listing and trading approvals from all the Stock Exchanges have been obtained.

ANCHOR INVESTOR PORTION

The Company may consider participation by Anchor Investors in the Issue for up to 3,535,000 Equity Shares in accordance with the ICDR Regulations. In accordance with the ICDR Regulations, only QIBs can participate in the Anchor Investor Portion. Bidding in the Anchor Investor Portion shall open and close on the Anchor Investor Bid/Issue Date, i.e., one (1) day prior to the Bid/Issue Opening Date. The QIB Portion shall be reduced in proportion to the allocation under the Anchor Investor Portion. In accordance with the ICDR Regulations, the key terms for participation in the Anchor Investor Portion are as follows:

1. Anchor Investors shall be QIBs as defined under the ICDR Regulations.

2. The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount is at least Rs. 100 million and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than 30% of the QIB Portion. In case of a Mutual Fund registered with SEBI, separate Bids by individual schemes of Mutual Funds will be aggregated to determine the minimum application size of Rs.100 million.

3. One-third of the Anchor Investor Portion shall be reserved for allocation to domestic mutual funds.

4. The Bidding for Anchor Investors shall open one (1) day before the Bid/Issue Opening Date and shall be completed on the same day.

5. The Company, in consultation with the BRLM, shall finalize allocation to the Anchor Investors on a discretionary basis, subject to allocation to a minimum of two (2) investors for allocation up to Rs. 2,500 million and five (5) investors for allocation of more than Rs. 2,500 million.

6. Allocation to the Anchor Investors shall be completed on the Anchor Investor Bid/Issue Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the BRLM before the Bid/Issue Opening Date.

7. Anchor Investors shall pay the entire Bid Amount at the time of submission of the Bid. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Issue Date.

8. If the Issue Price is greater than the Anchor Investor Issue Price, the additional amount being the difference between the Issue Price and the Anchor Investor Issue Price shall be paid by the Anchor Investors. If the Issue Price is lower than the Anchor Investor Issue Price, the Allotment to Anchor Investors shall be at the Anchor Investor Issue Price.

9. The Equity Shares Allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment in the Issue.

10. Neither the BRLM nor any person related to the BRLM, the Promoters or the Promoter Group shall participate in the Anchor Investor Portion. The parameters for selection of Anchor Investors shall be clearly identified by the BRLM and shall be available as part of the records of the BRLM for inspection by SEBI.

11. Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.

12. The payment instruments for payment into the Escrow Account should be drawn in favor of:

    - In case of Resident Anchor Investors: "[●]"
    - In case of Non-Resident Anchor Investors: "[●]"

Anchor Investors do not have the option of bidding through ASBA process.

Anchor Investors are advised that the above information should be read together with the contents of this section "Issue Procedure" beginning on page 315 of the Draft Red Herring Prospectus.

Description of Equity Shares

For details of the rights of members regarding voting, dividend, lien on shares and the process for modification of such rights and forfeiture of shares, please see the sections "Terms of the Issue – Rights of the Equity Shareholders" and "Main Provisions of the Articles of Association" beginning on pages 308 and 352, respectively, of this Draft Red Herring Prospectus.

Restriction on Foreign Ownership of Indian Securities

For details on restrictions on foreign ownership of Indian securities, please see the section "Regulations and Policies" beginning on page 97 of this Draft Red Herring Prospectus.

SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Allotment of shares

6. Subject to the provisions of section 81 of the Act and these Articles, the Shares in the Capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose off the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with sanction of the Company in the general meeting to give to any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the Capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares. Without prejudice to the generality of the forgoing, the Directors shall also be empowered to issue Shares for the purposes of granting stock options to its permanent employees under the terms and conditions of the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 or any other applicable law, as amended from time to time. Provided that option or right to call of Shares shall not be given to any person or persons without the sanction of the Company in the general meeting.

Allotment on application to be acceptance of shares

7. Any application signed by or on behalf of an applicant for Shares in the Company followed by an allotment of any Share therein, shall be an acceptance of Shares within the meaning of these Articles, and every person who thus or otherwise accepts any Shares and whose name is on the register, shall, for the purpose of these Articles, be a Member.

Consideration for allotment

8. The Board of Directors may allot and issue Shares of the Company as payment or part payment for any property purchased by the Company or in respect of goods sold or transferred or machinery or appliances supplied or for services rendered to the Company in or about the formation of the Company or the acquisition and or in the conduct of its business; and any Shares which may be so allotted may be issued as fully/partly paid up Shares and if so issued shall be deemed as fully/partly paid up Shares.

9. Subject to the provisions of these Articles, the Company shall have power to issue preference Shares carrying a right to redemption out of profits which would otherwise be available for Dividend or out of the proceeds of a fresh issue of Shares made for the purpose of such redemption or liable to be redeemed at the option of the Company and the Board may, subject to the provisions of section 80 of the Act, exercise such power in such manner as may be provided in these Articles.

Return of allotment and restriction on allotments

10. a) The Directors shall in making the allotments duly observe the provisions of the Act;
    b) The amount payable on application on each Share shall not be less than 5% of the nominal value of the Share; and
    c) Nothing therein contained shall prevent the Directors from issuing fully paid up Shares either on payment of the entire nominal value thereof in cash or in satisfaction of any outstanding debt or obligation of the Company

Money due on shares to be a debt to the company

11. The money (if any) which the Board shall, on the allotment of any Shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any Shares allotted by them, shall immediately on the inscription of the name of allottee in the Register of Members as the name of the holder of such Shares become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

Prohibition of allotment unless minimum subscription is received

12. The Company shall comply with section 69 of the Act in respect of any offer of its Shares to the public for subscription.

Commission and brokerage

13. Subject to the provisions of the Act, the Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any Shares, Debentures, or debenture-stock of the Company or underwriting or procuring or agreeing to procure subscriptions (whether absolute or conditional) for Shares, Debentures or debenture-stock of the Company. The Company may exercise the powers of paying commission conferred by section 76 of the Act and in such case shall comply with the requirements of that section. Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid Shares or partly in one way and partly in the other. The Company may also, on any issue pay such brokerage as may be lawful.

Members or heirs to pay unpaid amounts

14. Every Member or his heir's executors or administrators shall pay to the Company the portion of the capital represented by his Share or Shares which may, for the time being remain unpaid thereon, in such amounts, at such time or times and in such manner, as the Board shall from time to time, in accordance with the Company's regulations require or fix for the payment thereof.

Shares at a discount

15. With the previous authority of the Company in general meeting and the sanction of the Court and upon otherwise complying with section 79 of the Act, the Board may issue at a discount Shares of a class already issued.

Instalments on shares to be duly paid

16. If by the conditions of allotment of any Share, the whole or part of the price thereof shall be payable by instalments, every such instalment shall when due, be paid to the Company by the person who, for the time being, shall be the registered holder of the Share or in the event of the death of the holder, by his executor or administrator.

Liability of joint holders of shares

17. The joint holders of a Share shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of such Share.

18. Save as herein otherwise provided, the Company shall be entitled to treat the registered holder of any Share as the absolute owner thereof and accordingly shall not, except as ordered by a court of competent jurisdiction, or as required by the statute, be bound to recognise any equitable or other claim to or interest in such Share on the part of any other person.

Shares may be registered

19. Shares may be registered in the name of any person, Company, registered society or other body corporate.

Acceptance of shares

20. Any application signed by any applicant for Shares in the Company or where the power of attorney or other authority under which such application is signed or a notarially certified copy of that power or authority is deposited at the registered office of the Company, and application signed on behalf of such person, followed by an allotment of any Share therein, shall be an acceptance of Shares within the meaning of these Articles; and every person who thus or otherwise accepts any Shares and whose name is on the Register shall for the purposes of these Articles, be a Member.

21. The money (if any) which the Board shall, on the allotment of any Shares being made by it, require or direct to be paid by way of deposit, call or otherwise in respect of any Shares allotted by it shall, immediately on the entry of the same of the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof and shall be paid by him accordingly.

SHARE CERTIFICATES

Every member entitled to certificate for his shares

22. a) Every Member or allottee of Shares shall be entitled without payment to receive one or more certificate specifying the name of the person in whose favour it is issued, the Shares to which it relates, and the amount paid thereon. Such certificates shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of fractional coupon of requisite value, save in case of issue of Share certificates against letters of acceptance of or renunciation or in cases of issues of bonus Shares.

b) Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of (1) two Directors or persons acting on behalf of the Directors under duly registered powers of attorney; and (2) the Secretary or some other persons appointed by the Board for the purpose and the two Directors or their attorneys and the secretary or other persons shall sign the Share Certificate, provided that if the composition of the Board permits, atleast one of the aforesaid two Directors shall be a person other than a Managing or Whole-time Director.

c) Particulars of every Share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued, indicating date of issue.

Joint ownership of shares

23. Any two or more joint allottees of Shares shall be treated as a single Member for the purposes of this Article and any Share certificate, which may be the subject of joint ownership, may be delivered to any one of such joint owners on behalf of all of them. The Company shall comply with the provisions of section 113 of the Act.

Rights of joint holders

24. If any Share stands in the names of two or more persons, the person first named in the Register shall, as regards receipt of Dividends or bonus or service of notices and all or any other matter connected with the Company, except voting at meeting and the transfer of the Shares be deemed the sole holder thereof but the joint holders of Share shall be severally as well as jointly liable for payment of all installments and calls due in respect of such Share and for all incidents thereof according to the Company's regulations.

Director to sign share certificates

25. A Director may sign a Share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography but not by means of rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other materials used for the purpose.

Limitation of time for issue of certificates

26. Every Member shall be entitled, without payment to one or more certificates in marketable lots, for all the Shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors so determine) to several certificates, each for one or more of such Shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission , sub-division, consolidation or renewal of any of its Shares as the case may be. Every certificate of Shares shall be under the seal of the Company and shall specify the number and distinctive numbers of Shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the Directors may prescribe and approve, provided that in respect of a Share or Shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of Shares to one or several joint holders shall be a sufficient delivery to all such holders.

Issue of new certificate in place of one defaced, lost or destroyed

27. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under this Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.
Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act,1956 or any other Act, or rules applicable thereof in this behalf. The provision of this Article shall mutatis mutandis apply to Debentures of the Company.

Renewal of share certificate

28. (a) When a new Share certificate has been issued in pursuance of the preceding Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is issued in lieu of Share certificate No………….... sub-divided/replaced on consolidation of Shares.

(b) When a new certificate has been issued in pursuance of the preceding article, it shall state on the face of it against the stub or counterfoil to the effect that it is duplicate issued in lieu of Share certificate No……. The word 'Duplicate' shall be stamped or punched in bold letters across the face of the Share certificate and when a new certificate has been issued in pursuance of the preceding Article, particulars of every such Share certificate shall be entered in a Register of Renewed and Duplicate Certificates indicating against it, the names of the persons to whom the certificate is issued, the number and the necessary changes indicated in the Register of Members by suitable cross references in the "remarks" column.

(c) All blank forms, Share certificates shall be printed only on the authority of a resolution duly passed by the Board

Rules to issue share certificates

29. The rules under "The Companies (Issue of Share Certificate) Rules, 1960 shall be complied with in the issue, reissue, renewal of Share certificates and the format sealing and signing of the certificates and records of the certificates issued shall be maintained in accordance with the said rules. The Company shall keep ready Share certificates for delivery within 2 months after allotment.

Responsibilities to maintain records

30. The Managing Director of the Company for the time being or if the Company has no Managing Director, every Director of the Company shall be responsible for maintenance, preservation and safe custody of all books and documents relating to the issue of Share certificates.

CALLS

31. The Board may, from time to time, subject to the terms on which any Share may have been issued and subject to the provisions of section 91 of the Act and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution), make such calls as the Board thinks fit, upon Members in respect of all monies unpaid on the Shares held and each Member shall pay the amount of every call so made on him to the persons and at the time and place appointed by the Board. A call may be made payable by instalments and shall be deemed to have been made when the resolution of the Board authorising such call was passed.

Notice

32. Fourteen days notice, in writing, of any call shall be given by the Company specifying the date, time and places of payment and the person or persons to whom such call be paid.

Call when made

33. The Board of Directors may, when making a call by resolution, determine the date on which such call shall be deemed to have been made not being earlier than the date of resolution making such call, and thereupon the call shall deemed to have been made on the date so determined and if no such date is so determined a call shall be deemed to have been made at the date when the resolution authorizing such call was passed at the meeting of the Board.

Liability of joint holders for a call

34. The joint-holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.

When interest on call or instalment payable

35. (1) If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the holder for the time being in respect of the Share for which the call shall has been made or the installment shall be due shall pay interest for the same at such rate as shall from time to time be fixed by the Board from the day appointed for the payment thereof to the time of the actual payment or at such rate as the Board may determine.

(2) The Board shall be at liberty to waive payment of any such interest either wholly or in part.

Board to extend time to pay call

36. The Board may, from time to time, at its discretion extend the time fixed for the payment of any call and may extend such time to all or any of the Members. The Board may be fairly entitled to grant such extension, but no Member shall be entitled to such extension, save as a matter of grace and favour.

Amount payable at fixed times or payable by instalments as calls

37. If by the terms of issue of any Share or otherwise any amount is made payable at any fixed time or by instalment at fixed times whether on account of the amount of Share or by way of premium, every such amount or instalment, shall be payable as if it were a call duly made by the Board and of which due notice had been given and all the provisions herein contained, in respect of calls shall relate to such amount or instalment accordingly.

Evidence in action by company against shareholders

38. Subject to the provisions of any law in force to the contrary on the trial of hearing of any action or suit brought by the Company against any Shareholder or his representatives to recover any debt or money claimed to be due to the Company in respect of his Share, it shall be sufficient to prove that (i) the name of the defendant, is or was, when the claim arose, on the register as a holder or one of the joint holders of the number of Shares in respect of such claim made, (ii) that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the Member or his representatives pursuance of these Articles, and (iii) that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Board who made any call, nor that a quorum was present at the Board meeting at which any call was made, nor that the meeting at which any call was made duly convened or constituted nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Partial payment not to preclude forfeiture

39. Neither a judgment nor a decree in favour of the Company, for call or other moneys due in respect of any Share nor any part payment or satisfaction thereunder, nor the receipt by the Company of a portion of any money which shall, from time to time be due from any Member to the Company in respect of his Shares either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce forfeiture of such Shares as hereinafter provided.

Payment in anticipation of call may carry interest

40. (a) The Directors may, if they think fit, subject to the provisions of section 92 of the Act, agree to and receive from any Member willing to advance the same whole or any part of the moneys due upon the Shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the Shares in respect of which such advance has been made, the Company may pay interest at such rate, as the Member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or Dividend. The Directors may at any time repay the amount so advanced.

(b) The Members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable.

(c) The provisions of these Articles shall mutatis mutandis apply to the calls on Debentures of the Company.

Revocation of call

41. A call may be revoked or postponed at the discretion of the Board.

FORFEITURE OF SHARES

Forfeiture and lien

42. If call or instalment of calls is not paid, notice may be given.

43. If any Member fails to pay any call or instalment of a call on or before the day appointed for the payment of the same, the Board, may, at any time thereafter during such time as the call or instalments remain unpaid, serve a notice on such Member requiring him to pay the same together with any interest that may have accrued and such expenses that may have been incurred by the Company by reason of such non payment.

Form of notice

44. The notice shall name a further day (not earlier than the expiration of fourteen days from the date of notice) and a place or places on and at which such call or instalment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment at or before the time the call was made or installment is payable, the Shares will be liable to be forfeited.

If notice is not complied with, share may be forfeited

45. If the requirements of any such notice as aforesaid are not complied with, any Shares in respect of which such notice has been given may, at any time hereafter, before payment all calls or instalments, interest and expenses, due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all Dividends declared in respect of the forfeited Shares and not actually paid before the forfeiture.

Notice after forfeiture

46. When any Share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

Effect of forfeiture

47. The forfeiture of a Share shall involve the extinction, at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of that Share, and all other rights incidental to the Share except such as or by these Articles expressly saved.

Forfeited share to become property of the company

48. Any Share so forfeited shall be deemed to be the property of the Company, and the Board may sell, re-allot or otherwise dispose off the same in such manner as it thinks fit.

Power to annul forfeiture

49. The Board may, at any time, before any Share so forfeited shall have been sold, reallotted or otherwise disposed off, annul the forfeiture thereof upon such condition as it thinks fit.

Liability on forfeiture

50. A person whose Share has been forfeited shall cease to be a Member in respect of the forfeited Share, but shall, not withstanding such forfeiture, remain liable to pay and shall forthwith pay to the Company, all calls or instalments, interest and expenses owing upon or in respect of such Shares, at the time of the forfeiture, together with interest thereon, from the time of forfeiture until payment, at eighteen percent per annum and the Board may enforce, the payment thereof or any part thereof without any deduction/allowance for the value of the Share at the time of forfeiture, but shall not be under any obligation to do so.

Evidence of forfeiture

51. A duly verified declaration in writing that the declarant is a Director/Managing Director, Manager or Secretary of the Company, and that certain Shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the fact therein stated as against all persons claiming to be entitled to the Shares and such declaration and the receipt of the Company for the consideration, if any, given for the Shares on the sale or disposition thereof, shall constitute a good title to such Shares and the person to whom any such Share is sold shall be registered as the holder of such Shares and shall not be bound to see to the application of the purchase money, nor shall his title to such Share be affected by any irregularity or invalidate the proceedings with reference to such forfeiture, sale or disposition.

52. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any Member to the Company in respect of his Shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture such Shares as herein-before provided.

Certificate of forfeited shares to be void

53. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relevant Shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and have no effect and the Directors shall be entitled to issue a new certificate or certificates in respect of the said Shares to the person or persons entitled thereto.

Forfeiture provision to apply to non-payment in terms of issue

54. The provisions of Articles 42 to 53 hereof shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the nominal value of a Share or by way of premium, as if the same had been payable by virtue of call duly made and notified.

Company's lien on shares/debentures

55. The Company shall have a first and paramount lien upon all the Shares/Debentures (other than fully paid-up Shares/Debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys(whether presently payable or not) called or payable at a fixed time in respect of such Shares/Debentures and no equitable interest in any Share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all Dividends and bonuses from time to time declared in respect of such Shares/Debentures. Unless otherwise agreed the registration of a transfer of Shares/Debentures shall operate as a waiver of the Company's lien if any, on such Shares/Debentures. The Directors may at any time declare any Shares/Debentures wholly or in part to be exempt from the provisions of this clause. Provided that fully paid Shares shall be free from all lien and that in the case of partly paid Shares the issuer's lien shall be restricted to moneys called or payable at a fixed time in respect of such Shares.

As to enforcing lien by sale

56. For the purpose of enforcing such lien the Board may sell the Shares subject thereto in such manner as it thinks fit, and for that purpose may cause to be issued a duplicate certificate in respect of such Shares and may authorize one of their Members to execute a transfer thereof on behalf of and in the name of such Member. No sale shall be made until such time for payment as aforesaid shall arrived and until notice in writing of the intention to sell shall have been served on such Member, his executor or administrator or his committee, curator bonis or other legal representative as the case may be and default shall have been made by him or them in the payment of monies called or payable at a fixed time in respect of such Share for one month after the date of such notice.

Application of proceeds of sale

57. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall subject to a like lien for sums not presently payable as existed upon the Share before the sale be paid to the person entitled to the Share at the date of the sale.

Effecting sale of shares

58. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the Board may appoint any person/s to execute any instrument of transfer of the Share sold, and cause the purchasers name to be entered in the register in respect of the Share sold and the purchaser shall not be bound to see to the regularity of the proceedings nor to the application of the purchase money, and after his name had been entered in the Register in respect of such Share, the validity of the sale shall not be impeached by any person and remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

Board may issue new certificates.

59. Where any Share under the powers in that behalf herein contained is sold by the Board and the certificate in respect thereof has not been delivered upto the Company by the former holder of such Share, the Board may issue a new certificate for such Share distinguishing it in such manner as it may think fit from the certificate not so delivered up.

TRANSFER AND TRANSMISSION

Register of transfers

60. The Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any Shares

Execution of transfer etc.

61. Save as provided in section 108 of the Act, no transfer of a Share shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferee and specifying the name, address and occupation, if any, of the transferee has been delivered to the Company together with the certificate relating to the Share or, if no such certificate is in existences, the Letter of Allotment of the Share. Each signature to such transfer shall be duly attested by the signature of one credible witness who shall add his address.

Endorsement of transfer

62. In respect of any transfer of Shares registered in accordance with the provisions of these Articles, the Board may, at their discretion, direct an endorsement of the transfer and the name of the transferee and other particulars on the existing Share certificate and authorize any Director or officer of the Company to authenticate such endorsement on behalf of the Company or direct the issue of a fresh Share certificate, in lieu of and in cancellation of the existing certificate in the name of the transferee.

Application by the transferor

63. Application for the registration of the transfer of a Share may be made either by the transferor or the transferee provided that, where such application is made by the transferor no registration shall, in the case of a partly paid Share, be effected unless the Company gives notice of the application to the transferee in the manner prescribed by section 110 of the Act, and subject to the provisions of these Articles, the Company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee.

Validity of sale in exercise of lien and after forfeiture - Cases where the board may refuse to register transfer

64. (a) Subject to the provisions of section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any Shares or interest of a Member in or Debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on Shares.

(b) No fee shall be charged for registration of transfer, transmission, probate, succession certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

Instrument of transfer

65. The instrument of transfer shall be in writing and all provisions of section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of Shares and registration thereof. The Company shall use a common form of transfer in all cases.

Executive transfer instrument

66. Every such instrument of transfer shall be executed both by the transferor and the transferee and the transferor shall be deemed to remain holder of the Shares until the name of the transferee is entered in the register of Members in respect thereof. The instrument of transfer shall be in respect same class of Shares and should be in the form prescribed under the Act.

Closing register of transfers and of members

67. The Board shall be empowered, on giving not less than seven days notice by advertisement in a newspaper circulating in the district in which the registered office of the Company is situated, to close the transfer books, the register of Members, the register of Debenture holders at such time or times, and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year as it may seem expedient.

Transfer to minor etc.

68. No Share shall in any circumstances be transferred to any infant, insolvent or person of unsound mind, except fully paid Shares through a legal guardian.

Transfer instrument to be left at office when to be retained

69. Every instrument of transfer shall be left at the office for registration accompanied by the certificate of the Share to be transferred or, if no such certificate is in existence, by the Letter of Allotment of the Share and such other evidence as the Board may require proving the right of the transferor to transfer the Share. Every instrument of transfer which shall be registered shall be retained by the Company, but any instrument of transfer which the Board may refuse to register shall be returned to the person depositing the same.

Notice of refusal to register transfer

70. If the Board refuses whether in pursuance of Article 64 hereof otherwise to register the transfer of, or the transmission by operation of law of the right to any Share, the Company shall give the notice of the refusal in accordance with the provision of section 111 (2) of the Act.

Transmission of registered shares

71. The executor or administrator of a deceased Member (not being one of several joint holders) shall be the only person recognised by the Company as having any title to the Share registered in the name of such Member, and in the case of death of any one or more of the joint holders of any registered Share, the survivor or survivors shall be the only person or persons recognised by the Company as having any title to or interest in such Shares but nothing herein contained shall be taken to release the estate of deceased joint holder from any liability on the Share held by him jointly with any other person. Before recognising any executor or administrator, the Board may require him to obtain a grant of Probate or Letters of Administration or Succession Certificate or other legal representation as the case may be, from a competent Court in India and having effect in the place where the Registered Office of the Company is situated, provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to dispense with production of Probate or Letters of Administration, Succession Certificate or such other legal representation upon such terms as to indemnity or otherwise as the Board, in its absolute discretion, may consider adequate, and register the name of any person who claims to be absolutely entitled to the Shares standing in the name of a deceased Member as a Member.

As to transfer of shares of insane, deceased or bankrupt members ("the Transmission Article".)

72. Any committee or guardian of lunatic Member or any person becoming entitled to or to transfer a Share in consequence of the death or bankruptcy or insolvency of any Member upon producing such evidence that he sustained the character in respect of which he possess to act under this Article or of his title as the Board thinks sufficient, may, with the consent of the Board (which the Board shall not be bound to give), be registered as a Member in respect of such Share, or may, subject to regulations as to transfer hereinbefore contained, transfer such Share.

Election under transmission article

73. (1) If the person so becoming entitled under the Transmission Article shall elect to be registered as holder of the Share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

(2) If the person aforesaid shall elect to transfer the Share, he shall testify his election by executing an instrument of transfer of the Share.

(3) All the limitation, restrictions and provisions of these Articles relating to the right to transfer and the registration of instruments or transfer of a Share shall be applicable to any such notice or transfer as aforesaid as if the death, lunacy, bankruptcy or insolvency of the Member had not occurred and the notice of transfer were a transfer signed by that Members.

Rights of person entitled to share under the transmission article

74. A person so becoming entitled under the Transmission Article to a Share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall, subject to the provisions of Article 121 hereof and of section 206 of the Act, be entitled to the same Dividends and other advantages as he would be entitled to if he were the registered holder of the Share.

Provided that the Board may at any time give notice requiring any such persons to elect either to be registered himself or to transfer the Share, and if the notice is not complied within ninety days, the Board may thereafter withhold payment of all Dividends, bonus or other monies payable in respect of the Share until the requirements of the notice have been complied with.

Instrument of transfer to be stamped

75. Every instrument of transfer shall be presented to the Company duly stamped for registration, accompanied by such evidence as the Board may require to prove the title of the transferor his right to transfer the Shares and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.

Company not liable to notice of equitable rights

76. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of Shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the register of Members) to the prejudice of persons having or claiming any equitable rights, title or interest to or in the said Shares, notwithstanding that the Company may have had notices of such equitable rights referred thereto in any books of the Company and the Company shall not be bound by or required to regard or attend to or give effect to any notice which may be given to it of any equitable rights, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

DEMATERIALISATION OF SECURITIES

77. (i) Definitions: For the purpose of this Article:

"*Beneficial Owner*" means a person whose name is recorded as such with a Depository.
"*Bye-Laws*" means Bye-laws made by a Depository under section 26 of the Depositories Act, 1996.
"*Depositories Act*" means the Depositories Act, 1996, including any statutory modifications or re-enactment for the time being in force.
"*Depository*" means a Company formed and registered under the Depositories Act and which has been granted a Certificate of Registration under the Securities and Exchange Board of India Act, 1992.
"*Member*" means the duly registered holder from time to time of the Shares of the Company and includes every person whose name is entered as beneficial owner in the records of the Depository.
"*Participant*" means a person registered as such under section 12 (1A) of the Securities and Exchange Board of India Act, 1992.
"*Record*" includes the records maintained in form of books or stored in a computer or in such other form as may be determined by the Regulations issued by the Securities and Exchange Board of India in relation to the Depositories Act, 1996.
"*Registered OWNER*" means a Depository whose name is entered as such in the records of the Company.
"*SEBI*" means the Securities and Exchange Board of India
"*Security*" means such security as may be specified by the Securities and Exchange Board of India from time to time.
Words imparting the singular number only includes the plural number and vice versa.
Words imparting persons include corporations.
Words and expressions used and not defined in the Act but defined in the Depositories Act, 1996 shall have the same meaning respectively assigned to them in that Act.

(ii) *Company to Recognize Interest In Dematerialized Securities Under The Depositories Act, 1996.*

Either the Company or the investor may exercise an option to issue, de-link, hold the securities (including Shares) with a depository in Electronic form and the certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto shall be governed by the provisions of the Depositories Act, 1996 as amended from time to time or any statutory modification(s) thereto or re-enactment thereof.

(iii) *Dematerialisation/Re-Materialisation Of Securities:*

Notwithstanding anything to the contrary or inconsistent contained in these Articles, the Company shall be entitled to dematerialize its existing securities, re-materialize its securities held in Depositories and/or offer its fresh securities in the de-materialized form pursuant to the Depositories Act, 1996 and the rules framed there under, if any.

(iv) *Option To Receive Security Certificate Or Hold Securities With Depository:*

Every person subscribing to or holding securities of the Company shall have the option to receive the security certificate or hold securities with a Depository. Where a person opts to hold a security with the Depository, the Company shall intimate such Depository of the details of allotment of the security and on receipt of such information, the Depository shall enter in its record, the name of the allottees as the beneficial owner of that security.

(v) *Securities In Electronic Form:*

All securities held by a Depository shall be dematerialized and held in electronic form. No certificate shall be issued for the securities held by the Depository. Nothing contained in section 153, 153A, 153B, 187 B, 187 C and 372 of the Act, shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

(vi) *Beneficial Owner Deemed As Absolute Owner:*

Except as ordered by the Court of competent jurisdiction or by law required, the Company shall be entitled to treat the person whose name appears on the register of Members as the holders of any Share or whose name appears as the beneficial owner of the Shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami, Trust Equity, equitable contingent, future, partial interest, other claim to or interest in respect of such Shares or (except only as by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has expressed or implied notice thereof but the Board shall at their sole discretion register any Share in the joint names of any two or more persons or the survivor or survivors of them.

(vii) *Rights Of Depositories And Beneficial Owners:*

Notwithstanding anything to the contrary contained in the Act, or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner. Save as otherwise provided above, the Depository is the registered owner of the securities, and shall not have any voting rights or any other rights in respect of the securities held by it.

Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a Member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository

(viii) *Register And Index Of Beneficial Owners:*

The Company shall cause to be kept a Register and Index of Members with details of Shares and Debentures held in materialized and dematerialized forms in any media as may be permitted by law including any form of electronic media.

The Register and Index of beneficial owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be a Register and Index of Members for the purposes of this Act. The Company shall have the power to keep in any state or country outside India a Branch register of Members resident in that State or Country.

(ix) *Cancellation Of Certificates Upon Surrender By Person:*

Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a participant, the Company shall cancel such certificates and shall substitute in its record, the name of the depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.

(x) *Service Of Documents:*

Notwithstanding anything contained in the Act, or these Articles, to the contrary, where securities are held in a depository, the record of the beneficial ownership may be served by such depository on the Company by means of hard copies or through electronic mode or by delivery of floppies or discs.

(xi) *Allotment Of Securities:*

Where the securities are dealt within a Depository, the Company shall intimate the details of allotment of relevant securities to the Depository on allotment of such securities.

(xii) *Transfer Of Securities:*

The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly, particulars of every transfer or transmission of any Share held in material form. Nothing contained in these Articles shall apply to transfer of securities held in depository.

(xiii) *Distinctive Number Of Securities Held In A Depository*

The Shares in the capital shall be numbered progressively according to their several denominations, provided, however that the provisions relating to progressive numbering shall not apply to the Share of the Company which are in dematerialized form. Except in the manner provided under these Articles, no Share shall be sub-divided. Every forfeited or surrendered Share be held in material form shall continue to bear the number by which the same was originally distinguished.

(xiv) *Provisions Of Articles To Apply To Shares Held In Depository:*

Except as specifically provided in these Articles, the provisions relating to joint holders of Shares, calls, lien on Shares, forfeiture of Shares and transfer and transmission of Shares shall be applicable to Shares held in Depository so far as they apply to Shares held in physical form subject to the provisions of the Depository Act, 1996.

(xv) *Depository To Furnish Information :*

Every Depository shall furnish to the Company information about the transfer of securities in the name of the beneficial owner at such intervals and in such manner as may be specified by laws and the Company in that behalf.

(xvi) *Option To Opt Out In Respect Of Any Such Security* :

If a beneficial owner seeks to opt out of a Depository in respect of any security, he shall inform the Depository accordingly. The Depository shall on receipt of such information make appropriate entries in its records and shall inform the Company. The Company shall within 30 (thirty) days of the receipt of intimation from a Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

(xvii)*Overriding Effect Of This Article:*

Provisions of this Article will have full effect and force not withstanding anything to the contrary or inconsistent contained in any other Articles of these presents.

NOMINATION FACILITY

78. (i) Every holder of Shares, or holder of Debentures of the Company may at any time, nominate, in the prescribed manner a person to whom his Shares in or Debentures of the Company shall rest in the event of his death.

(ii) Where the Shares in or Debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the Shares or Debentures of the Company shall rest in the event of death of all the joint holders.

(iii) Notwithstanding any thing contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise in respect of such Shares in or Debentures of the Company where a nomination made in the prescribed manner purports to confer on any person the right to vest the Shares in or Debentures of the Company, the nominee shall, on the death of the Shareholder or Debentures holder of the Company or as the case may be on the death of the joint holders become entitled to all the rights in the Shares or Debentures of the Company or as the case may be all the joint holders in relation to such Shares in or Debenture of the Company to the exclusion of all the other persons, unless the nomination is varied or cancelled in the prescribed manner.

(iv) Where the nominee is a minor it shall be lawful for the holder of Shares or Debentures, to make the nomination and to appoint, in the prescribed manner any person to become entitled to Shares in or Debentures of the Company in the event of his death, during the minority.

(v) Any person who becomes a nominee by virtue of the provisions of section 109 A upon the production of such evidence as may be required by the Board and subject as hereinafter provided elect either:

a) To be registered himself as holder of the Shares or Debentures as the case may be, or
b) To make such transfer of the Share or Debenture as the case may be, as the deceased Shareholder or Debenture holder, as the case may be could have made.

(vi) If the person being a nominee, so becoming entitled, elects to be registered himself as a holder of the Share or Debenture as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with a Death Certificate of the deceased Share holder or Debenture holder, as the case may be.

(vii) All the limitations, restrictions and provisions of this Act, relating to the right to transfer and registration of transfer of Shares or Debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the Member had not occurred and the notice or transfer where a transfer is signed by that Shareholder or Debenture holder, as the case may be.

(ix) A person being a nominee, becoming entitled to a Share or Debenture by reason of the death of the holder shall be entitled to same Dividends and other advantages to which he would be entitled if he were the registered holder of the Share or Debenture, except that he shall not, before being registered as Member in respect of his Share or Debenture, be entitled in respect of it to exercise any right conferred by membership in relation to the meetings of the Company.

(x) Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the Share or Debenture and if the notice is not complied with within 90 days, the Board may thereafter withhold payments of all Dividends, bonus, or other monies payable in respect of the Share or Debenture, until the requirements of the notice have been complied with.

(xi) A Depositor may in terms of section 58A, at any time, make a nomination and above provisions shall as far as may be, apply to such nomination.

INCREASE AND REDUCTION OF CAPITAL

Power to increase capital

79. The Company in general meeting may, from time to time by ordinary resolution, increase the capital by the creation of new Shares of such amount as may be deemed expedient, such increase to be of such aggregate amount and to be divided into Shares of such respective amounts as the resolution shall prescribe. Whenever the capital of the Company has been increased under the provisions of the Articles, the Directors shall comply with the provisions of section 97 of the Act.

Further issue of shares

80. (1) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of Shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further Shares then:

(a) Such further Shares shall be offered to the persons who, at the date of the offer, are holders of the equity Shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid-up on those Shares at that date;
(b) The offer aforesaid shall be made by a notice specifying the number of Shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;
(c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) shall contain a statement of this right;
(d) After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the Shares offered, the Board of Directors may dispose off them in such manner as they think most beneficial to the Company.

(2) Notwithstanding anything contained in subclause (1) the further Shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof in any manner whatsoever.

(a) If a special resolution to that effect is passed by the Company in general meeting, or
(b) Where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by Members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by Members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.

(3) Nothing in sub-clause (c) of (1) hereof shall be deemed:
(a) To extend the time within which the offer should be accepted; or

(b) To authorize any person to exercise the right of renunciation for the second time, on the ground that the person in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation.

(4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the Debentures issued by the Company:

(i) To convert such Debentures or loans into Shares in the Company; or
(ii) To subscribe for Shares in the Company.

PROVIDED THAT the terms of issue of such Debentures or the terms of such loans include a term providing for such option and such term:

(a) either has been approved by the Central Government before the issue of Debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf ; and

(b) in the case of Debentures or loans or other than Debentures issued to, or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by the special resolution passed by the Company in general meeting before the issue of the loans.

Conditions on which new shares may be issued

81. The new Shares shall be issued on such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe, and in particular, such Shares may be issued with a preferential or qualified right to Dividends, and in the distribution of assets of the Company and with a right of voting at general meeting of the Company in conformity with section 87 and 88 of the Companies Act 1956. Whenever the capital of the Company has been increased under the provisions of the Articles, the Directors shall comply with the provisions of section 97 of the Act.

Power to issue shares with differential voting rights

82. The Company shall have the power to issue Shares with such differential rights as to Dividend, voting or otherwise, subject to the compliance with requirements as provided for in the Companies (Issue of Share Capital with Differential Voting Rights) Rules, 2001, or any other law as may be applicable.

Right to convert loans into capital

83. Notwithstanding anything contained in sub-clause(s) above, but subject, however, to section 81(3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to the Debentures or loans raised by the Company to convert such Debentures or loans into Shares or to subscribe for Shares in the Company.

New share ranking with existing shares

84. Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new Shares shall be considered part of the then existing capital of the Company and shall be subject to the provisions herein contained with reference to the payment of Dividends, calls and instalments, transfer and transmission, forfeiture, lien, surrender and otherwise.

Inequality in number of new shares

85. If, owing to any inequality in the number of new Shares to be issued and the number of Shares held by Members entitled to have the offer of such new Shares, any difficulty shall arise in the apportionment of such new Shares or any of them amongst the Members, such difficulty shall, in the absence of any direction in the resolution creating the Shares or by the Company in general meeting, be determined by the Board.

Reduction of capital etc.

86. The Company may, subject to the provisions of sections 78, 80, 100 to 105 (both inclusive) and other applicable provisions of the Act, from time to time, by Special Resolution, reduce its capital and any Capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorized by law, and in particular, the capital may be paid off on the footing that it may be called up again or otherwise.

Buyback of shares

87. The Company shall be entitled to purchase its own Shares or other securities, subject to such limits, upon such terms and conditions and subject to such approvals as required under section 77 A and other applicable provisions of the Act, the Securities and Exchange Board of India Act, 1992 and the Securities and Exchange Board of India (Buy Back of Securities) Regulations 1998 and any amendments, modification(s), repromulgation (s) or re- enactment(s) thereof.

ALTERATION OF CAPITAL

Power to sub-divide and consolidate shares

88. Subject to the provisions of section 94 of the Act, the Company, in general meeting, may by an ordinary resolution from time to time:

(a) Divide, sub-divide or consolidate its Shares, or any of them, and the resolution whereby any Share is sub-divided, may determine that as between the holders of the Shares resulting from such sub-division one or more of such Shares have some preference of special advantage as regards Dividend capital or otherwise as compared with the others;

(b) Cancel Shares which at the date of such general meeting have not been taken or agreed to be taken by any person and diminish the amount of its Share Capital by the amount of the Shares so cancelled.

Sub-division into preference and equity

89. The resolution whereby any Share is sub-divided may determine that, as between the holders of the Shares resulting from such sub-division, one or more of such Shares shall have some preference or special advantage as regards Dividend, capital, voting or otherwise over or as compared with the others.

MODIFICATION OF RIGHTS

Power to modify rights

90. If at any time, the Share Capital is divided into different classes of Shares, the rights attached to any class, (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not, the Company is being wound up, be varied with the consent in writing of the holders of three fourth of the issued Shares of that class or with the sanction of a special resolution passed at the separate general meeting of the holders of the issued Shares of that class. To every such separate general meeting, the provisions of these Articles relating to general meetings shall apply, but so that the necessary quorum shall be two persons atleast holding or representing by proxy one fifth of the issued Shares of the class. If at any adjourned meeting, of such holders, a quorum as above, defined is not present, those Members who are present shall be a quorum and any holder of Shares of the class present in person or by proxy may demand a poll and on a poll, shall have one vote for each Share of the class of which, he is the holder.

SHARE WARRANTS

Power to issue share warrants

91. The Company may issue Share warrants subject to and in accordance of the provisions of section 114 and 115 of the Act and accordingly, the Board may in its discretion with respect to any Share which is fully paid up, on application in writing signed by the person registered as holder of the Share, and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the person signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require, issue a Share warrant.

Rights of the bearer of share warrants

92. (i) The bearer of a Share warrant may, at any time, deposit the warrant at the office of the Company and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Shares included in the deposited warrant.

(ii) Not more than one person shall be recognised as depositor of the Share warrant.

(iii) The Company shall on two days written notice, return the deposited Share warrant to the Depositor.

Restrictions on bearer of share warrants

93. (i) Subject as herein otherwise expressly provided, any person, shall, as bearer of a Share warrant, sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privilege of a Member at a meeting of the Company, or be entitled to receive any notice from the Company.

(ii) The bearer of a Share warrants shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Shares included in the warrant, and he shall be a Member of the Company.

Board's power to make rules for share warrants

94. The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new Share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

Conversion of shares into stock

95. The Company in general meeting may, by an ordinary resolution, convert any fully paid-up Shares into stock and when any Shares shall have been converted into stock the several holders of such stock, may henceforth transfer their respective interest therein, or any part of such interest in the same manner and subject to the same Regulations as, and subject to which Shares from which the stock arise might have been transferred, if no such conversion had taken place. The Company may, by an ordinary resolution convert any stock into fully paid up Shares of any denomination.

RIGHTS OF STOCKHOLDERS

Transfer of stock

96. The holder of stock may transfer the same or any part thereof in the same manner and subject to the same regulations as and subject to which the Shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances admit; and the Director may, from time to time, fix the minimum amount of stock transferable, provided that such minimum shall not exceed the nominal amount of the Share from which the stock arose.

Rights of stock holders

97. The holders of stock shall, according to the amount of stock held by them have the same right, privileges and advantages as regards Dividends, voting at meetings of the Company and other matters as if they held the Shares from which the stock arose but no such privilege or advantage (except participation in the Dividends and profits of the Company and in the assets on a winding up) shall be conferred by an amount of stock which would not, if existing in Shares, have conferred that privilege or advantage.

Stock and stockholders

98. Such of the Articles of the Company as are applicable to paid-up Shares shall apply to stock and the words "Share" and "Shareholder" therein shall include "stock" and "stockholder" respectively.

BORROWING POWERS

Power to borrow

99. The Board may, from time to time, at its discretion subject to the provisions of section 292 of the Act, raise or borrow either from the Managing Director or from the Directors or from elsewhere and secure the payment of any sum of money for the purposes of the Company.

Conditions on which money may be borrowed

100. The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and in particular, by the issue of bonds, perpetual or redeemable Debentures or debenture-stock or any mortgage or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.

Issue at discount or with special privileges

101. Any Debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into Shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of Shares, attending (but not voting) at the general meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of Shares shall be issued only with the consent of the Company in the general meeting by a special resolution.

Instrument of transfer

102. Save as provided in section 108 of the Act, no transfer of Debentures shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificates of the Debentures.

103. If the Board refuses to register the transfer of any Debentures, the Company shall give notice of the refusal in accordance with the provisions of section 111 (2) of the Act.

GENERAL MEETINGS

When annual general meetings to be held

104. In addition to any other meetings, general meetings of the Company shall be held within such intervals as are specified in section 166 (1) of the Act and, subject to the provisions of section 166 (2) of the Act, at such times and place as may be determined by the Board. Each such general meeting shall be called an "Annual General Meeting" and shall be specified as such in the notice convening the meeting. Any other meeting of the Company shall be called an "Extra-ordinary General Meeting".

When extra-ordinary general meeting to be called

105. The Board may whenever it thinks fit, call an Extra -ordinary General Meeting and it shall on the requisition of the Members in accordance with section 169 of the Act, proceed to call an Extra-ordinary General Meeting. The requisitionists may in default of the Board convening the same, convene the Extra-ordinary General Meeting as provided by section 169 of the Act.

Members' power to call meetings

106. If at any time there are not within India, Directors capable of acting who are sufficient in number to form a quorum, any Director or any two Members of the Company may call an Extra-ordinary General Meeting, in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

Circulation of members' resolutions

107. The Company shall comply with the provisions of section 188 of the Act, as to giving notice of resolution and circulating statements on the requisition of Members.

Notice of meeting

108. (1) Save as provided in sub section (2) of section 171 of the Act, not less than twenty-one days' notice, excluding the day on which the notice is served or deemed to be served (i.e. on expiry of 48 hours after the letter containing the same is posted) and the date of the meeting, shall be given of every general meeting of the Company. Every notice of a meeting shall specify the place and the day and the hour of the meeting and shall contain statement of the business to be transacted thereat and there shall appear with responsible prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a Member of the Company. where any such business consists of "special business" as hereinafter defined in Article 110 hereof there shall be annexed to the notice a statement complying with section 173 (2) and (3) of the Act.

(2) Notice of every meeting of the Company shall be given to every Member of the Company, to the auditors of the Company and to any person entitled to a Share in consequence of the death or insolvency of a Member in any manner hereinafter authorised for the giving of notice to such persons. Provided that where the notice of a general meeting is given by advertising the same in a newspaper circulating in the neighbourhood of the office under sub section 3 of section 53 of the Act, the statement of material facts referred to in section 173 (2) of the Act, need not be annexed to the notice as required by that section but it shall be mentioned in the advertisement that the statement has been forwarded to the Member of the Company.

(3) The accidental omission to give any such notice to or its non-receipt by any Member or other person to whom it should be given shall not invalidate the proceedings of the meeting.

Shorter notice admissible

109. With the consent of all the Members entitled to vote, at an Annual General Meeting or with the consent of the Members holding 95 percent of such part of the paid-up Share Capital of the Company as gives a right to vote thereat, any general meeting may be convened by giving a shorter notice than twenty one days.

PROCEEDINGS AT GENERAL MEETING

Business of meetings

110. The ordinary business of an Annual General Meeting shall be to receive and consider the profit and loss account, the balance sheet and reports of the Directors and of the auditors, to elect Directors in the place of those retiring, to appoint auditors and fix their remuneration and to declare a Dividend. All other business transacted at an Annual General Meeting and all business transacted at any other general meetings shall be deemed to be special business.

Quorum to be present when business commences

111. No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Save as herein otherwise provided, five Members present in person shall be a quorum.

When, if quorum not present, meeting to be dissolved and when to be adjourned

112. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members as aforesaid, shall be dissolved, but in any other case, it shall stand adjourned in accordance with the provisions of sub sections (3), (4) and (5) of sections 174 of the Act.

Resolution to be passed by company in general meeting

113. Any act or resolution which under the provisions of these Articles or of the Act is permitted or required to be done or passed by the Company in general meeting shall be sufficiently so done or passed if effected by an ordinary resolution as defined in section 189 (1) of the Act, unless either the Act or these Articles specifically require such act to be done or resolution passed by a special resolution as defined in section 189 (2) of the Act.

Chairman of general meeting

114. The Chairman of the Board or the person acting as Chairman of the Board shall be entitled to take the chair at every general meeting. If there be no such Chairman, or if at any meeting, he shall not be present within fifteen minutes after time appointed for holding such meeting or is unwilling to act, the Members present shall choose another Director as Chairman, and if no Director be present, or if all the Directors present decline to take the chair, then the Member present shall on a show of hands or on a poll if properly demanded, elect one of their Members, being a Member entitled to vote, to be Chairman.

How resolutions to be decided at meetings

115. Every resolution submitted to a meeting shall be decided in the first instance by a show of hands, and in the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall have a casting vote in addition to which he may be entitled as a Member.

What is to be evidence of the passing of a resolution where poll not demanded

116. At any general meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded in accordance with the provisions of section 179 of the Act, a declaration by the Chairman that the resolution has or had not been carried, or had or has not been carried either unanimously or by a particular majority and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number of proportion of the votes cast in favour of or against the resolution.

117. (1) If a poll is demanded as aforesaid it shall be taken forthwith on a question of adjournment or election of a chairman and in any other case in such manner and at such time, not being later than forty-eight hours from the time when the demand was made and at such place as the chairman of the meeting directs, and subject as afore said, either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was demanded.

(2) The demand of a poll may be withdrawn at any time.

(3) (a) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers, one atleast of whom shall be a Member (not being an officer or employee of the Company) present at the meeting provided such a Member is available and willing to be appointed, to scrutinise the votes given on the poll and to report to him thereon.

(b) The Chairman shall have power at any time, before the result of the poll is declared, to move a scrutineer from office and to fill vacancies in the office of scrutineer arising from such removal or any other cause.

(c) The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

Power to adjourn general meeting

118. (1) The Chairman may with the consent of any meeting at which a quorum is present and shall, if so directed by the meeting adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(2) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of the original meeting but save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

VOTES OF MEMBERS

119. (1) Save as hereinafter provided on a show of hands every Member present in person and being a holder of equity Shares shall have one vote.

(2) Save as hereinafter provided on a poll the voting rights of a holder of equity Shares shall be as specified in section 87 of the Act.

(3) The holders of preference Shares shall not be entitled to vote at general meetings of the Company except as provided for in section 87 of the Act.

Procedure where a company or body corporate is member of the company

120. Where a company or a body corporate (hereinafter called "member company") is a member of the Company, a person duly appointed by resolution in accordance with the provisions of section 187 of the Act to represent such member company at a meeting of the Company shall not, by reason of such appointment, be deemed to be a proxy, and the lodging with the Company at the office or production at the meeting of a copy of such resolution duly signed by a Director of such member company and certified by him as being a true copy of the resolution shall, on production at the meeting, be accepted by the Company as sufficient evidence of the validity of his appointment. Such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy on behalf of the member of the Company which he represents, as that member company would exercise as if it were an individual.

Provided that no Member shall vote by proxy so long as a resolution of its Board of Directors under the provisions of section 187 of the Act is in force and the representative named in such resolution is present at the general meeting at which the vote is by proxy is tendered.

Votes in respect of deceased, insane or insolvent members

121. Any person entitled under the Transmission Article to transfer any Share may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such Shares, provided that forty eight hours atleast before the time of holding the meeting, as the case may be, at which he proposed to vote, he shall satisfy the Board of his right to transfer such Shares unless the Board shall have previously admitted is right to vote at any such meeting in respect thereof. If any Member be a lunatic, idiot, or non compos mentis, he may vote whether on a show of hand or at a poll by his committee, curator bonis or other legal curator and such last mentioned persons may give their votes by proxy.

Joint holders

122. Where there are joint registered holders of any Shares, any of such persons may vote at any meeting either personally or by proxy in respect of such Share as if he were solely entitled thereto, and if more than one of such joint holders be present at any meeting either personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such Share alone shall be entitled to vote in respect thereof. Several executors or administrators of a deceased Member in whose name any Share is registered shall for the purpose of this Article be deemed joint holder thereof.

Vote on a poll

123. On a poll, votes may be given either personally or by proxy, or in the case of a body corporate, by a representative duly authorised as aforesaid and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

Instrument appointing proxy to be in writing

124. (1) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if such appointer is a body corporate, it shall be under its common seal or the hand of its officer or attorney duly authorised.

(2) A person may be appointed a proxy though he is not a Member of the Company and every notice convening a meeting of the Company shall state this and shall also state that a Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him.

Instrument appointing a proxy to be deposited at the office

125. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it signed, or a notarailly certified copy of that power or authority shall be beposoted the office not less than forty eight hours before the time for holding the meeting at which the person named in the instrument purports to vote in respect thereof and in default the instrument of proxy shall not be treated as valid.

When vote by proxy valid though authority revoked

126. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or the revocation of the instrument, or the transfer of the Share in respect of which the vote is given, provided that no intimation in writing of the death, insanity, revocation or transfer of the Share Capital have been received by the Company at the office before the commencement of the meeting or adjourned meeting or at which the proxy is used, provided nevertheless that the chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.

Form of instrument appointing a proxy

127. Every instrument appointing a proxy shall be retained by the Company and shall be in either of the forms specified in schedule IX of the Act, or a form as near thereto as circumstances will admit.

Restriction on voting

128. No Member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any Shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has or has exercised, any right of lien.

Admission or rejection of votes

129. (1) Any objection as to the admission or rejection of a voter either on a show of hand or on poll made in due time shall be referred to the Chairman who shall forthwith determine the same, and such determination made in good faith shall be final and conclusive.

(2) No objection shall be raised to the qualification of any vote except at the meeting or adjourned meeting at which the vote, objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes.

DIRECTORS

Number of directors

130. Until otherwise determined by special resolution the number of Directors shall not be less than three nor more than twelve, including all kinds of Directors.

Directors

131. At the time of adoption of these Articles of Association the following persons are the Directors of the Company.

1) V. B. SANKESHWAR	**2) ANAND SANKESHWAR**
3) L. RAMANAND BHAT	**4) K.N. UMESH**

Power of board to add to its number

132. The Board shall have power, at any time and from time to time, to appoint any person as a Director as an addition to the Board but so that the total number of Directors shall not any time exceed the maximum number fixed by these Articles. Any Director so appointed shall hold office only up to the next Annual General Meeting of the Company and shall then be eligible for re-election.

Share qualification of directors

133. Unless otherwise determined by the Company in general meeting, a Director shall not be required to hold in his own name or jointly with any other person, whether beneficially, or as trustee otherwise, any Share, in the capital of the Company as a qualification Share, but nevertheless a Director shall be entitled to attend and speak at any general meeting of the Company and at any seperate meeting of the holders of any class of Shares in the Company.

Directors' remuneration and expenses

134. Unless otherwise determined by the Company in general meeting each Director shall be entitled to receive out of the funds of the Company for his services in attending meeting of the Board or a committee of the Board, a fee of such sum as may be prescribed by the Act or the Central Government from time to time per meeting of the Board or a committee of the Board attended by him.

All other remuneration, if any, payable by the Company to each Director whether in respect of his services as a Managing Director or a Director in the whole or part time employment of the Company, shall be determined in accordance with and subject to the provisions of these Articles and of the Act. The Directors shall be entitled to be paid their reasonable travelling and hotel and other expenses incurred in connection with their attending Board and committee meeting or otherwise incurred in the execution of their duties as Directors.

Remuneration for extra services

135. If any Director, being willing, shall be called upon to perform extra services or to make any special exertions in going or residing away from place where the Registered office of the Company is situated for any of the purposes of the Company or in giving special attention to the business of the Company or as a member of a committee or the Board then, the Board may remunerate the Director so doing either by a fixed sum and/or by a percentage of profits or otherwise and such remuneration may be either in addition to or substitution for any other remuneration to which he may be entitled.

Equal power to directors

136. Except as otherwise provided in these Articles all the Directors of the Company shall have in all matters equal rights and privileges and be subject to equal obligations and duties in respect of the affairs of the Company.

Board may act notwithstanding vacancy

137. The continuing Directors may act notwithstanding any vacancy in their body; but so that if the number falls below the minimum above fixed the Board shall not, except for the purpose of filling vacancies, act so long as the number is below the minimum.

Vacation of office of director

138. The office of a Director shall become vacant if at any time he contravenes any of the provisions of section 283 of the Act.

Office of profit

139. No Director or other person referred to in section 314 of the Act shall hold an office or place or profit, save as permitted by that section.

When director of the company appointed director of a company in which the company is interested either as member or otherwise

140. A Director of the Company may be or become a Director of any other company promoted by the Company or in which it may be interested as a vendor, Shareholder or otherwise and no such Director shall be accountable for any benefits received as a Director or member of such company.

Conditions under which directors may contract with the company

141. Subject to the provisions of section 297 of the Act, a Director shall not be disqualified from contracting with the Company either as vendor, purchaser or otherwise for goods, materials or services or for underwriting the subscription of any Shares in or Debentures of the Company nor shall any such contract or arrangement entered into by or on behalf of the Company with a relative of such Director or relative is a partner or with any other partner in such firm or with a private company of which such Director is a member or Director, be avoided nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding office or the fiduciary relation thereby established.

Disclosures of a director's interest

142. Every Director shall comply with the provisions of section 299 of the Act, in regard to disclosure of his concern or interest in any contract or arrangement entered into or to be entered into by the Company.

Discussion and voting by director interested

143. Save as permitted by section 300 of the Act, or any other applicable provision of the Act, no Director, shall, as a Director, take any part in the discussion of or vote on, any contract or arrangement in which he is in any way, whether directly or indirectly concerned or interested, nor shall his presence count for the purpose of forming a quorum at the time of such discussion or vote.

APPOINTMENT AND RETIREMENT OF DIRECTORS

Proportions to retire by rotation

144. The Directors shall be liable for retirement by rotation. Provided nevertheless that the Managing Director or Whole time Director, appointed or the Directors appointed as a Debenture Director and Special Director under these Articles shall not retire by rotation under this Article nor shall they be included in calculating the total number of Directors of whom one third shall retire from office under this Article.

Rotation and retirement of directors

145. At each Annual General Meeting of the Company, one-third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office.

Which directors to retire

146. The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day those to retire shall, in default of any subject to any agreement among themselves, be determined by lot.

Retiring director to remain in office till successor appointed

147. Subject to the provisions of the Act, if at any meeting at which an election of Directors ought to take place, the place of the vacating Director(s) is not filled up and the meeting has not expressly resolved not to fill up the vacancy and not to appoint the retiring Director, the meeting shall stand adjourned till the same day in the next week at the same time and place or if that day is a public holiday till the next succeeding day which is not a public holiday at the same time and place, and if at the adjourned meeting the place of the returning Director(s) is not filled up and the meeting has also not expressly resolved not to fill up the vacancy, then the retiring Director(s) or such of them as have not had their places filled up shall be deemed to have been reappointed at the adjourned meeting

Directors not liable for retirement

147. The Company in general meeting may, when appointing a person as a Director declare that his continued presence on the Board of Directors is of advantage to the Company and that his office as Director shall not be liable to be determined by retirement by rotation for such period until the happening of any event of contingency set out in the said resolution.

Increase or reduction in the number of directors

149. Subject to the provisions of section 252, 255, 259, the Company in general meeting may by ordinary resolution increase or reduce the number of its Directors.

Power to remove director by ordinary resolution on special notice

150. The Company may remove any Director before the expiration of his period of office in accordance with provisions of section 284 of the Act and may, subject to the provisions of sections 262 and 274 of the Act, appoint another person in his stead.

Board may fill up by casual vacancies

151. If any Director appointed by the Company in general meeting vacates office as a Director before his terms of office will expire in the normal course, the resulting casual vacancy may be filled by the Board, at a meeting of the Board, but any person so appointed shall retain his office so long only as the vacating Director would have retained the same if no vacancy had occured. Provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from the office of Director under Article 138 hereof.

Eligibility of director

152. A retiring Director shall be eligible for re-election. The eligibility and appointment of a person other than a retiring Director to the office of Director shall be governed by the provisions of section 257 of the Act.

Additional directors

153. The Board of Directors shall have power at any time and from time to time to appoint one or more persons as Additional Directors provided that the number of Directors and Additional Directors together shall not exceed the maximum number fixed. An additional Director so appointed shall hold office upto the date of the next Annual General Meeting of the Company and shall be eligible for re-election by the Company at that Meeting.

Power to appoint alternate director

154. The Board may in accordance with and subject to the provisions of section 313 of the Act, appoint any person to act as alternate Director for a Director during the latter's absence from the state in which meetings of the Board are ordinarily held.

Nominee director

155. (a) So long as any moneys remain owing by the Company to any All India Financial Institutions, State Financial Corporation or any financial institution owned or controlled by the Central Government or State Government or any Non Banking Financial Company controlled by the Reserve Bank of India or any such Company from whom the Company has borrowed for the purpose of carrying on its objects or each of the above has granted any loans / or subscribes to the Debentures of the Company or so long as any of the aforementioned companies of financial institutions holds or continues to hold Debentures/Shares in the Company as a result of underwritng or by direct subscription or private placement or so long as any liability of the Company arising out of any guarantee furnished on behalf of the Company remains outstanding, the corporation shall have a right to appoint from time to time any person or persons as a Director or Directors whole- time or non whole- time (which Director or Director/s is/are hereinafter referred to asnomieeniector/s") on the Board of the Company and to remove from such office any person or person so appointed and to appoint any person or persons in his/their place(s).

(b) The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

(c) The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the corporation or so long as they hold or continue to hold Debentures/Shares in the Company as result of underwriting or by direct subscription or private placement or the liability of the Company arising out of the Guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall vacate such office immediately on the moneys owing by the Company to the corporation are paid off or they ceasing to hold Debentures/Shares in the Company or on the satisfaction of the liability of the Company arising out of the guarantee furnished.

(d) The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all general meetings, Board Meetings and of the Meetings of the Committee of which Nominee Director/s is/are Member/s as also the minutes of such Meetings. The corporation shall also be entitled to receive all such notices and minutes.

(e) The Company shall pay the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees, commission, monies or remuneration in any form is payable to the Directors of the Company the fees, commission, monies and remuneration in relation to such Nominee Director/s shall accrue to the nominee appointer and same shall accordingly be paid by the Company directly to the corporation.

(f) Provided that the sitting fees, in relation to such Nominee Director/s shall also accrue to the appointer and same shall accordingly be paid by the Company directly to the appointer.

(g) Provided also that in the event of the Nominee Director/s being appointed as whole time Director/s, such Nominee Director/s shall exercise such powers and duties as may be approved by the appointer and have such rights as are usually exercised or available to a whole time Director in the management of the affairs of the Company. Such whole time Director in the management of the affairs of the Company shall be entitled to receive such remuneration commission and monies as may be approved by the appointer.

Director for subsidiary company

156. Directors of this Company may be or become a Director of any Company promoted by this Company or in which it may be interested as Vendor, Shareholder or otherwise and no such Director shall be accountable for any benefits received as a Director or member of such Company.

Meetings of directors

157. The Board shall meet at least once in every three months for the dispatch of business and may adjourn and otherwise regulate its meetings and proceedings as it thinks fit; provided that atleast four such meetings shall be held every year. Notice in writing of every meeting of the Board shall be given to every Director of the Board for the time being in India and at his usual address in India to every other Director.

Director may summon meeting

158. The Managing Director may, at any time summon a meeting of the Board and the Managing Director or a Secretary or a person authorised in this behalf on the requisition of Director shall at any time summon a meeting of the Board. Notice in writing of every meeting of the Board shall be given to every Director for the time being in India, and at his usual address in India to every other Director.

Chairman

159. The Board may appoint a chairman of its meetings and determine the period for which he is to hold office; if no such chairman is appointed or if at any meeting of the Board the chairman is not present within five minutes after the time appointed for holding the same, the Directors present shall choose some one of their number to be the chairman of such meeting.

Quorum

160. The quorum for a meeting of the Board shall be one-third of its total strength (any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher, provided that where at any time the number of interested Directors is equal to or exceeds two-thirds of total strength, the number of remaining Directors, that is to say the number of Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such time, The total strength of the Board shall mean the number of Directors actually holding office as Directors on the date of the resolution or meeting, that is to say, the total strength of Board after deducting therefrom the number of Directors, if any, whose places are vacant at the time. If a quorum shall not be present within fifteen minutes from the time appointed for holding a meeting of the Board, it shall be adjourned until such date and time as the Chairman of the Board shall appoint.

Powers of board meeting

161. A meeting of the Board at which a quorum is present shall be competent to exercise all or any of the authorities, power and discretions by or under these Articles or the Act, for the time being vested in or exerciseable by the Board.

How questions to be decided

162. Subject to the provisions of sections 316,372 (5) & 386 of the Act questions arising at any meeting shall be decided by a majority of votes, and in case of an equality of votes the Chairman shall have a second or casting vote.

Power to appoint committee and to delegate

163. The Board may, subject to the provisions of the Act, from time to time and at any time, delegate any of its powers to a committee consisting of such Director or Directors as it thinks fit, and may, from time to time, revoke such delegation. Any committee so formed shall, in exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

Proceedings of committee

164. (a) If the Chairman of the Board is a member of the Committee, he shall preside over all meetings of the Committee, if the Chairman is not a member thereof, the committee may elect a Chairman of its meeting. If no such Chairman is elected or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the meeting, the members present may choose one among themselves to be the Chairman of the Meeting.

(b) The quorum of a committee may be fixed by the Board of Directors.
(c) A committee may meet and adjourn as it thinks proper.
(d) Questions arising at any meeting of a committee shall be determined by the sole member of the committee or by a majority of votes as the members present as the case may be and in case of an equality of vote the Chairman shall have a second or casting vote, in addition to his as a member of the committee

When acts of director valid notwithstanding defective appointment

165. Acts done by a meeting of the Board, of a committee thereof, or any person as a Director shall be valid, notwithstanding that it may afterwards be discovered that his appointment was invalid by reason of any defect or disqualification or his termination by virtue of any provision contained in the Act or in these Articles. Provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

Resolution without board meeting

166. (a) Save in those cases where a resolution is required by section 263, 292, 297, 316, 372 (5) and 386 of the Act, to be passed at meeting of the Board, a resolution shall be as valid and effectual as if it had been passed at a meeting of the Board or committee of the Board as the case may, duly called and constituted, if a draft thereof in writing is circulated, together with the necessary papers, if any, to all the members of the committee of the Board, as the case may be, then in India (not being less in number than the quorum fixed for meeting of the Board or committee, as the case may be) and to all other Directors or members of the committee at their usual address in India, and has been approved by such of them as are then in India or by a majority of such of them as are entitled to vote on the resolution.
(b) The Board of Directors shall exercise the following powers on behalf of the Company and the said powers shall be exercised only by resolution passed at the meeting of the Board:

i. Power to make calls on Shareholders in respect of moneys unpaid on their Shares;
ii. Power to issue Debentures;
iii. Power to borrow money otherwise than on Debentures:
iv. Power to invest the funds of the Company;
v. Power to make loans

(c) The Board of Directors may by a meeting delegate to any committee or the Directors or to the Managing Director the powers specified in sub clauses (iii), (iv) and (v) above.
(d) Every resolution delegating the power set out in sub clause (iii) above shall specify the total amount upto which moneys may be borrowed by the said delegate.
(e) Every resolution delegating the power referred to in sub-clause (iv) above shall specify the total amount, upto which the fund may be invested and the nature of the investments which may be made by the delegate.
(f) Every resolution delegating the power referred to in sub-clause (v) above shall specify the total amount upto which the loans may be made by the delegate, the purposes for which the loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases.

167. (a) The Board of Directors may from time to time but with such consent of the Company in general meeting as may be required under the Act raise any moneys or sums of money for the purpose of the Company provided that the moneys to be borrowed by the Company apart from temporary loans obtained from the Company's bankers in the ordinary course of business shall not, without the sanction of the Company at a general meeting, exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose and in particular, but subject to the provisions of section 292 of the Act, the Board may from time to time at their discretion raise or borrow or secure the payment of any such sum of money for the purpose of the Company, by the issue of Debentures, perpetual or otherwise, including Debenture convertible into Shares of this or any other Company or perpetual annuities and to secure any such money so borrowed, raised or received mortgage, pledge or charge the whole or any part of the property, assets or revenue of the Company present or future, including its uncalled capital by special assignment or otherwise or to transfer or convey the same absolutely or in trust and to give the lenders powers of sale and other powers as may be expedient and to purchase, redeem or pay off any such securities.

Provided that every resolution passed by the Company in general meeting in relation to the exercise of the power to borrow as stated shall specify the total amount upto which moneys may be borrowed by the Board Directors.

(b) The Directors may by resolution at a meeting of the Board delegate the above power to borrow money otherwise than on Debentures to a committee of Directors or the Managing Director, if any, within the limits prescribed.

(c) Subject to provisions of the above sub-clause, the Directors may, from time to time, at their discretion, raise or borrow or secure the repayment of any sum or sums of money for the purposes of the Company, at such time and in such manner and upon such terms and conditions in all respects as they think, fit and in particular, by promissory notes or by receiving deposits and advances with or without security or by the issue of bonds, perpetual or redeemable Debentures (both present and future) including its uncalled capital for the time being or by mortgaging or charging or pledging any lands, buildings, goods or other property and securities of the Company, or by such other means as they may seem expedient.

(d) To the extent permitted under the applicable law and subject to compliance with the requirements thereof, the Directors shall be empowered to grant loans to such entities at such terms as they may deemed to be appropriate and the same shall being the interests of the Company.

Assignment of debentures

168. Such Debentures, debenture-stock, bonds or other securities may be assignable free from any equities between the Company and the person to whom the same may be issued.

Terms of issue of debentures

169. Any such Debentures, debenture stock, or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into Shares of any denomination and with any privileges and conditions as to redemption, surrender, drawings, allotment of Shares, attending (but not voting) at the general meeting, appointment of Directors or otherwise, Debentures with a right of conversion into or allotment of Shares shall be issued only with the sanction of the Company in a general meeting by a Special Resolution.

Debenture directors

170. Any Trust Deed for securing Debentures or debenture stock may if so arranged provide for the appointment from time to time by the trustee thereof or by the holders of Debentures or debenture stock of some person to be a Director of the Company and may empower such trustee or holders of Debentures or debenture stock from time to time to remove any Directors so appointed. A Director appointed under this Article is herein referred to as a "Debenture Director" and the Debenture Director means a Director for the time being in office under this Article. A Debenture Director shall not be bound to hold any qualification Shares, not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provision shall have effect notwithstanding any of the other provisions herein contained.

Register of mortgages

171. The Directors shall cause a proper register to be kept, in accordance with the Act, of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the Act in regard to the registration of mortgages and charges therein specified.

Subsequent assigns of uncalled capital

172. Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same, subject to such prior charges and shall not be entitled to obtain priority over such prior charge.

Charge in favour of director for indemnity

173. If the Director or any person, shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security over or affecting the whole or part of the assets of the Company by way of indemnity to secure the Directors or other persons so becoming liable as aforesaid from any loss in respect of such liability.

MINUTES

Minutes to be made

174. (1) The Board shall in accordance with the provisions of section 193 of the Act, cause minutes to be kept of every general meeting, every meeting of the Board and of every committee of the Board.

(2) Any such minutes of any meeting of the Board or of any committee of the Board or of the Company in general meeting, if kept in accordance with the provisions of section 193 of the Act, shall be evidence of the matters stated in such minutes. The minutes books of general meetings of the company shall be kept at the office and shall be open to inspection by Members during normal business hours on such business days as the Act requires them to be open for inspection.

POWERS OF THE BOARD

General powers of company vested in the board

175. Subject to the provisions of the Act, the management and control of the Company shall be vested in the Board who shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorised to exercise and do, provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act, or by any other statute or by memorandum of the Company or by these Articles or otherwise, to be exercised or done by the Company in general meeting. Provided further that in exercising any such power on doing any such act or thing, the Board shall be subject to the provisions in that behalf contained in the Act or any other statute or in the memorandum of the Company or in these Articles, or in any regulations not inconsistent therewith and duly made thereunder including regulations made by the Company in general meeting, but no regulation made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

Certain power of the board

176. Without prejudice to the general powers conferred by the preceding Article and so as not in any way to limit or restrict those powers and without prejudice to the other powers, conferred by these Articles, but subject to the restrictions contained in the last preceding Article it is hereby declared that the Directors shall have the following powers, that is to say power

(1) To pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.

(2) To pay and charge to the capital account of the Company any commission or interest, lawfully payable there out.

(3) To purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire at or for price or consideration and generally on such terms and conditions as they may think fit; and in and such purchase or otherwise acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.

(4) At their discretion and subject to the provisions of the Act, to pay for any property, rights or privileges acquired by or service rendered to the Company either wholly or partially, in cash or in Shares, bonds, Debentures, mortgages or other securities of the Company and any such Shares may be issued either as fully paid or with such amount credited as paid up thereon as may be agreed upon, and any such bonds, Debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital.

(5) To secure the fulfilment of any contract or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being are in such manner as they may think fit.

(6) To accept from any Member as far as may be permissible, by law, a surrender of his Shares or any part thereof on such terms and conditions as shall be agreed.

(7) To appoint any person or persons to accept and hold in trust for the Company property belonging to the Company or in which it is interested or for any other purpose and so all such deeds and things as may be required, in relation to any trust and to provide for the remuneration of such trustee or trustees.

(8) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts, due and of any claim or demands by or against the Company and to refer any differences to arbitration and observe and perform any awards made thereon.

(9) To act on behalf of the Company in all matters relating to bankrupts and insolvents.

(10) To make and give receipts, release and other discharges for monies payable to the Company and for the claims and demands of the Company.

(11) To invest and deal with and any moneys of the Company not immediately required for the purposes thereof upon such security or without security and in such manner as they may think fit and from time to time, to vary or realise such investments.

(12) To execute in the name and on behalf of the Company in favour of any Directors or other persons who may incur any personal liability whether as principal or surety for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit and any such mortgages may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.

(13) To determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, Dividend warrant releases, contracts and documents and to give the necessary authority for such purposes.

(14) To distribute by way of bonus amongst the staff of the Company a Share or Shares in the profits of the Company, and to give to any officer or other person employed by the Company a commission on the profits of any particular business or transaction and to charge such bonus or commission as part of the working expenses of the Company.

(15) To provide for the welfare of Shareholders or ex-Shareholders or Directors or ex Directors or employees or ex-employees of the Company and their wives, widows and families or dependants or connection of such persons by building or contributing to the building of houses, dwellings or chawls or by grant or moneys, or by creating, and from time to time subscribing at contributing to provident and other associations, funds or trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries medical and other attendance and other assistance, as the Board shall think fit, and to subscribe or contribute or otherwise to assist or to guarantee moneys to charitable benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claim or support or aid by the Company either by reason of locality of operation, or of public and general utility or otherwise.

(16) Before recommending any Dividend, to set aside out of the profits of the Company, such sums as they may think proper, for depreciation or to depreciation fund or to an insurance fund to meet contingencies or to repay Debentures or debentures stock, or for special Dividends, or for equalising Dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purposes referred to in the preceding clause) as the Board may, in their absolute discretion, think conducive to the interest of the Company, and subject to section 292 of the Act, to invest the several sums so set aside or so much thereof as required to be invested, upon such investments as they may think fit and from time to time to deal with and vary such investments and dispose off and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Board notwithstanding that the matters to which the Board apply or upon which they expend the same, or any part thereof may be matters to or upon which the capital moneys of the Company might rightly be applied or expended, and to divide the reserve fund into such special funds as the Board may think fit, with full power to transfer the whole or any portion of a reserve fund or division of a reserve fund to another reserve fund of division of reserve and with full power to employ the assets constituting all or any of the above funds including the depreciation fund, in the business of the Company or in the purchase or repayment of Debentures or debenture stock, and without being bound to keep the same seperate from the other assets and without being bound to pay interest on the same with power, however, to the Board at their discretion to pay or allow to the credit of such funds, interest at such rate as the Board may think proper, not exceeding nine percent per annum.

(17) To appoint, and at their discretion, remove or suspend such general managers, managers, secretaries, assistants, supervisors, clerks, agents and servants for permanent, temporary or special service as they may from time to time think fit, and to determine their powers and duties and fix their salaries or emoluments or remuneration, and to require security in such instances and of such amount as they may think fit and also from time to time provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manners as they may think fit and the provisions contained in the four next following sub clauses shall be without prejudice to the general powers conferred by this sub clause.

(18) To comply with the requirement of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with.

(19) From time to time at any time to establish any local board for managing any of the affairs of the Company in any special locality in India or elsewhere and to appoint any person to be members of such local boards and to fix their remuneration.

(20) Subject to section 292 of the Act, from time to time at any time to delegate to and person so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their power to make loans or borrow moneys, and to authorise the member for the time being of any such local board, or any of them to fill in any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit, and the Board may at any time remove any person so appointed, and may annul or vary such delegation.

(21) At any time and from time to time by power of attorney under the seal of the Company, to appoint any person or persons to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorise by the Board the power to make limits) and for such period and subject to such conditions as the Board may from time to time think fit and any such appointment may (if the Board thinks fit) be made in favour of the members or any of the members of any local board, established as aforesaid or in favour of any company, or the Shareholders, director's nominees, or managers of any company, or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such power of attorney may contain such powers for the protection or convenience of persons dealing with such attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.

(22) Subject to section 294 and 297 of the Act for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such negotiations and contract and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.

(23) Subject to the provisions contained in these Articles, to give loan, guarantee or otherwise any financial assistance for the purpose of or in connection with the purchase of or subscription of Shares in the Company or in the holding company if any, on such terms and conditions as the Directors may consider proper or desirable.

MANAGEMENT

Prohibition of simultaneous appointment of different categories of managerial personnel

177. The Company shall not as provided by the section 197 A of the Act, employ at the same time more than one of the following categories of managerial personnel, namely:

a) Managing Director or (b) Manager

THE SECRETARY

Secretary

178. The Directors may from time to time appoint, and at their discretion remove any individual, (hereinafter called "The Secretary") to perform any function, which by the Act or to be performed by the secretary, and to execute any other ministerial or administrative duties which may from time to time be assigned to the secretary by the Directors. The Directors may also at any time appoint some person (who need not be the secretary) to keep the register required to be kept by the Company.

LOCAL MANAGEMENT

Local management

179. The Board may, subject to the provisions of the Act, make such arrangements as it may think fit for the management of the Company's affairs abroad and for this purpose appoint local boards, attorneys and agents and fix their remuneration and delegate to them such powers as the Board may deem requisite or expedient. The Company may exercise all the powers of section 50 of the Act and the official seal shall be affixed by the authority and in the presence of and the instruments sealed therewith shall be signed by, such persons as the Board shall from time to time by writing under the seal appoint. The Company may also exercise the powers of sections 157 & 158 of the Act with reference to the keeping of foreign registers.

AUTHENTICATION OF DOCUMENTS

Power to authenticate documents

180. Save as otherwise provided in the Act any Director or the Secretary or any person appointed by the Board for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any resolution passed by the Company or the Board and any books, records, document and accounts relating to the business of the Company and to certify copies thereof or extracts therefrom as true copies or extracts; and where any books, records documents or accounts are elsewhere than at the office, the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Board as aforesaid.

Certified copies of resolution of board

181. A document purpoting to be a copy of resolution of the Board or an extract from the minutes of a meeting of the Board which is certified as such in accordance with the provisions of the preceding Article shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be that such extract is a true and accurate record of a duly constituted meeting of the Board.

MANAGING DIRECTORS

Power to appoint managing director

182. Subject to the provisions of the Act, the Board may, from time to time, appoint one or more Directors to be the Managing Director/ Whole time Directors of the Company either for fixed term or without any limitation as to the period for which he or she is or are to hold such office, and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places. In the event of any vacancy arising in the office of a Managing Director or Whole-time Director, the vacancy shall be filled by the Board of Directors subject to the approval of the members.

To what provisions managing director/ whole time director shall be subject

183. A Managing Director/ Whole time Director shall ipso-facto and immediately cease to be a Managing Director/ Whole time Director if he ceases to hold the office of Director. The Managing Director or whole time Director shall not be liable to retirement by rotation as long as he holds office as Managing Director or whole-time Director.

Remuneration of managing director/ whole time directors

184. A Managing Director/ Whole time Director shall in addition to the remuneration payable to him as a Director of the Company under these Articles, receive such additional remuneration as may, from time to time, be sanctioned by the Company in general meeting.

Powers of managing director/ whole time directors

185. Subject to the provisions of the Act in particular to the prohibitions and restrictions contained in section 292 thereof, the Board may from time to time, entrust to and confer upon a Managing Directors/ Whole time Directors for the time being such of the powers exercisable under these presents by the Directors as it may think fit, and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as it thinks fit, and it may confer such powers, either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

Reimbursement of expenses

186. The Managing Directors/whole-time Directors shall be entitled to charge and be paid for all actual expenses, if any, which they may incur for or in connection with the business of the Company. They shall be entitled to appoint part time employees in connection with the management of the affairs of the Company and shall be entitled to be paid by the Company any remuneration that they may pay to such part time employees.

Business to be carried on by managing directors/ whole time directors

187. (a) The Managing Directors/whole-time Director shall have subject to the supervision, control and discretion of the broad, the management of the whole of the business of the Company and of all its affairs and shall exercise all powers and perform all duties in relation to the Management of the affairs and transactions of Company, except such powers and such duties as are required by law or by these presents to be exercised or done by the Company in General Meeting or by Board of Directors and also subject to such conditions or restriction imposed by the Act or by these presents.

(b) Without prejudice to the generality of the foregoing and subject to the supervision and control of the Board of Directors, the business of the Company shall be carried on by the Managing Director/ whole-time Director and he shall have all the powers except those which are by law or by these presents or by any resolution of the Board required to be done by the Company in general meeting or by the Board.

(c) The Board may, from time to time delegate to the Managing Director or whole-time Director such powers and duties and subject to such limitations and conditions as they may deem fit. The Board may from time to time revoke, withdraw, alter or vary all or any of the powers conferred on the Managing Director or Whole time Director by the Board or by these presents.

THE SEAL

Custody of seal

188. The Board shall provide a Common Seal for the Company and they shall have power from time to time to destroy the same and substitute a new seal in lieu thereof; and the Common Seal shall be kept at the Registered Office of the Company and committed to the custody of the Managing Director or the Secretary if there is one.

Seal how affixed

189. The seal shall not be affixed to any instrument except by authority of a resolution of the Board or a Committee of Directors. Every deed or other instrument to which the seal is required to be affixed shall, unless the same is executed by a duly constituted attorney for the Company, be signed by any Director of the Company in whose presence the seal shall have been affixed, provided nevertheless that any instrument bearing the seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority issuing the same.

RESERVES

190. The Board may, from time to time, before recommending any Dividend, set apart any and such portion of the profits of the Company as it thinks fit, as reserves to meet contingencies or for the liquidation of any Debentures, debts or other liabilities of theCompany, for equalisation of Dividends for repairing, improving or maintaining any of the property of the Company and for such other purposes of the Company as the Board in its absolute discretion thinks conducive to the interests of the Company, and may, subject to the provisions of section 372 of the Act, invest the several sums so set aside upon such investment (other than Shares of the Company) as it may think fit, and from time to time deal with and vary such investments and dispose off all or any part thereof for the benefit of the Company and may divide the reserves into such special funds as it thinks fit, with full power to employ the reserves or any part thereof in the business of the Company and without being bound to keep the same separate from the other assets.

Investment of monies

191. All monies carried to the reserves shall nevertheless remain and be profits of the Company applicable, subject to due provisions being made for actual loss or depreciation, for the payment of Dividends and such monies and all the other monies of the Company not immediately required for the purposes of the Company, may, subject to the provisions of sections 370 & 372 of the Act, be placed as loan or invested in select securities or may be used as working capital or may be kept at any bank deposit or otherwise as the Board may, from time to time think proper.

Capitalisation of reserve

192. Any general meeting may resolve that any monies, investments or other assets forming part of the undivided profits of the Company standing to the credit of the reserves, including revaluation reserves or any capital redemption reserve account, or in the hands of the Company and available for Dividends or representing premiums received on the issue of Share and standing to the credit of the Share premium account be capitalised and distributed amongst such of the Shareholders as would be entitled to receive the same if distributed by way of Dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised funds be applied on behalf of such Shareholders in paying up in full any unissued Shares of the Company which shall be distributed accordingly or towards payment of the uncalled liability on any issued Shares and that such distribution of payment shall be accepted by such Shareholders in full satisfaction of their interest in the said capitalised sum.

Distribution of capital profit

193. The Company in general meeting may at any time and from time to time resolve that any surplus monies in the hands of the Company representing capital profits arising from the receipt of monies received or recovered in respect of or arising from the realisation of any capital assets of the Company or any investment representing the same instead of being applied in the purchase of other capital assets or for other capital purposes be distributed amongst the equity Shareholders on the footing that they receive the same as capital and in the Shares and proportions in which they would have been entitled to receive the same if it had been distributed by way of Dividend provided always that no such profit as aforesaid shall be so distributed unless there shall remain in the hands of the Company sufficiency of other assets to meet in full the whole of the liabilities and paid-up Share Capital of the Company for the time being.

Fractional certificate

194. For the purposes of giving effect to any resolution under the two last preceding Articles, the Board, may settle any difficulty which may arise in regards to the distribution as it thinks expedient and in particular may issue fractional certificates, and may fix the value of distribution of any specific assets, and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest such cash or specific assets in trustees upon such trusts for the persons entitled to the Dividend or capitalised sum as may seem expedient to the Board. Where requisite, a proper contract shall be filed in accordance with section 75 of the Act and the Board may appoint any person to sign such contract on behalf of the persons entitled to the Dividend or capitalised sum any such appointments shall be effective.

DIVIDENDS

How profits shall be divisible

195. Subject to the rights of Members entitled to Shares (if any) with preferential or special rights attached thereto, the profits of the Company, which it shall from time to time be determined to divide in respect of any year or other period, shall be applied in the payment of a Dividend on the equity Shares of the Company but so that a partly paid up Share shall only entitle the holder with respect thereof to such a proportion of the distribution upon a fully paid up Share as the amount paid thereon bears to the nominal amount of such Share and so that where capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not rank for Dividend or confer a right to participate in profits.

Declaration of dividend

196. The Company in general meeting may declare a Dividend to be paid to the Members according to their rights and interest in the profits and may, subject to the provisions of Section 207 of the Act, fix the time for payment.

Restrictions on amount of dividend

197. No large Dividend shall be declared than is recommended by the Board, but the Company in general meeting may declare a smaller Dividend.

Dividend

198. Subject to the provisions of section 205 of the Act, no Dividend shall be payable except out of the profits of the Company or out of monies provided by the Central or State Government for the payment of the Dividend in pursuance of any guarantee given by such government and no Dividend shall carry interest against the Company.

What to be deemed net profits

199. The declaration of the Board as to the amount of the net profits of the Company shall be conclusive.

Interim dividend

200. The Board may from time to time pay to the Members such interim Dividends as appear to the Board to be justified by the profits of the Company.

Debts may be deducted

201. The Board may deduct from any Dividend payable to any Member all sums of money, of any, presently payable by him to the Company on account of calls or otherwise in relation to the Share of the Company.

Dividend and call together

202. Any general meeting may take a call on the Members of such amount as the meeting fixes, but so that the call shall be made payable at the same time as the Dividend and the Dividend may be set off against the call.

Dividend in cash

203. No Dividend shall be payable except in cash provided that nothing in the foregoing shall be deemed to prohibit the capitalisation of profits or reserves of the Company for the purpose of issuing fully paid-up bonus Shares or paying up any amount for the time being unpaid on the Shares held by the Members of the Company.

Effect of the transfer

204. A transfer of Shares shall not pass the rights to any Dividend declared thereon before the registration of the transfer by the Company.

Payment of interest on capital

205. The Company may pay interest on capital raised for the construction of works and buildings when and so far as it shall be authorised to do by section 208 of the Act.

To whom dividend payable

206. No Dividend shall be paid in respect of any Shares except to the registered holders of such Share or to his order or to bankers but nothing contained in this Article shall be deemed to require the bankers of a registered Shareholder to make a separate application to the Company for the payment of the Dividend. Nothing in this Article shall be deemed to affect in any manner the operation of Article 190 thereof.

Dividends to joint holders

207. Anyone of several persons who are registered as the joint holders of any Share may give effectual receipts for all Dividends, bonus and other payments in respect of such Shares.

Notice of dividends

208. Notice of any Dividend, whether interim or otherwise, shall be given to the persons entitled to Share therein in the manner hereinafter provided.

Payment by post

209. Unless otherwise directed in accordance with section 206 of the Act, any Dividend, interest or other monies payable in cash in respect of a Share may be paid by cheque or warrant sent through by post to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is the first named in the register in respect of the joint holders, as the case may be, any direct, and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent. The Company shall not be liable for any cheque or warrant lost in transit or for any Dividend lost to any Members by the forged endorsement of any such cheque or warrant.

Unpaid or unclaimed dividend

210. Where the Company has declared a Dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of Dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called "VRL Logistics Limited Unpaid Dividend Account"

Any money transferred to the unpaid Dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Fund known as Investor Education and Protection Fund established under section 205C of the Act.

No unclaimed or unpaid Dividend shall be forfeited by the Board before the claim becomes barred by law and the Directors shall comply with provisions of sections 205A and 205B of the Act, as regards unclaimed Dividends.

BOOKS OF ACCOUNTS

Books of accounts to be kept

211. The Board shall cause proper books of account to be kept in accordance with section 209 of the Act.

Where to be kept

212. The books of account shall be kept at the office or at such other place in India as the Board may decide and when the Board so decides, the Company, shall within seven days of the decision, file with Registrar a notice in writing giving full address of that other place.

INSPECTION

213. (1) The books of account shall be open to inspection by any Director during business hours.

(2) The Board shall, from time to time, determine whether and to what extent, and at what time and place, and under what conditions or regulations, the books of account and documents of the Company, other than those referred to in Article 174(2) hereof, shall be open to inspection by the Members not being Directors and no Member (not being a Director) shall have any right of inspecting any books of account or documents of the Company except as conferred by law or authorised by the Board or by the Company in general meeting.

BALANCE SHEET AND ACCOUNTS

Balance sheet and profit & loss account

214. At every Annual General Meeting, the Board shall lay before the Company, a balance sheet and profit and loss account made up in accordance with the provisions of section 210 of the Act and such balance sheet and profit and loss Account shall comply with the requirements of sections 210,211,212, 215 and 216 (d) and schedule VI to the Act so far as they are applicable to the Company, but save as afore said, the Board shall not be bound to disclose greater details of the result or extent of the trading and transactions of the Company that it may deem expedient.

Annual report of directors

215. There shall be attached to every balance sheet laid before the Company in general meeting a report by the Board complying with section 217 of the Act.

Copies of account or statement in prescribed form to be sent

216. A copy of every such profit and loss account and balance sheet (including the auditor's report and every other document required by law to be annexed or attached to the balance sheet) which are to be laid before the Company in general meeting shall, not less than twenty one days before the date of meeting, be sent to every Member of the Company, to every trustee for the holders of any Debentures issued by the Company, whether such Member or trustee is or is not entitled to have notices of general meetings of the Company sent to him, and to all persons other than such Members or trustees being persons so entitled. Provided that the Company may, instead of sending copies of the documents as aforesaid, keep copies of such documents available for inspection of the office during working hours for a period of twenty one days before the date of the meeting and send a statement containing the salient features of such documents in the form prescribed by the Central Government to every Member and to every trustee for the holders of any Debentures issued by the Company not less than twenty one days before the date of the meeting.

Copies of balance sheet etc., to be filed

217. The Company shall comply with section 220 of the Act, to filing with the Registrar, copies of the balance sheet and profit and loss account and document required to be annexed or attached thereto.

When accounts to be deemed finally settled

218. Every balance sheet and profit and loss account of the Company when audited and adopted by the Company in general meeting shall be conclusive.

AUDITORS

Accounts to be audited annually

219. Once in every year the books of accounts of the Company shall be examined by one or more auditors. The Company shall comply with the provisions of the Act in relation to the audit of the accounts of Branch Offices of the Company.

Appointment and remuneration of auditors

220. The appointment, powers, rights, remuneration and duties of the auditors shall be regulated by section 224 to 231 of the Act.

SERVICE OF NOTICE AND DOCUMENTS

How notices to be served on members

221. A notice or other document may be given by the Company to its Members in accordance with sections 53 & 172 of the Act. If a Member has no registered address in India, and has not supplied to the Company any address within India, for the giving of the notices to him, a document advertised in a newspaper circulating in the neighborhood of Registered Office of the Company shall be deemed to be duly served to him on the day on which the advertisement appears.

Transferee etc., bound by prior notice

222. Every person who by operation of law, transfer or otherwise whatsoever shall become entitled to any Share, shall be bound by every notice in respect of such Share which previously to his name and address being entered on the register shall have been duly given to the person from whom he derives his title to such Share.

Notice valid though member deceased

223. Subject to the provisions of Article 208 hereof any notice or document delivered or sent by post to or left at the registered address of any Member in pursuance of these Articles shall notwithstanding such Member be then dead and whether or not the Company has notice of his death be deemed to have been duly served in respect of any registered Share, whether held solely or jointly with other persons by such Member, until some other person be registered in instead as the holder or joint holder thereof and such service shall for all purpose of these present be deemed a sufficient service of such notice or documents on his heirs. Executors of administrators and all persons, if any, jointly interest with him in any such Share.

Service of process in winding up

224. Subject to the provisions of sections 497 and 509 of the Act, in the event of a winding up of the Company every Member of the Company who is for the time being in his Registered address shall be bound within eight weeks after the passing of any effective resolution to wind up the Company voluntarily or the making of an order for the winding up of the Company. To serve notice in writing on the Company appointing some householder residing in the neighbourhood of the office upon whom all summons, notice, process, orders and judgements in relation to or under the winding up of the Company may be served, and in default of such Member for all purposes, and where the liquidator makes any such appointment he shall with all convenient speed give notice thereof to such Member and such notice shall be deemed to be served on the day on which the advertisement appears or the letter would be delivered in the ordinary course of the post. The provisions of this Article shall not prejudice the rights of the liquidator of the Company to serve any notice or other document in any other manner prescribed by these Articles.

How notice to be signed

225. The signature to any notice to be given by the Company may be written, printed, lithographed, typed or rubber stamped.

Keeping of registers and inspection

226. The Company shall duly keep and maintain at the office, registers in accordance with sections 49(7), 143, 150, 151, 152, 301, 303, 307 and 372 of the Act and rule 7(2) of the Companies (Issues of Share Certificates) Rules, 1960.

Supply of copies of registers, etc.,

227. The Company shall comply with the provisions of sections 39, 118, 163, 192, 196, 219, 301, 302, 304, 307, 370 and 372 of the Act as to supplying of copies of the registers, deeds, documents, instruments, returns, etc., certificates and books therein mentioned to the persons therein specified when so required by such persons on payment of the charges, if any, prescribed by the said sections.

Register of members and debenture holders may be closed

228. The Company may in accordance with the provisions of section 154 (1) of the Act close the register of Members or the register of Debenture holders as the case may be.

Reconstruction

229. On any sale of the undertaking of the Company, the Board or the liquidators on a winding up may, if authorised by a special resolution, accept fully paid up or partly paid up Shares, Debentures or securities of any other company, whether incorporated in India or not, either then existing or to be formed for the purchase in whole or in part of the property of the Company and the Board (if the profits of the Company permit) or the liquidators (in winding up) may distribute such Shares or securities, or any other property of the Company amongst the Members without realisation, or vest the same in trustees for them, and any special resolution may provide for the distribution or appreciation of cash, Shares or other securities benefit or property, otherwise than in accordance with the strict legal rights of the Members or contributories of the Company, and for the valuation of any such manner as the meeting may approve and all holders of Shares, shall be bound to accept, and shall be bound by any valuation or distribution so authorised and waive all rights in relation thereto. Save only in the case the Company is proposed to be or is in the course of being wound up, such statutory rights (if any) under section 494 of the Act as are incapable of being varied or excluded by these Articles.

Secrecy

230. Every Director, Manager, Secretary, Trustee for the Company, its Member or Debenture holders, member of a committee, officer, servant, agent, accountant or other person employed in or about the business of the Company shall if so required by the Board or by the Managing Director before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto and shall by such declaration, pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except, when required so to by the Board or by any general meeting or by a court of law except so far as may be necessary in order to comply with any of the provisions in these Articles contained.

No member to enter the premises of the company without permission

231. No Member or other person (not being a Director) shall be entitled, to enter upon the property of the Company or to inspect or examine the premises or properties of the Company without the permission of the Board or of the Managing Director to require discovery of or any information respecting any detail of the trading of the Company or any matter which is or may be in the nature of a trade secret, mystery of trade, or secret process, or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board or Managing Director, it will be expedient in the interest of the Company to communicate.

WINDING UP

Distribution of assets

232. If the Company shall be wound up and the assets available for distribution among Members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up or which ought to have been paid up at the commencement of winding up on Shares held by them respectively. If in a winding up the assets available for distribution among the Members shall be more than sufficient or repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the Shares held by them respectively. But this Article is to be without prejudice to the rights of holders of Shares issued upon special terms and conditions.

Distribution of assets in specie

233. If the Company shall be wound up whether voluntarily or otherwise, the liquidator may, with the sanction of a special resolution, divide among the contributories, in specie or kind, any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them as the liquidators, with the like sanction, shall think fit.

INDEMNITY

234. Every Director, Managing Director, Manager, Secretary or Indemnity Officer of the Company or any person (whether an officer of the Company or not) employed by the Company and any person appointed as auditor shall be indemnified out of the funds of the Company against all liabilities incurred by him as such Director, Manager, Secretary, Officer, employee or auditor in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under section 633 of the Act, in which relief is granted to him by the Court.

Not responsible for acts of others

235. (a) Subject to the provisions of Sec. 201 of the Act no Director or other Officer of the Company shall be liable for the acts, receipt, neglects or defaults of any other Director or Officer, or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Director for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency, or tortuous act of any person, Company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgment or over sight in his part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own willful act or default.

(b) Without prejudice to the generality foregoing it is hereby expressly declared that any filing fee payable or any document required to be filed with Registrar of Companies in respect of any act done or required to be done by any Director or other Officer by reason of his holding the said office, shall be paid and borne by the Company.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by the Company. These Contracts, copies of which have been attached to the copy of this Draft Red Herring Prospectus, delivered to the Registrar of Companies, Karnataka for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office/corporate office of the Company from 10.00 am to 4.00 pm on Working Days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts

1. Engagement Letter dated September 7, 2010 to the BRLM from the Company appointing them as the BRLM.
2. Issue Agreement dated December 9, 2010 between the Company and the BRLM.
3. Memorandum of Understanding dated December 3, 2010 between the Company and the Registrar to the Issue.
4. Escrow Agreement dated [●] among the Company, the BRLM, the Escrow Banks, and the Registrar to the Issue.
5. Syndicate Agreement dated [●] among the Company, the BRLM, and the Syndicate Members.
6. Underwriting Agreement dated [●] among the Company, the BRLM, and Syndicate Members.
7. Power purchase agreements dated September 28, 2006 entered between the Company and HESCOM for sale of 10.00 MW of power.
8. Power purchase agreements dated September 28, 2006 entered between the Company and HESCOM for sale of 2.50 MW of power.
9. Power purchase agreements dated February 15, 2007 entered between the Company and HESCOM for sale of 5.00 MW of power.
10. Power purchase agreements dated February 15, 2007 entered between the Company and HESCOM for sale of 15.00 MW of power.
11. Power purchase agreements dated February 15, 2007 entered between the Company and HESCOM for sale of 3.75 MW of power.
12. Power purchase agreements dated February 15, 2007 entered between the Company and HESCOM for sale of 6.25 MW of power.
13. Aircraft Maintenance Agreement dated April 1, 2010 between the Company and Indamer Company Private Limited.
14. Sale Deed dated May 25, 1983 between Mrs. Lalita Sankeshwar and Vijayanand Roadlines (P) Limited for the sale of a truck to Vijayanand Roadlines (P) Limited.
15. Sale Deed dated May 25, 1983 between Mr. V. B. Sankeshwar (in his capacity as proprietor of Vijayanand Roadlines) and Vijayanand Roadlines (P) Limited for the acquisition of the business of Vijayanand Roadlines.
16. Agreement dated June 30, 2004 between Vijayanand Roadlines Limited and Maruti Parcel Carriers for the acquisition of the business of Maruti Parcel Carriers.
17. Agreement dated June 30, 2004 between Vijayanand Roadlines Limited and Vijayanand Travels for the acquisition of the business of Vijayanand Travels.
18. Tripartite Agreement dated June 20, 2007 between the Company, Karvy Compushare Private Limited and NSDL.

19. Tripartite Agreement dated June 7, 2007 between the Company, Karvy Compushare Private Limited and CDSL.
20. Cash Management Services Agreement dated July 22, 2009 between the Company and ICICI Bank Limited.

Material Documents

1. The Company's Memorandum and Articles of Association, as amended.
2. The Company's certificate of incorporation.
3. Board resolution dated August 26, 2010 in relation to the proposed Issue.
4. Shareholders' resolutions dated September 23, 2010 passed at the extra-ordinary general meeting under Section 81(1A) of the Companies Act in relation to the proposed Issue.
5. Resolutions of the general body for appointment and remuneration of our whole-time Directors.
6. Certified true copies of resolutions of the shareholders dated March 24, 2007 and November 21, 2009 appointing or varying the terms of appointment of the Company's executive Directors.
7. Copies of annual reports of the Company for the years ended March 31, 2006, 2007, 2008, 2009 and 2010.
8. Consent of the Auditors, H. K. Veerbhaddrappa & Co and Walker, Chandiok & Co, Chartered Accountants, for inclusion of their report on the restated summary statements in the form and context in which they appear in this Draft Red Herring Prospectus.
9. IPO grading report dated [●] issued by [●], a credit rating agency.
10. In-principle listing approvals dated [●] and [●] from the BSE and the NSE, respectively.
11. Statement of Tax Benefits from H. K. Veerbhaddrappa & Co and Walker, Chandiok & Co., Chartered Accountants dated December 10, 2010 on possible tax benefits available to the Company and its shareholders.
12. Certificates dated Decemeber 10, 2010 from H. K. Veerbhaddrappa & Co and Walker, Chandiok & Co, Chartered Accountants regarding deployment of funds towards the objects of the Issue.
13. Report of H. K. Veerbhaddrappa & Co and Walker, Chandiok & Co, Chartered Accountants, our Joint Statutory Auditors on restated financial statements for the six month period ended September 30, 2010 and for the fiscal years ended 31 March 2006, 2007, 2008, 2009 and 2010.
14. General Powers of Attorney executed by our Directors in favour of person(s) for signing and making necessary changes to this Draft Red Herring Prospectus and other related documents.
15. Application dated November 20, 2010 to FIPB seeking their permission to issue shares to non residents.
16. Approval from the FIPB dated [●].
17. Due diligence certificate dated December 10, 2010 to SEBI from the BRLM.
18. Sale deed dated March 29, 2010 and valuation report for purchase of property from Mr. Vijay Sankeshwar.
19. Sale deed dated November 20, 2009 and valuation report for sale of property to Mr. Vijay Sankeshwar.
20. Certificate dated December 6, 2010 from M/s. Vaishnavi Consultants in relation to the properties of the company.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes

DECLARATION

The relevant provisions of the Companies Act, 1956, and the regulations or guidelines issued by the Government of India and/or the Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules, regulations or guidelines issued or made thereunder, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

Signed by all the Directors of the Company

Mr. Vijay Sankeshwar ________________________________

Mr. Anand Sankeshwar ________________________________

Mr. Sudhir Ghate ________________________________

Mr. C. Karunakara Shetty ________________________________

Mr. Prabhakar Kore ________________________________

Mr. J. S. Korlahalli ________________________________

SIGNED BY THE COMPLIANCE OFFICER AND CHIEF FINANCIAL OFFICER

Mr. Aniruddha A. Phadnavis (Compliance Officer) ________________________________

Mr. Sunil S. Nalavadi (Chief Financial Officer) ________________________________

Date: December 10, 2010

Place: Hubli

APPENDIX A – IPO GRADING REPORT

[●]