

DRAFT RED HERRING PROSPECTUS*Dated August 26, 2010**Please read Section 60 B of Companies Act, 1956**Draft RHP will be updated upon RoC filing**100% Book Building Issue*

MIDVALLEY ENTERTAINMENT LIMITED

(Our Company was originally incorporated in India as “CTV Entertainment Private Limited” on July 12, 1989 under the Companies Act, 1956. For details of the changes in the name of our Company and our Registered Office, see “History and Certain Corporate Matters” on page 103 of this Draft Red Herring Prospectus.)

Registered Office: 9th Floor, Gee Gee Emerald, 312, Valluvar Kottam High Road, Nangumbakkam, Chennai – 600034, Tamil Nadu, India.

Tel: 91-44-30632454; **Fax:** 91-44-30632453

Contact Person: Mr. S.N. Madhavan, Company Secretary and Compliance Officer. **Tel:** 91-44-30632454; **Fax:** 91-44-30632453

Email: ipo@mvel.in; **Website:** www.mvel.in

Our Promoters: Datuk K. Ketheeswaran, M/s. Unigold Pacific Limited, M/s. Global Motion Pictures & Ventures Limited and M/s. Kiara Enigma Sdn Bhd.

THE ISSUE

PUBLIC ISSUE OF [●] EQUITY SHARES OF RS.10/- EACH (THE “EQUITY SHARES”) FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS. [●] PER EQUITY SHARE) AGGREGATING TO RS. 6000 LACS (“HEREIN AFTER REFERRED TO AS “THE ISSUE”) BY MIDVALLEY ENTERTAINMENT LIMITED (HEREINAFTER REFERRED TO AS “MVEL” OR THE “COMPANY” OR THE “ISSUER”). THE ISSUE SHALL CONSTITUTE [●] % OF THE POST ISSUE SHARE CAPITAL OF OUR COMPANY.

PRICE BAND: RS. [●] TO RS. [●] PER EQUITY SHARE OF FACE VALUE RS. 10 EACH.
THE ISSUE PRICE IS [●] TIMES THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND [●] TIMES THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND

In case of revision in the Price Band, the Bidding/Issue Period will be extended by three additional days after revision of the Price Band subject to the Bidding /Issue Period not exceeding 10 working days. Any revision in the Price Band and the Bidding/Issue Period, if applicable, will be widely disseminated by notification to the Bombay Stock Exchange Limited (“BSE”) and the National Stock Exchange (“NSE”), by issuing a press release, and also by indicating the change on the websites of the Book Running Lead Manager and at the terminals of the Syndicate.

The Issue is being made under sub-regulation (1) of Regulation 26 of the SEBI (ICDR) Regulations, 2009 and through the 100% Book Building Process wherein upto 50% of the Issue will be available for allocation to Qualified Institutional Buyers (“QIB”) on a proportionate basis, subject to valid bids being received at or above the Issue Price. Provided that our Company may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis out of which one-third shall be reserved for domestic Mutual Funds. Further at least 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 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 issue price. Any bidder may participate in this Offer through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid amounts will be blocked by Self Certified Syndicate Banks (“SCSBs”). For details in this regard, specific attention is invited to “Issue Procedure” on page 217 of this Draft Red Herring Prospectus. In case of delay, if any in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

RISK IN RELATION TO THE FIRST ISSUE

This being the first issue of the company, there has been no formal market for the securities of the company. The face value of the shares is Rs. 10/- per Equity Share and the issue price is [●] times of the face value. The Issue Price (as determined and justified by the Issuer, in consultation with the BRLM, on the basis of assessment of market demand for the Equity Shares by way of Book Building Process) 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 or sustained trading in the shares of the company nor regarding the price at which the equity shares will be traded after listing.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision investors must rely on their own examination of the issuer and the offer including the risks involved. The securities have not been recommended or approved by Securities and Exchange Board of India nor does Securities and Exchange Board of India guarantee the accuracy or adequacy of this document.

Specific attention of the Investors is invited to the statement of Risk Factors pertaining to Company, its business and this Issue on Page 12 of the Draft Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Offer Document contains all information with regard to the Issuer and the issue, which is material in the context of the issue, that the information contained in this Offer Document 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 document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

IPO GRADING

This issue has been graded by [●] and has been assigned the “IPO Grade [●]” indicating [●], through their letter dated [●]. For further details in this regard please refer “General Information” and “Material Contracts and Documents for Inspection” on page 36 and 285 respectively of the Draft Red Herring Prospectus.

LISTING

The Equity Shares offered through this Prospectus are proposed to be listed on the Bombay Stock Exchange Limited (“BSE”). Our company has received an in-principle approval for listing of the equity shares from BSE vide its letter No [●] dated [●]. For the purpose of this Issue, the designated Stock Exchange will be the Bombay Stock Exchange Limited (“BSE”).

BOOK RUNNING LEAD MANAGER TO THE ISSUE



Aryaman Financial Services limited
 60, Khatau Building, Ground Floor,
 Alkesh Dinesh Modi Marg, Fort, Mumbai – 400 001.
Tel No.: 91 - 22 - 2261 8264 / 8635
Fax No.: 91 - 22 - 2263 0434.
Web: www.afsl.co.in, **Email:** info@afsl.co.in
Contact Person: Mr. Deepak Biyani/ Mr. Viral Shah
SEBI Registration No. INM000011344

REGISTRAR TO THE ISSUE



Cameo Corporate Services Limited
 Subramanian Building No. 1,
 Club House Road, Chennai – 600 002.
Tel. No.: 91 - 44 - 2846 0390, **Fax No.:** 91 - 44 - 2846 0129
Web: www.cameoindia.com,
Email: investor@cameoindia.com
Contact Person: Mr. R.D. Ramasamy
SEBI Registration No. INR000003753

BID/ISSUE OPENS ON

[●]

BID/ISSUE CLOSES ON

[●]

** Our Company may consider participation by Anchor Investors. The Anchor Investor Bid/ Issue Period shall be one Working Day prior to the Bid/ Issue Opening Date.*

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SECTION I: DEFINITIONS AND ABBREVIATIONS

Definitions

Term	Description
“The Issuer” or Company or “Our Company” or “Midvalley Entertainment Limited” or “MVEL” or “We” or “Our” or “Us	Unless the context otherwise requires refers to Midvalley Entertainment Limited, a Company incorporated under the Companies Act, 1956
Promoters	<ol style="list-style-type: none"> 1. Datuk K. Ketheeswaran 2. Unigold Pacific Limited 3. Kiara Enigma Sdn. Bhd. 4. Global Motion Pictures & Ventures Pte. Ltd
Group Companies	<ol style="list-style-type: none"> 1. MultiVest Resources Berhad 2. Benta Plantations (Perak) Sdn. Bhd 3. Allegro Equity (M) Sdn. Bhd 4. Global International Ventures Group Limited 5. Puas Emas Utilities Sdn. Bhd 6. Allgrow Equity Sdn. Bhd. 7. Venture Grandeur Sdn. Bhd.

Company Related Terms

Term	Description
Articles/ Articles of Association	The Articles of Association of Midvalley Entertainment Limited
Auditors	The Statutory Auditors of our Company namely, M/s. Venkatesh & Co., Chartered Accountants
Board / Board of Directors	Board of Directors of Midvalley Entertainment Limited unless otherwise specified.
Memorandum/ Memorandum of Association	The Memorandum of Association of Midvalley Entertainment Limited
Project / Proposed Objects of the Issue	<p>The objects of the Issue are to raise capital for financing the funds required for:</p> <ul style="list-style-type: none"> ▪ Entering into screening agreements with 300 cinema theatres ▪ Renovation and Up-gradation of cinema infrastructure with Digital Equipment and other related assets for a select 100 screens ▪ Acquisition of company, acquisition of screening rights of company having similar line, range and objects of business ▪ To meet general corporate expenses ▪ Meeting the IPO expenses
Registered Office of our Company	9 th Floor, Gee Gee Emerald, 312, Valluvar Kottam High Road, Nungambakkam, Chennai – 600 034, Tamil Nadu, India
RoC	Registrar of Companies, Tamil Nadu at Chennai

Issue Related Terms

Term	Description
Allotment/ Allot	Issue of Equity Shares of the Company allotted to successful Bidders pursuant to the Public Issue
Allotment Advice / Allotment Letter	The note or advice or intimation of allocation of Equity Shares sent to the successful Bidders who have been allocated Equity Shares in this Issue
Allottee(s)	The successful Bidder to whom the Equity Shares are allotted
Articles/ Articles of Association	Articles of Association of Midvalley Entertainment Limited
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor category, with a minimum Bid of Rs. 1000 lacs
Anchor Investor Bid	Bid made by the Anchor Investor
Anchor Investor Bidding Date	The day, one working day prior to the Bid/ Issue Opening Date, prior to or after which the Syndicate will not accept any Bids from Anchor Investors.
Anchor Investor Bid/Issue Period	The date one day prior to the Bid/Issue Opening Date on which Bidding by Anchor Investors shall open and shall be completed.
Anchor Investor Issue Price	The final price of Rs. [●] at which Equity Shares are issued and allotted to Anchor Investors in terms of the Red Herring Prospectus and Prospectus. The Anchor Investor Issue Price has been decided by the Company in consultation with the BRLM.
Anchor Investor Portion	Up to 30% of the QIB Portion which may be allocated by the Company to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for 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.
Application Supported by Blocked Amount (ASBA)	Means an application for subscribing to an issue containing an authorization to block the application money in a bank account
ASBA Bid cum Application Form / ASBA BCAF/ ASBA Form	The form, whether physical or electronic, used by an ASBA Bidder to make a Bid, which are considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus
ASBA Investor / ASBA Bidder	Any bidder who / which intends to apply through ASBA process in the Issue; is applying through blocking of funds in a bank account with the SCSB.
Bid	An indication to make an offer, during the Bidding Period by a prospective investor (or on the Anchor Investor Bid / Issue date by the Anchor Investor) to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto. For the purposes of ASBA Bidders, it means an indication to make an offer during the Bidding Period by any Investor to subscribe for the Equity Shares.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid Cum Application Form.
Bid Amount	The highest value of the optional Bids indicated in the Bid Cum Application Form and payable by the Bidder on submission of the Bid for this Issue (except for ASBA investor).
Bid / Issue Closing Date	Except in relation to Anchor Investor, the date after which the member(s) of the Syndicate/SCSB will not accept any Bids for this Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a

Term	Description
	regional language newspaper.
Bid/ Issue Opening Date	Except in relation to Anchor Investor, the date on which the member(s) of the Syndicate/SCSB shall start accepting Bids for this Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional language newspaper.
Bid Cum Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of our Company and which will be considered as the application for Allotment in terms of the Red Herring Prospectus and Prospectus. Unless the context otherwise mentions in the Red Herring Prospectus or Prospectus, Bid Cum Application Form includes ASBA Form.
Bidding / Bidding Period / Issue Period	The period between the Bid / Issue Opening Date and the Bid / Issue Closing Date inclusive of both days and during which prospective Bidders (except Anchor Investors) can submit their Bids.
Book Building Process / Book Building	Book building mechanism as provided under Schedule XI of the SEBI (ICDR) Regulations, 2009 in terms of which this Issue is made.
BRLM / Book Running Lead Managers	Book Running Lead Manager to this Issue, in this case being Aryaman Financial Services Limited.
Board / Board of Directors	The Board of Directors of our Company or a Committee constituted thereof
CAN/ Confirmation of Allocation Note	Except in relation to Anchor Investors the note or advice or intimation of Allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in accordance with the Book Building Process. In relation to Anchor Investors, the note or advice or intimation of allocation of Equity Shares sent to the successful Anchor Investors who have been allocated Equity Shares after discovery of the Anchor Investor Issue Price, including any revisions thereof.
Cap Price	The upper end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted, including any revisions thereof.
Companies Act/ The Act	The Companies Act, 1956, as amended from time to time
Controlling Branches	Such branches of the SCSB which coordinate with the BRLM, the Registrar to the Issue and the Stock Exchanges and a list of which is available on http://www.sebi.gov.in
Cut off / Cut off Price	The Issue Price finalized by our Company in consultation with the BRLM and it shall be any price within the Price Band. A Bid submitted at the Cut off Price by a Retail Individual Bidder is a valid Bid at all price levels within the Price Band. QIBs and Non-Institutional Bidders are not entitled to bid at the Cut-off Price.
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
DP/ Depository Participant	A depository participant as defined under the Depositories Act
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Bid cum Application Form used by ASBA Bidders and a list of which is available on http://www.sebi.gov.in
Designated Date	The date on which funds are transferred from the Escrow Account to the Public

Term	Description
	Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall transfer / allot the Equity Shares to successful Bidders
Designated Stock Exchange	Bombay Stock Exchange Limited
Director(s)	Director(s) of Midvalley Entertainment Limited, unless otherwise specified
Draft Red Herring Prospectus/ DP	Means the Draft 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 being issued and number of Equity shares being issued through this Issue. Upon filing with RoC at least three days before the Bid/Issue opening date it will become the Red Herring Prospectus. It will become the Prospectus after filing with the RoC after the pricing and allocation
Equity Shares	Equity shares of our Company of face value of Rs. 10/- each unless otherwise specified in the context thereof
Escrow Account	Account opened with an Escrow Collection Bank(s) and in whose favour the investor will issue cheques or drafts in respect of the Share Application Amount when submitting a Share Application.
Escrow Agreement	Agreement entered into amongst our Company, the Registrar to this Issue, the Escrow Collection Banks and the BRLM in relation to the collection of the Application Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders
First Bidder	The Bidder whose name appears first in the Bid Cum Application Form or Revision Form or ASBA Form.
Issue	This Issue of [●] Equity Shares of Rs. [●] each fully paid up at the Issue Price aggregating Rs. 6000 lacs by our Company.
Issue Price	The final price at which Equity Shares have been issued and allotted in terms of the Red Herring Prospectus. The Issue Price has been decided by our Company in consultation with the BRLM on the Pricing Date.
Listing Agreement	The Agreement proposed to be entered into by our Company with the Stock Exchanges upon listing of its Equity Shares.
Mutual Funds	Mutual Funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Mutual Fund Portion	Upto 5 % of the QIB portion (excluding the Anchor Investor Portion), being [●] Equity Shares, available for Allocation on proportionate basis to Mutual Funds only. The remainder of the QIB portion shall be available for Allocation on a proportionate basis to all QIB bidders, including Mutual Funds.
Non Institutional Bidders	All Bidders that are neither Qualified Institutional Buyers nor Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000/-.
Non Institutional Portion/ Non Institutional Bidders Portion	The portion of this Issue being not less than 15% of the Issue consisting not less than [●] Equity Shares of Rs. [●] each for cash, available for Allocation to Non Institutional Bidders.
OCB / 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 trust in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not allowed to invest in this Issue.
Pay-in Date Bid / Issue	Date or the last date specified in the CAN sent to Bidders receiving Allocation at

Term	Description
Closing	the time of Bidding, as applicable and which shall with respect to Anchor Investors, be a date not later than two days after the Bid Closing Date
Price Band	The price band of a minimum price (“Floor Price”) of Rs. [●]/- per Equity Share and the maximum price (“Cap Price”) of Rs. [●]/- per Equity Share and includes revisions thereof, if any.
Pricing Date	The date on which our Company in consultation with the BRLM finalizes the Issue Price.
Prospectus	The Prospectus, to be filed with the RoC in accordance with the provisions of the Companies Act containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of this Issue and certain other information.
Public Issue Account	Account opened with the Banker(s) to this Issue to receive monies from the Escrow Account and accounts of ASBA Investors for this Issue on the Designated Date.
Net QIB Portion	The portion of the QIB portion less the number of Equity shares allotted to Anchor Investors Consisting of not more than [●] Equity Shares for cash at a price of Rs. [●] per Equity Share being not more than 50% of the Issue, available for Allocation to QIBs.
QIB Portion	The portion of this Issue being not more than 50% (including Anchor Investor Portion) of the Issue, i.e. [●] Equity Shares of Rs 10 each available for allocation on proportionate basis to QIBs of which 5% shall be available for allocation on proportionate basis to Mutual Funds registered with SEBI, subject to valid bids being received at or above the Issue Price
Qualified Institutional Buyers or QIBs	Public financial institution as defined in section 4A of the Companies Act, 1956; Scheduled Commercial Banks; Mutual Funds; Foreign Institutional Investor Registered With SEBI; Multilateral And Bilateral Development Financial Institutions; Venture Capital Funds Registered With SEBI; Foreign Venture Capital Investors Registered With SEBI; State Industrial Development Corporations; Insurance Companies registered with the Insurance Regulatory and Development Authority (IRDA); provident funds with minimum corpus of Rs. 25 crores and pension funds with minimum corpus of Rs. 25 crores; National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India.
Red Herring Prospectus	The Red Herring Prospectus which will be issued in accordance with Section 60B of the Companies Act, which did not have complete particulars on the price at which the Equity Shares are offered and size of this Issue.
Refund Account(s)	Account(s) to which subscription monies to be refunded to the investors shall be transferred from the Public Issue Account.
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means funds through NECS, NEFT, Direct Credit or RTGS as applicable.
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who have not Bid for an amount more than Rs. 1,00,000/- in any of the bidding options in this Issue
Resident Retail Individual Investor	Means a Retail Individual Investor who is a person resident in India as defined in Foreign Exchange Management Act, 1999.
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares applied for in any of their Application Forms or any previous Revision Form(s)
Registrar to the Issue or	In this case being, Cameo Corporate Services Limited

Term	Description
Registrar	
SCSB	Self Certified Syndicate Banks, as notified by SEBI from time to time
Stock Exchange	Bombay Stock Exchange Limited
Syndicate	The BRLM and the Syndicate Member(s).
Syndicate Agreement	The agreement to be entered into between our Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Member(s)	Intermediaries registered with SEBI and eligible to act as underwriters in this case being [●].
Transaction Registration Slip/ TRS	The slip or document issued by the members of the Syndicate to the Bidders as proof of registration of the Bid.

Industry Related Terms

Term	Description
Bollywood	Terminology for Hindi Film Industry
CEP	Combined Entertainment Plexes
DVD	Digital Versatile Disc or Digital Video Disc
DCD	Digital Cinema Distribution
DLP	Digital Light Processing Technology
E & M	Entertainment & Media
Hyderabad Film Circuit	Includes regions of Telangana, Karnataka and Marathwada and comprises of the following districts: Telangana: Adilabad, Bastar, Chandrapur, Guntur, Karimnagar, Khammam, Krishna, Kurnool, Medak, Nalgonda, Nizamabad, Rajura, Rangareddy, West Godavari Karnataka: Bijapur, Dharwad, Gulbarga, Raichur Maharashtra: Ahmad Nagar, Osmanabad, Parbhani, Yavatmal
IPR	Intellectual Property Rights
Motion Pictures	Audiovisual works consisting of a series of related images which when shown in succession, impart an impression of motion
Multiplex	Theaters with more than one screen where films are commercially screened
Occupancy Level	Percentage of seats occupied per show in a particular theater
Post-Production	The film is edited, sound effects, music and any computer effects are added, and the film is completed
Pre-Production	Preparation for the shoot, in which cast and crew are hired, locations are selected, and sets are built
Registered Office of Our Company	9th Floor, Gee Gee Emerald, 312, Valluvar Kottam High Road, Nungambakkam, Chennai – 600 034, Tamil Nadu, India
Script	The dialog and instructions for a performance work
Tamil Nadu film circuit	Includes regions of Tamil Nadu, Andhra Pradesh and Puducherry and comprises of the following film distribution districts: 1. Chenglepet (NSC); 2. North Arcot including Chittore district (NSC); 3. South Arcot including Puducherry; 4. Coimbatore; 5. Salem; 6. Tirunelveli and

Term	Description
	Kanyakumari (TK); 7. Trichy and Tanjore (TT); 8. Madurai and Ramnad district (MR)
VHS	Video Home System

Conventional / General Terms

Term	Description
Act/ Companies Act	The Companies Act, 1956, as amended from time to time
Directors	The Directors of our Company, unless the context otherwise requires
Equity Shares	The Equity Shares of face value of Rs. 10/- each of our Company
ICDR	Securities and Exchange Board of India (Issue of Capital and Disclosures Requirements) Regulations, 2009
Indian GAAP	Generally Accepted Accounting Principles in India
Non Resident	All Persons who are not resident in India
NRI/ Non-Resident Indian	Non-Resident Indian, is a Person resident outside India, who is a citizen of India or a Person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
Person/Persons	Person/Persons shall mean any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.
PIO/Person of Indian Origin	PIO/ Person of Indian Origin shall have the same meaning as is ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000
RBI Act	The Reserve Bank of India Act, 1934
SEBI (ICDR) Regulations	Means the extant Regulations for Issue of Capital and Disclosure requirements issued by Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992 (as amended), called SEBI (ICDR) Regulations, 2009.

Abbreviations

Term	Description
A/c	Account
AGM	Annual General Meeting
AFSL / Aryaman	Aryaman Financial Services Limited
AOA	Articles of Association
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
ASBA	Application Supported by Blocked Amount
AY / A.Y.	Assessment Year
BSE	Bombay Stock Exchange Ltd.
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax

Term	Description
CESTAT	Customs, Excise and Service Tax Appellate Tribunal
CFO	Chief Financial Officer
CIT	Commissioner of Income Tax
CLB	Company Law Board
DP	Depository Participant
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
EOU	Export Oriented unit
EPS	Earnings Per Share
ERP	Enterprise Resource Planning
ESOP	Employee Stock Option Scheme
EU	European Union
FCNR Account	Foreign Currency Non Resident Account
FCGPR	Foreign Currency General Permission Route
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the rules and regulations framed there under.
FEMR	Foreign Exchange Management Regulations, 2000
FI	Financial Institution
FIIs	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI as required under FEMA (Transfer or issue of security by a person resident outside India) Regulations, 2000 and under applicable laws in India
FIPB	Foreign Investment Promotion Board
FVCI	Foreign Venture Capital Investor registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000
GDP	Gross Domestic Product
GIR Number	General Index Register Number
GoI	Government of India
HUF	Hindu Undivided Family
IPO	Initial Public Offering
ISO	International Standard Organization
IT	Information Technology
I.T. Act	The Income Tax Act, 1961
MAT	Minimum Alternate Tax
MF	Mutual Fund
MNC	Multi National Company
MoA	Memorandum of Association
MoU	Memorandum of Understanding
Mn	Million
MVEL	Midvalley Entertainment Limited
NAV	Net Asset Value
NRE Account	Non-Resident External Account
NRI	Non Resident Indian
NSDL	National Securities Depository Limited
NEFT	National Electronic Fund Transfer

Term	Description
PAN	Permanent Account Number
PAT	Profits After Taxation
PBDIT	Profit Before Depreciation and Interest and Tax
PBIT	Profit Before Interest and Tax
PBT	Profits Before Taxation
P/E Ratio	Price/Earnings Ratio
PLR	Prime Lending Rate
RBI	Reserve Bank of India
RHP	Red Herring Prospectus
ROC	Registrar of Companies
RONW	Return on Net Worth
Rs./ Rupees/ INR	Indian Rupees
R&D	Research and Development
RTGS	Real Time Gross Settlement
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992
SCSB	Self Certified Syndicate Banks
TAN	Tax Deduction Account Number
TIN	Tax Identification Number
TNW	Total Network
UK	United Kingdom
US	United States of America
USD or \$ or US \$	United States Dollar
VAT	Value Added Tax
WDV	Written Down Value
w.e.f.	With effect from
YOY	Year on Year

CERTAIN CONVENTIONS & USE OF MARKET DATA

In this Draft Red Herring Prospectus, the terms ‘we’, ‘us’, ‘our’, the ‘Company’, ‘our Company’, ‘Midvalley Entertainment Limited’, ‘Midvalley’, ‘MVEL’ unless the context otherwise indicates or implies, refers to Midvalley Entertainment Limited. In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word ‘Lac/Lakh’ means ‘one hundred thousand’, the word ‘million (mn)’ means ‘ten lac /lakh’, the word ‘Crore’ means ‘ten million’ and the word ‘billion (bn)’ means ‘one hundred crore’.

Unless indicated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our restated unconsolidated financial statements prepared in accordance with Indian GAAP and included in this Draft Red Herring Prospectus. Our fiscal year commences on May 01, every year and closes on April 30, of the next year. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practice and Indian GAAP. 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. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

For additional definitions used in this Draft Red Herring Prospectus, see the section Definitions and Abbreviations on page 01 of this Draft Red Herring Prospectus. In the section entitled ‘Main Provisions of the Articles of Association of our company’, defined terms have the meaning given to such terms in the Articles of Association of our Company.

Market and Industrial Data

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

FORWARD LOOKING STATEMENTS

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

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the entertainment industry in India and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and our overseas markets which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.

For further discussion of factors that could cause our actual results to differ, see 'Risk Factors' beginning on page 12 of this Draft Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the BRLM, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLM will ensure that investors in India are informed of material developments until such time as the grant of trading permission by the Stock Exchanges for the Equity Shares allotted pursuant to the Issue.

SECTION II – RISK FACTORS

An investment in 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 our Equity Shares. If any of the following risks actually occur, our business, profitability and financial condition could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any risks mentioned herein under.

INTERNAL RISK FACTORS

1. Our Company is party to certain legal proceedings, which, if determined against us could have an adverse impact on our operations and financial condition.

Following is a summary of our ongoing legal proceedings which can have a material adverse effect on our operations and financial condition:

Sr. No.	Particulars	Approximate financial impact (Rs. In Lacs)
1.	Litigation with ACIT (Media Circle – I (1/c), Chennai	91.71
2.	Litigation with Mr. Rajkumar Sethupathy at Small Causes Court R.C.O.P No. 2548 of 2009	Not Ascertainable

For further details, please refer to the section titled “Outstanding Litigations and Material Developments” beginning on page 190 of this Draft Red Herring Prospectus.

2. We have not paid Income Tax dues aggregating to Rs. 914.00 Lacs, which were provided by us over our previous financial years and which are undisputed as on date. Certain negotiations are under way with the Income Tax department with respect to deferring such payments, but no assurance can be given that these negotiations will conclude in our favour and hence any prosecution or legal action by the Income Tax department for the same can adversely affect our daily operations, financial results, liquidity conditions as well as our goodwill in the market.

We have not paid Income Tax dues aggregating to Rs. 914.00 Lacs plus interest as per Rule 5 of the I.T. Rules, which were provided by us for the Assessment Years 2001-02, 2006-07, 2007-08 and 2008-09 and which are undisputed as on date. The Income Tax department has vide its order / letters dated December 12, 2008 and April 08, 2009 attached certain of our Bank Accounts and Immovable Properties respectively.

In our letter dated June 30, 2010 we have proposed a scheme of deferred payments by way of monthly installments which is under consideration by the Income Tax department and the company has even paid a sum of Rs. 14.00 lacs as a part payment towards the installment dues. The same is under consideration at the Income Tax department and no written reply or action has been taken by them till date. No assurance can be given that these negotiations will conclude in our favour and hence any prosecution or legal action by the Income Tax department for the same can adversely affect our daily operations, financial results, liquidity condition as well as our goodwill in the market.

3. *Our company is yet to file certain statutory forms under the Tamil Nadu Shops and Establishment Act, 1947 and hence approvals and confirmations of the same are pending as on date of this Draft Red Herring Prospectus.*

The company has not filed the relevant forms i.e. Form 1 and Form 2 with the concerned authorities, as required under the Tamil Nadu Shop and Establishment Act, 1947. The same once filed shall await approval via Form 3 from the Department. The company is in process of filing the same, but there can be made no assurance that the company shall make timely applications for the same and shall be able to receive the relevant approvals and confirmations on a timely basis or if at all, failing which our business operations could be materially and adversely affected.

4. *As the specific acquisition targets have not been identified, the fund deployment in this regard is uncertain.*

Our Company intends to use part of the proceeds up to Rs. 1,200.00 lacs out of the total Issue proceeds for acquisitions as described in the *paragraph titled "Acquisition of company, acquisition of screening rights of company having similar line, range and objects of business" on page 57 under the Section titled 'Objects of the Issue' beginning on page 55 of the Draft Red Herring Prospectus*. This forms approximately 20% of the Issue Proceeds. We have not yet entered into any definitive agreements to utilize the funds allocated for acquisitions. There can be no assurance that we will be able to conclude definitive agreements for such expenditures on terms anticipated by us. As on the date of the Draft Red Herring Prospectus, we have not yet identified specific acquisition targets.

5. *Our business is dependent on the popularity of the films we exhibit.*

Our ability to attract patrons to our cinemas is dependent on the popularity of the films we display on our screens. From time to time, the film industry fails to produce blockbuster films or films with widespread audience appeal. We may not be successful in selecting block-buster films or we may not be able to offer such remuneration or enter into commercially viable agreements with producers and distributors for appropriate content material. If the films we exhibit are not popular, the number of our patrons will decline, which would adversely affect our business and results of operations.

6. *We face risks associated with the implementation of new cinemas.*

In addition to our existing agreements relating to 46 cinema screens, we propose to enter into screening agreements with 300 new theaters in Southern Peninsula in the same territories where our theaters are located and South East Asian Countries by June 2011. We face several risks in developing new cinemas, including the following:

- We are still to identify all of the 300 proposed theaters, with which we intend to enter into screening agreements. We face risks pertaining to delay in identification, negotiations and finalisation of agreements and terms with all of these 300 theaters. Also, we face the risks of these negotiations not being within our budgeted range and we may have to revise our cost estimates and hence accordingly alter our scale of operations.
- Our proposed project of acquisition of leasing rights of screens / theatres, renovation and digitalization of theaters is capital intensive. The budgeted resources for implementation of these new projects may be inadequate and we may incur cost overruns, which could adversely affect our financial position and our results of operations.

- Delays in the scheduled implementation of the proposed projects for any reason, including construction delays, delays in receipt of Government approvals or delays in delivery of equipment by suppliers, could adversely affect our financial position.
- Our new screens may not achieve the requisite levels of patronage projected by us at the project evaluation stage, which could adversely affect our results of operations and financial condition.

7. Any mid-term or ad-hoc cancellation of lease agreements entered into with the theater owners will affect our business and financial results.

We do not own the theaters from which we exhibit our films. The same are leased from theater owners for specified time periods (typically 5 years). Any mid-term or ad-hoc cancellation of such agreements by the theater owners or by our company will have a negative bearing on our income on account of ticket sales, advertisement revenues and other distribution capabilities thereby affecting our financial performance.

8. The objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution. The deployment of funds in the project is entirely at our discretion, based on the parameters as mentioned in “Objects of the Issue”

Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and have not been appraised by any bank or financial institution. We may have to revise our management estimates from time to time and consequently our funding requirements may also change. Our estimates for the project may exceed the value that would have been determined by third party appraisals, which may require us to reschedule our project expenditure and have a bearing on our expected revenues and earnings. Further, the deployment of the funds towards the objects of the Issue is entirely at the discretion of our Board of Directors and is not subject to monitoring by external independent agency. However, the deployment of funds is subject to monitoring by our audit committee.

9. Our Company has in the past defaulted and failed to repay the loan taken from City Union Bank Limited.

Our Company has entered into a One Time Settlement (OTS) with City Union Bank (as per the details mentioned hereunder) for the settlement of dues. An order dated April 12, 2006, issued by the Debt Recovery Tribunal, Chennai, confirms a full and final out of court settlement between our Company and City Union Bank Limited.

<i>(Rs. in lacs)</i>	
Particulars	Amount
Outstanding dues (including interest and costs as per City Union Bank Limited)	301.97
Amount paid to City Union Bank as part of OTS	160.00
Reduction on settlement	141.97

This could have a bearing on our ability to raise the funds from banking and formal financial sectors in the future.

10. Our Company, our Promoters and some of our group companies have incurred losses in the past three years.

Particulars	2007	2008	2009
Midvalley Entertainment Limited [#]	727.25	886.60	(47.06)
Promoter entities^{##}	2007	2008	2009
Unigold Pacific Limited*	(3,942)	(3,195)	(2,478)
Global Motion Pictures and Ventures Pte. Limited*	(3,431)	(4,319)	(2,478)
Kiara Enigma Sdn. Bhd.**	(77,862)	(1,06,157)	(109,962)
Promoter Group entities^{##}	2007	2008	2009
MultiVest Resources Berhad***	(17,30,346)	(2559543)	(1834521)
Benta Plantations (Perak) Sdn. Bhd***	--		
Allegro Equity (M) Sdn. Bhd.^	--	(2127)	(2283)
Puas Emas Utilities Sdn. Bhd.***	(1,511)	(2108)	(1629)
Allgrow Equity Sdn. Bhd. ^	-	(3,932)	-
Global International Ventures Group Limited	(3,570)	(2882)	(2717)
Venture Grandeur Sdn Bhd ^	--	--	--

[#]Figures for our company are in Rs. In Lacs

^{##}Figures for the Promoters and Promoter group entities are in RM, Malaysian Ringgit, except for Global International Ventures, whose details are in USD

* Twelve months year ended on December 31 of the respective year

** Twelve months year ended on January 30 of the respective year

*** Twelve months year ended on June 30 of the respective year

^ Twelve months year ended on August 31 of the respective year

11. We have made certain non-compliances and contraventions w.r.t the provisions of FEMA and other rules & regulations governing foreign trade and investments in our country. We have been penalized for certain such acts and there is no assurance that further penal action for such acts done in the past as well as future lapses, if any will not affect our financial conditions and results of operations.

Following table illustrates various non-compliances and contraventions of our company with respect to rules governing foreign trade and investment by an Indian Company:

Sr. No.	Particulars	Current Status
1.	Delay in filing relevant FC-GPR forms and relevant reporting relating to allotment of shares to foreigners and receipt of subscription money for the same.	RBI vide letter dated June 19, 2008 bearing ref. no. FE.CO.PCD.30331/15.02.67/2007-08 had forwarded the Compounding Orders CA No. 214 and 238/ 2008 dated June 18, 2008. The compounding authority has imposed a penalty of Rs.1,00,000/- (Rupees One lakh only) and Rs.4,00,000/- (Rupees Four lakh only) on our Company. Our Company has vide letter dated June 23, 2008 made the payment with the concerned authority for compounding of contravention. Further RBI has issued certificates dated September 10, 2008 certifying that our Company has paid the aforesaid amounts in compliance of the orders CA No.

	214 and 238/2008 passed by the compounding authority under section 15 of the FEMA and the provisions of the Foreign Exchange (Compounding Proceedings) Rules, 2000.
2. Not intimated the RBI by filing Form ODI along with prescribed enclosure through the authorized dealer for effecting remittances towards foreign investments within thirty days(30) days from the date of transactions.	The investments being referred to here was our subsidiary in London called Midvalley Entertainments Limited incorporated in the year 2005 which further had 2 subsidiaries namely Camera Lights Action UK Limited and Private Moments Limited, UK. However since our Company has divested all the aforesaid subsidiary companies to Infusion Solutions Private Limited, Chennai-600 030 vide the sale and purchase agreement dated May 1, 2006 we have not filed the relevant RBI forms for the same. Hence, our Company and our officials may be subject to fines and penalties imposed by RBI under the relevant laws, if any and consequently our turnover and profitability may be adversely affected.
3. Not applied for prior approval of RBI for allotting shares to Non Resident Indians(NRIs) and Overseas Corporate Bodies(OCBs)	Our Company has taken on record, allotment of 2,500 shares to Non Resident Indians(NRIs) and 1,90,000 shares to Overseas Corporate Bodies(OCBs) on January 24, 2000, though the prior approval of RBI was not obtained. Our Company and our officials may be subject to fines and penalties imposed by RBI under the relevant laws, and consequently our turnover and profitability may be adversely affected.

12. We have not made definite arrangements for procurement/order placement of equipment worth Rs. 2195.00 lacs (being 100% of the equipment cost). Any delay in placing the orders or delay at the suppliers' end may result in time and cost overrun.

While, we have received estimates/quotations for the equipment, we would be placing orders for the equipment at an appropriate time as per the schedule of implementation, as the same are available at reasonably short notice. Any delay in placing the orders or delay at the suppliers' end in delivering the equipment may result in time overrun, which may affect our ability to meet the growing demand for our business and in turn our profitability. Further, we cannot assure you that the purchase of the equipment would occur at the estimated price only.

13. Our business is seasonal and the results of operations fluctuate from quarter-to-quarter.

Our business is seasonal in nature. Our revenues are higher during April-June and October- December quarters. Our revenues increase in the third quarter of financial year (October-December quarter) i.e. during the festival season like, Durga Puja, Dussera, Diwali, Christmas, New Year etc, and as well as during the summer vacation seasons (April-June quarter), during which time the film industry generally reports higher revenues. As a result of this, our quarter-to-quarter results may not be comparable or a meaningful indicator of its future performance. Also, various factors like any political unrest, bandh, terrorist attacks, etc. may substantially decrease our revenues in these quarters which in turn could materially adversely impact our business and financial operations.

14. There are certain audit qualifications in the auditor's report of our previous financial years/periods.

Our Auditors have qualified their Auditors Reports for our previous financial years/periods. These qualifications are pertaining to various issues such as non-payment of provided and undisputed taxes, Non-provision of gratuity and other statutory requirements as per AS-15 of the accounting standards issued by ICAI and others. For details regarding these qualifications please refer "Annexure 8" of our "Auditors Report" on page 163 of this Draft Red Herring Prospectus.

15. Our Company has filed belated Income Tax returns from FY 2003-04 till 2008-09. Accordingly losses if any incurred during those periods have not been reckoned for the purposes of calculation of Deferred Tax Asset.

16. Our promoters have no operating experience in the entertainment business. This may affect our ability to effectively manage and operate our proposed expansion activities and hence adversely affect our results of operations and financial condition.

The Company has been in the entertainment business since inception. But, the promoters who have taken over the company in 2006, despite having global experience in managing various businesses worldwide, do not have any operating experience in the entertainment business per se. The company shall rely on its Key Managerial Personnel and Technical staff deployed for effective implementation of the proposed expansion. Accordingly any inability to effectively manage and operate the proposed expansion activities could adversely affect our results of operations and financial conditions.

17. Digital projection technologies may render our traditional film projection equipment obsolete, requiring us to incur significant capital expenditure.

Traditionally, motion pictures are filmed using 35 millimeter celluloid film cameras and screened using traditional projectors. Currently, all our cinemas are using celluloid projection technologies. Digital cinema, on the other hand, departs from the traditional film-based technology and relies on emerging digital technology which is gradually replacing traditional celluloid projection technologies in cinemas. In order to remain competitive and have a digital picture quality as good as the current celluloid film quality, we intend to use digital projectors in some of the select theaters that cost more than the cost of celluloid film projectors. We also run the risk of a newer emerging digital technology, which may eventually replace the digital technology currently used. In such a scenario, our business and results of operations may be adversely affected.

18. Piracy and home-viewing may reduce the number of cinema patrons.

On account of inadequate enforcement of anti-piracy laws in India, and on account of increasing home-viewing options, the number of cinema patrons may reduce in the future, which may have a material adverse effect on our revenues and our results of operations.

19. We do not own part of the premises of the Registered and Corporate Office of our Company from which we operate. The lease agreement for the same has currently expired and not renewed due to a dispute with the lessor. Unfavorable result in the same may require us to vacate such premises which may have an adverse impact on our business continuity and profitability.

We do not own part of the premises on which the corporate office of our Company is located at Chennai. The lease deed executed by our Company for the premises housing the Corporate Office of our Company has expired

and has not been renewed due to a dispute with the lessor. For details regarding the dispute, please refer “Outstanding Litigations and Material Developments” on page 190 of this Draft Red Herring Prospectus. Also, the lease deeds/agreements entered into by our Company for the office are inadequately stamped and not registered. The potential consequence of this could be that the said lease documents may not be admissible as evidence in a court of law, until the relevant stamp duties and penalties are paid and the relevant registration, if required, is done. Any claim or adverse order/ finding in connection with these properties could adversely affect the operations of our Company.

20. We have not registered copyrights under the Copyright Act, 1957 for any of the artistic work

Our Company has executed agreements with the music director, actor for the production of movie wherein it states that our Company being the author of the film shall be the sole owner of the copyright therein with a full right to make use of the products of the music director’s or actor’s services, the film and all allied and ancillary rights. However, we have not availed any copyright protection from the regulatory authorities by way registering our copyrights. Any delay or failure to adequately protect the copyright, any loss of reputation caused due to any third party use of the same, and/or any costs involved in connection with any litigation in this regard could adversely affect our operations.

21. We have incurred Negative Operating Cash Flow in our previous financial years

Following table illustrates various cash flows of our company for the last three years and for the ten month period ended February 28, 2010:

Particulars	(Rs. in Lacs)			
	10months ended, February 28, 2010	F.Y. ended April 30, 2009	F.Y. ended April 30, 2008	F.Y. ended April 30, 2007
Net Cash flow from Operating Activities	1,552.87	(146.41)	178.13	(756.04)
Net Cash flow from Investing Activities	(1,550.00)	11.72	0.02	66.39
Net Cash flow from Financing Activities	(2.89)	(44.34)	(347.52)	942.65
Net Increase in cash or cash equivalents	(0.02)	(179.03)	(169.37)	253.00

Any negative operating cash flows in the future could entail further borrowings or equity dilutions, which could both affect our results of operations and financial conditions.

22. We have misplaced certain corporate records and approvals in connection with our business.

Some of the records related to corporate, statutory and business were misplaced in transit during the shifting of register office from Bangalore (Karnataka) to Chennai (Tamil Nadu) during 2005-2007. These statutory records relate to a variety of matters which could include but are not limited to the documents filed with ROC for satisfaction of charges, board resolutions relating to transfer of shares etc. These misplaced records and approvals do not have a material impact on the day to day operations of our Company.

23. We have certain contingent liabilities as on the latest audited financials dated February 28, 2010. Crystallization of any of these contingent liabilities could affect our financials.

The contingent liabilities of our Company, as certified by our statutory auditors as on February 28, 2010 are as under:

	<i>(Rs in Lacs)</i>
	Feb-10
Income Tax Demand pending before CIT appeals*	91.71
Total	91.71

*Note - Our Company had made a payment of Rs 30 lacs under protest and the matter is pending before CIT appeals.

In the event this contingent liability gets crystallized, our financial condition may be adversely affected. For further information please see section titled “Financial Statements” beginning on page 147 of this Draft Red Herring Prospectus.

24. Our success depends largely on our senior management and key personnel and our ability to attract and retain them.

We are highly dependent on the senior management of our Company. Our future performance will be affected by the lack of continued service of these persons. We do not maintain key man life insurance for any of the senior members of our management team or other key personnel. Competition for senior management in our industry is intense, and we may not be able to retain such senior management personnel or attract and retain new senior management personnel in the future. The loss of any of the members of our senior management or other key personnel may adversely affect our business, results of operations and financial condition.

25. The success of film production, which is one of our business verticals, depends on directors, scriptwriters, artists and technicians and their loss or unavailability could adversely affect our business.

Film production and its success largely depend upon creativity and individual skills of few people like the directors, scriptwriter, actors and other technicians, which are unique to the individual and may not be readily substituted. Thus the entire success of our movie depends upon the creativity of these important people. Unavailability of dates of directors, actors and other technicians could also delay our projects. Further in case of any dispute with, or loss of any of these people for any reason in the course of production of movies, may adversely affect the completion of the film, which in turn could materially and adversely affect results of our operations.

Lead artists are usually public figures and their image/status in public is very crucial to their popularity. Any defamation to their public image for any reasons whatsoever at the time of release of a film may impact the performance of the film and consequently our operations and profitability, if we are producing/distributing/exhibiting that particular film.

26. Some of our Promoter Group entities and directors have similar business activities to that of our Company's business and this could lead to a potential conflict of interest.

Our Promoter Company, M/s. Global Motion Pictures and Ventures Ltd has main objects similar to that of our company. Even though this company has not commenced commercial operations in the field of entertainment till date, there can be no assurance that it may not do so in the future and hence may pose a potential conflict of interest. Secondly, our Independent Director Mr. C. Vasan is actively involved in the entertainment business in various capacities. These are similar interests to those of our company and hence may pose a potential conflict of interest in the future. For details regarding his business activities please refer "Our Management" beginning on page 108 of this Draft Red Herring Prospectus.

27. Our Company had filed the Draft Red Herring Prospectus with SEBI on previous four occasions.

Our Company filed its Draft Red Herring Prospectus with SEBI on previous four occasions. Our company received the observation from their Southern Regional Office vide letter no. 1(26)/20018/1377 dated June 1, 2000.

Our Company, again approached SEBI, Southern Regional Office, to go public, and had received SEBI's observations; vide their letter no. 1(26)/01002/02/231 dated February 26, 2002. Our Company, in view of the then prevailing market sentiments decided not to proceed with the public issue on the above two occasions.

Our Company again filed its Draft Red Herring Prospectus with SEBI in July 2007. The Book Running Lead Managers through their letter dated December 19, 2007, withdrew the offer document filed with SEBI, due to inconsistency in the financial information, and eligibility criteria.

Our Company again filed its Draft Red Herring Prospectus with SEBI in October 2008. Our company received SEBI's observation vide letter no. CFD/DIL/ISUES/PB/AT/162305/2009 dated May 5, 2009, but in view of the then prevailing market sentiments we decided not to proceed with the public issue.

28. Our Company operates in the entertainment sector, and our revenues can be segregated as revenues from production, distribution and exhibition. However, exhibition is the single largest revenue generating vertical for us, as elaborated below. Any impact on the exhibition business, in terms of increased competition, non-availability of rights to exhibit movie, etc may have a material adverse impact on the revenues and profitability of our Company.

Particulars	10 months		12 months		12 months		12 months	
	28-Feb-2010	%age	30-Apr-09	%age	30-Apr-08	%age	30-Apr-07	%age
Production	-		-		1,423.79	19.34	299.00	6.13
Distribution	250.00	29.63	583.17	27.63	1,197.21	16.26	939.54	19.25
Exhibition	593.75	70.37	1527.66	72.37	4,740.01	64.39	3,641.42	74.62
Total Income from Operations	843.75	100.00	2110.83	100.00	7,361.01	100.00	4,879.96	100.00

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

The events are part of the business of our Company and the management works towards enhancing the value of all stakeholders concerned and accordingly the decisions would be based on the collective merit and furthering the interest of all concerned. However an eventuality may adversely affect the completion of the film, which in turn could materially adversely affect results of our operations.

30. Change in any policies of the government, that regulate the pricing of the tickets may have an effect on our revenues and consequently our profitability.

The Government of Tamil Nadu has put a ceiling on the maximum price of tickets for a movie show in single screen theatres, vide their order no. G.O (Ms) No. 1241, dated December 25, 2006, effective from January 1, 2007. This could have an effect on our revenues. Further, any additional regulatory measures issued by the state or agencies of the state would have an effect on our operations and profitability.

Our Company is also subject to various regulations and policies. For details please refer to the section titled "Key Industry Regulations and Policies" beginning on page 97 of this Draft Red Herring Prospects. Our Company's business and prospects could be adversely affected by changes in any of these regulations and policies, including the introduction of new laws, policies or regulations or changes in the interpretation or application of existing laws, policies and regulations. There can be no assurance that our Company will succeed in obtaining all requisite regulatory approvals in the future for its operations or that compliance issues will not be raised in respect of its operations, either of which would have a material adverse affect on our Company's operations and financial results.

31. Our insurance cover may be inadequate to fully protect us from all losses and may in turn adversely affect our financial condition.

We maintain such insurance coverage as we believe is customary in the industry in which we operate. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. However, we cannot assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. Further, there can be no assurance that any claim under the insurance policies maintained by us will be honored fully, in part or on time. To the extent that we suffer loss or damage that is not covered by insurance or which exceeds our insurance coverage, our results of operations or cash flows may be affected. For details on insurance please refer "Business Overview – Insurance" on page 93 of this Draft Red Herring Prospectus.

32. The valuations of companies in the media/entertainment industry are perceived to be high, which may not be sustained in the future and may also not be reflective of future valuations in the industry and there is no standard valuation methodology.

We are engaged in the business of movie production, distribution and exhibition. The valuations in the media/entertainment industry have been varying substantially in the recent past and hence current valuation may not be reflective of future valuations in the industry. There is no standard valuation methodology in this sector and the valuations in the media/entertainment industry may not be sustained in future and current valuations may not be reflective of future valuations for the industry.

33. Success of the distribution business depends upon the commercial success of various films, where we act as distributors.

Film rights are granted to us for a specified period only and success depends upon the commercial success of the film. In case where a film is distributed on a minimum guarantee basis, we may incur a substantial loss, if the said film is not a box office success. Further, lack of quality content in a film will be reflected in the box office performance and will in turn impact our profitability. The profitability of the distribution business will also depend on the price at which the rights of the film are being purchased/acquired. There is no guarantee that the box office performance will be commensurate with the price paid for acquiring the distribution rights.

EXTERNAL RISK FACTORS

34. The entertainment industry is subject to shifts in tastes and preferences of audiences.

The entertainment industry is prone to unforeseen shifts in tastes and preferences of audiences, which could have an impact on the operations of our Company. Our success will depend on our ability to understand the business environment and adapt/change our business strategy accordingly.

35. The Indian film exhibition sector is highly regulated and changes in regulations may have an adverse effect on our business.

The Indian film exhibition sector is highly regulated by both the central and the state governments. These regulations and policies are detailed and extend to all aspects of building and safety requirements, specify preconditions to be met for licensing requirements, show tax and entertainment tax registrations and the pre-conditions for grant of exemptions from the payment of entertainment tax. These regulations and policies have an important impact on our ability to operate cinemas and the viability of our cinemas in different states. Changes in these regulations may have an adverse effect on our business or render the same unviable by increasing compliance requirements and compliance costs. For further details of Key Industry Regulations and Policies applicable to our Company, please refer page 97 of this Draft Red Herring Prospectus.

36. We are subject to adverse impact of economic and political conditions.

Global economic and political factors that are beyond our control, influence forecasts and directly affect performance. These factors include interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, consumer credit availability, consumer debt levels, tax rates and policy, unemployment trends, terrorist threats and activities, worldwide military and domestic disturbances and conflicts, and other matters that influence consumer confidence, spending and tourism. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude.

37. Terrorist attacks and other acts of violence or war involving India, the United States, and other countries could adversely affect the financial markets, result in a loss of business confidence and adversely affect our business, results of operations and financial condition.

Public places like cinemas have in the past been targets for terrorist attacks and rioting. Any violence in public places such as cinemas could cause damage to life and property, and also impact customer sentiment and their willingness to visit cinemas, which would have a material adverse effect on our business and results of operations. Terrorist attacks and other acts of violence or war, including those involving India, the United States or other

countries, may adversely affect Indian and worldwide financial markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect our business, results of operations and financial condition. Increased volatility in the financial markets and economic recession can have an adverse impact on the economies of India and other countries.

38. Volatility of share prices on listing

After this Issue, the price of our Equity Shares may be highly volatile, or an active trading market for our Equity Shares may not develop. The prices of our Equity Shares on the Stock Exchanges may fluctuate as a result of several factors, including:

1. Volatility in the Indian and global securities market;
2. Our results of operations and performance, in terms of market share;
3. Performance of the Indian economy;
4. Changes in Government policies;
5. Changes in the estimates of our performance or recommendations by financial analysts;
6. Perceptions about our future performance or the performance of Entertainment and Media companies generally;
7. Performance of our Company's competitors in the entertainment and media Industry and market perception of investments in the entertainment and media Industry;
8. Adverse media reports on our Company or the entertainment and media Industry;
9. Changes in the applicable tax incentives;
10. Significant developments in India's economic liberalization and deregulation policies; and
11. Significant developments in India's fiscal and environmental regulations.

39. You will not be able to immediately sell any of our Equity Shares purchased through this Issue on stock exchanges.

Our Equity Shares are proposed to be listed on BSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors' demat accounts with depository participants in India are expected to be credited within two working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. Thereafter, upon receipt of trading approval from the Stock Exchange, trading in the Equity Shares is expected to commence within seven working days of the date on which the basis of allotment is approved. Until such time, as trading approvals are received from the BSE you will not be able to sell any of our Equity Shares issued through the Issue.

40. A significant change in the Government of India's economic liberalization and deregulation policies or Key Industries Regulations could disrupt our business and cause the price of our Equity Shares to decline.

Our assets and customers are predominantly located in India. The Government has traditionally exercised and continues to exercise a dominant influence over many aspects of the economy. Its economic policies have had and could continue to have a significant effect on private sector entities, including us, and on market conditions and prices of Indian securities, including the Equity Shares. Also, any change in Key Industry Regulations as mentioned on Page 97 of this Draft Red Herring Prospectus can cause disruptions to our business and profitability.

Prominent Notes:

- i Pre-Issue Net Worth of our Company as on February 28, 2010 is Rs. 5,461.95 lacs.
- ii Post-Issue Net Worth of our company is Rs. [●].
- iii Public Issue of [●] Equity Shares of Rs 10 each at Rs [●] (including share premium of Rs. [●] per Equity Shares) aggregating to Rs. 6000 Lacs. (“the Issue”) by Midvalley Entertainment Limited (‘Midvalley’ or ‘the Company’ or the ‘Issuer’). The Net Issue to the public will constitute [●]% of the fully diluted post-issue equity share capital of the Company.
- iv Book Value per share of our Company as on February 28, 2010 is Rs. 21.29.
- v The average cost of acquisition of Equity Shares of the promoters is given below

Sr. No	Name of our Promoters	Average cost of acquisition of shares (Rs.)
1.	Unigold Pacific Limited	15.00
2.	Kiara Enigma Sdn. Bhd	15.00
3.	Global Motion Pictures Ventures Ltd.	12.42

- vi Our Company has not issued any bonus shares since inception.
- vii Our Company has not issued any Equity Shares for consideration other than cash.
- viii Investors may please note that in the event of over-subscription, allotment shall be made on a proportionate basis in consultation with BSE, the Designated Stock Exchange.
- ix No part of the Issue proceeds will be paid as consideration to Promoters, Directors, Key Managerial Personnel, Associate Companies or Group Companies.
- x This Issue is being made under sub-regulation (1) of Regulation 26 of the SEBI (ICDR) Regulations, 2009 and through the 100% Book Building Process wherein upto 50% of the Issue will be available for allocation to Qualified Institutional Buyers (“QIB”) on a proportionate basis, subject to valid bids being received at or above the Issue Price. Provided that our Company may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis out of which one-third shall be reserved for domestic Mutual Funds. Further at least 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 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 issue price.
- xi For details of our related party transactions please refer “Annexure 19” of the “Auditors Report” on page 170 of this Draft Red Herring Prospectus.
- xii For details regarding the changes in the name and main object clauses of our company please refer “History and Certain Corporate Matters” on page 103 of this Draft Red Herring Prospectus.
- xiii There are no financing arrangements whereby the promoter group, the directors of the company which is a promoter of the issuer, the directors of the issuer and their relatives have financed the purchase by any other

person of securities of the issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing this Draft Red Herring Prospectus.

- xiv Investors may contact the BRLM or the Compliance officer for any complaint / clarification / information pertaining to the issue. For contact details of the BRLM please refer to the front cover page.
- xv Our Company and the BRLM shall update this Draft Red Herring Prospectus in accordance with the Companies Act, 1956. All information shall be made available by our 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.
- xvi Trading in Equity Shares for all investors shall be in dematerialized form only.
- xvii For details regarding our contingent liabilities please refer to “Annexure 20” of the Auditor’s report.

SECTION III: INTRODUCTION

SUMMARY OF OUR INDUSTRY

The information in this section has been extracted from publicly available documents prepared by various third party sources, including the Government of India and its various ministries and certain multilateral institutions. This data has not been prepared or independently verified by us or the BRLM or any of their respective affiliates or advisors. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled "Risk Factors" in this Draft Red Herring Prospectus. Accordingly, investment decisions should not be based on such information.

Overview of the Indian Media & Entertainment Industry

According to a joint report of KPMG and an industry chamber the Indian Media and Entertainment (M&E) industry stood at US\$ 12.9 billion in 2009 registering a 14 per cent growth over last year and is projected to grow at a compound annual growth rate (CAGR) of 13 per cent to reach the size of US\$ 24.04 billion by 2014.

Its various segments – Film, Television, Advertising, Print and Digital among others – have witnessed tremendous growth in the last few years. In the last few years there has been an exponential growth in the number of television channels and also private FM radio operators.

It is one sector which responds extraordinary to GDP growth with a multiplier. When incomes rise, more resources get spent on leisure. Growth in infrastructure, technology, and institutional support for the information and broadcasting (I&B) sector was in consonance with overall national development perspective. Film, information, and broadcasting sectors of the economy have achieved formidable strength. The share of I&B sector in total employment, income, and investment has gone up significantly. Issues in the national scenario of this sector revolved around foreign investment, regulation, intellectual property rights, content enrichment, restructuring of Prasar Bharati, digitalization and maintaining archives of the entire spectrum of I&B media unit.

SWOT Analysis of Media and Entertainment Industry

Strengths:

1. Media & Entertainment is one of the most booming sectors in India due to its vast customer reach. The various segments of the Media & Entertainment industry like television and film industry have a large customer base.
2. The growing middle class with higher disposable income has become the strength of the Media and Entertainment industry.
3. Change in the lifestyle and spending patterns of the Indian masses on entertainment.
4. Technological innovations like online distribution channels, web-stores, multi- and Mega- Plexes are complementing the ongoing revolution and the growth of the sector.
5. Indian film industry is second largest in the world and the largest in terms of the films Produced and tickets sold.
6. The low cost of production and high revenues ensure a good return on investment for Indian Media & Entertainment industry.

Weaknesses:

1. The Media and Entertainment sector in India is highly fragmented.
2. Lack of cohesive production & distribution infrastructure, especially in the case of music industry.
3. The lack of efforts for media penetration in lower socio-economic classes, where the media penetration

Opportunities:

1. The concept of crossover movies, such as Bend It Like Beckham has helped open up new doors to the crossover audience and offers immense potential for development.
2. The increasing interest of the global investors in the sector.
3. The media penetration is poor among the poorer sections of the society, offering opportunities for expansion in the area.
4. The nascent stage of the new distribution channels offers an opportunity for development.
5. Rapid de-regulation in the Industry
6. Technological innovations like animations, multiplexes, etc and new distribution channels like mobiles and Internet have opened up the doors of new opportunities in the sector

Threats:

1. Piracies, violation of intellectual property rights pose a major threat to the Media And Entertainment companies.
2. Lack of quality content has emerged as a major concern because of the 'Quick- buck' route being followed in the industry.
3. With technological innovations taking place so rapidly, the media sector is facing considerable uncertainty about success in the marketplace.

(Source: MVEL Management)

Overview of the Indian Film Industry

Next to Hollywood, Indian film industry is said to be the largest in the world. And it is the largest in terms of films produced & tickets sold.

The Indian film industry constitutes films made in India in a variety of languages. According to Industry Statistics, most films are made in Hindi (350) followed by Telugu (300) and the remaining in other languages. The industry size is estimated at INR 20,000 Crores (around USD 4 Billion) & a typical share of source of revenue is: 70% from ticket sales, 8% overseas rights, 8% music rights, 8% TV, DVD mobile, gaming rights etc and about 4% from Hollywood films, either dubbed or original.

According to the Annual Report, 2009 of CBFC, India is the world's largest producer of films. In 2009, India produced a total of 2961 films on celluloid including a staggering figure of 1288 feature films. The provision of 100% foreign direct investment has made the Indian film market attractive for foreign enterprises such as 20th Century Fox, Sony Pictures, and Warner Bros. The growing size of this market has also propped up prominent Indian enterprises such as Zee, UTV, Adlabs and Sun Network's Sun Pictures who have started participated in producing and distributing films directly.

Regional (especially southern) films command more than 50 per cent of the total Indian feature film market with the rest being commanded by Hindi films. The same is depicted in the illustration below:

Sr.No.	Language	Mum	Kol	Che	Ban	Thi	Hyd	Del	Cut	Guw	TOTAL
1	Hindi	163	-	16	10	3	41	2	-	-	235
2	Marathi	99	-	-	-	-	-	-	-	-	99
3	Gujarati	62	-	-	-	-	-	-	-	-	62
4	Tamil	7	-	146	2	9	26	-	-	-	190
5	Punjabi	15	-	-	-	-	-	-	-	-	15
6	Bengali	5	75	-	-	-	-	-	4	-	84
7	Bhojpuri	60	3	-	-	-	1	-	-	-	64
8	English	8	-	-	-	-	-	1	-	-	9
9	Telugu	12	-	27	6	2	171	-	-	-	218
10	Kannada	2	-	-	175	-	-	-	-	-	177
11	Nepali	1	-	-	-	-	-	-	-	-	1
12	Rajasthani	4	-	-	-	-	-	1	-	-	5
13	Haryanvi	1	-	-	-	-	-	-	-	-	1
14	Assamese	1	-	-	-	-	-	-	-	4	5
15	Malayalam	1	-	1	4	77	11	-	-	-	94
16	Rajbanshi	-	1	-	-	-	-	-	-	-	1
17	Nagpuri	-	1	-	-	-	-	-	-	-	1
18	Oriva	-	1	-	-	-	-	-	16	-	17
19	Maithili	-	1	-	-	-	-	-	-	-	1
20	Santhali	-	1	-	-	-	-	-	1	-	2
21	Kodava	-	-	-	1	-	-	-	-	-	1
22	Sambalpuri	-	-	-	-	-	-	-	1	-	1
23	Mishing	-	-	-	-	-	-	-	-	1	1
24	Konkani	3	-	-	1	-	-	-	-	-	4
	TOTAL	444	83	190	199	91	250	4	22	5	1288

MUM-Mumbai, **KOL**-Kolkata, **CHE**-Chennai, **BAN**-Bangalore, **THI**-Thiruvananthapuram, **HYD**-Hyderabad, **DEL**- Delhi, **CUT**-Cuttack, **GUW**-Guwahati

Source: Annual Report, 2009 of CBFC, India

According to the joint report by KPMG and an industry chamber, the film industry contracted 14 per cent growth in 2009 wherein the industry is projected to grow at a CAGR of 9 per cent to touch an estimated amount of US\$ 3.02 billion over the next five years. Growth drivers for the sector would include expansion of factors like an increase in the number of multiplex screens, digital screens facilitating wider releases, higher cable and satellite revenues, improving collections from the overseas markets and supplementary revenue streams like DTH, digital downloads, etc, which are expected to emerge in future.

SUMMARY OF OUR BUSINESS

We are Film Production, Distribution and Exhibition Company, actively engaged in the media and entertainment industry in South India. We have presence in the media and entertainment activity from concept to completion i.e. from script to screen. We produce, distribute and exhibit movies both in Indian and foreign languages. We also hold the music, video and television rights of movies, television serials for sales to TV Channels and other emerging media sources. We intend to emerge as one of the leading theatre chain in Southern India. We have currently entered into screening agreements with 46 theatres in distribution territories of Hyderabad and Tamil Nadu.

Our current business includes Production, Distribution and exhibition of movies and we also plan to foray into the field of Combined Entertainment Plexes (CEPs) and Drive-In Open air theatres by way of organic as well as inorganic growth.

Our Competitive Strengths

- **Strategic location of theatres.**

We forayed into the exhibition business by entering into screening agreements with theaters. All our screens are located in B & C category towns, where quality theatres are absent. Hence we are in a position to take the advantage by providing people with better movie viewing experience through improved and hygienic conditions.

- **Highly experienced and qualified promoters and core-management team**

Our promoters and core-management team have global experience and qualifications and the same would enable us to develop strong business models and execute plans effectively. For further details regarding our promoters and our core-management team please refer “Our Management” and “Our Promoters and Promoters Group” on pages 108 and 124 respectively of this Draft Red Herring Prospectus respectively.

- **Capital-efficient project design and execution**

Our projects are planned and conceived in a manner that each property is profitable on a standalone basis. We use our internal skills to assess the location and demographics and decide on capital expenditure accordingly. The properties on which we operate are not owned by us. We manage these properties pursuant to agreements entered into with the respective owners of the properties. Apart from stand-alone profitability of each site, it also ensures an efficient use of capital.

- **Selection of content**

Due to our experience in content selection and programming for many theatres and a deep understanding of different film genres (developed in our distribution business), we are well-placed to exploit each film available in the market. A standard acquisition procedure is in place and films are stringently reviewed before a decision to invest is taken by our management. The same is while selecting content for the production of a movie.

- **Presence from Script to Screen**

We have presence in the entire value chain of the film industry, i.e. production, distribution and exhibition, thus integrating the production and the last mile access platform for movie delivery and our presence from script to screen.

Our Business Strategy

According to CBFC India, Indian film industry is the largest in the world producing over a thousand films in a year, seen in over 13000 cinema halls. Our goal is to create a strong theatre chain in southern India. Our business strategy is to:

- ✓ Acquire right to screen movies by entering into screening agreements with single screen theatres in B & C category towns
- ✓ Convert them into digital theatres
- ✓ Improve the ambience and outlook
- ✓ Upgrade the infrastructure in these theatres and install digital projection equipment on selective basis with an objective to take movies to the Indian masses and to make movie going a part of life for viewers
- ✓ Continue to provide the better exhibition standards to achieve customer delight.
- ✓ By having a chain of theaters across certain territories under our command, we shall be able to have higher bargaining power with the distributors, equipment suppliers, and advertising agencies, hence bringin in the advantages of economies of scale.
- ✓ Increase revenue from advertisers. As we increase our number of cinema screens there will be an increase in the number of our patrons, which will increase the attractiveness of our cinema circuit to advertisers. This should enable us to increase our advertisement revenue.
- ✓ Our Company currently has entered into screening agreements with 46 theaters. Further, we also propose to enter into similar screening agreements with additional 300 theatres. Distribution of Movies in synergy with the exhibition chain would lead to savings in cost and elimination of the middle man thus enhancing savings and profitability.
- ✓ We intend to add another 300 screens in B & C category towns by June 2011 and also modernize 100 theatres. These theatres will be provided with modern technologies like digital screen projectors and DTS sound system. Digitalization will result into saving in print costs and enable wide release of movies. Handling costs are also eliminated in case of digital projections.
- ✓ We intend to increase our focus on the locations in which the proposed screening rights acquisitions happen. Since de-hiring of over 40 screens in the last year, for lower market demand and lack of basic infrastructure facilities, our core business strategy shall focus on locational benefits before entering into screening rights.

SUMMARY OF OUR FINANCIAL INFORMATION

The following summary of financial data, has been prepared in accordance with Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations and restated as described in the Auditor's Report of our statutory auditor's, Venkatesh & Co., Chartered Accountants dated August 14, 2010 in the section titled 'Auditors Report'. You should read this financial data in conjunction with our financial statements for each of year/period ended 28th February 2010(10 months), 30th April 2009, 30th April 2008, 30th April 2007, 30th April 2006 and 31st March 2005 including the Notes thereto and the Reports thereon, which appears under the paragraph on 'Auditors Report' in this Draft Red Herring Prospectus, and 'Management's Discussion and Analysis of Financial Condition and Results of Operations of our Company' as reflected in the Financial Statements' on page 147 and 175 respectively.

STATEMENT OF ADJUSTED ASSETS AND LIABILITIES

Amount Rs. in lacs

<u>Particulars</u>	Year / Period Ended					
	10 month	12 month	12 month	12 month	13 month	12 month
	28-Feb-10	30-Apr-09	30-Apr-08	30-Apr-07	30-Apr-06	31-Mar-05
ASSETS						
Fixed Assets:						
Gross Block	2,373.10	823.10	858.42	858.46	787.08	716.51
Less: Depreciation & Amortization	192.77	178.17	187.41	161.60	135.08	108.31
Less: Amortization of Satellite Rights	423.69	275.71	227.82	179.74	131.79	79.90
Net Block (A)	1,756.64	369.22	443.19	517.12	520.21	528.30
Investments (B)	-	-	-	-	0.85	-
Current Assets, Loans and Advances:						
Inventories(Net of Provision for diminution in value)	1,494.68	1,685.67	2,288.69	2,039.84	2,003.34	1,678.62
Sundry Debtors	1,565.31	2,644.38	1,858.46	424.59	489.68	176.94
Cash and Bank Balances	1.05	1.07	180.10	349.47	96.47	2.51
Loans and Advances	1,956.28	1,958.88	1,785.06	2,307.28	528.78	441.13
Total (C)	5,017.32	6,290.00	6,112.31	5,121.18	3,118.27	2,299.20
Liabilities and Provisions:						
Secured Loans	4.22	7.11	8.73	17.56	17.36	273.62
Unsecured Loans	-	-	-	293.16	51.23	76.47
Deferred Tax Liability	181.06	255.67	124.74	29.83	15.25	18.94

Current Liabilities	128.76	98.85	62.66	162.62	70.26	458.21
Provisions	997.97	915.20	904.48	551.65	135.66	29.63
Total (D)	1,312.01	1,276.83	1,100.61	1,054.82	289.76	856.87
NET WORTH (A+B+C-D)	5,461.95	5,382.39	5,454.89	4,583.48	3,349.57	1,970.63
REPRESENTED BY						
Share Capital	2,565.31	2,565.31	2,565.31	2,565.31	2,102.54	1,374.27
<i>(Issued, Subscribed and paid up)</i>						
Reserves and Surplus						
-Share Premium	973.16	973.16	973.16	973.16	921.77	557.63
-Surplus as per P & L a/c.	1,923.48	1,892.78	1,939.84	1,053.24	325.99	38.73
Miscellaneous Expenditure	-	48.86	23.42	8.23	0.73	-
<i>(to the extent not w/ off)</i>						
NET WORTH	5,461.95	5,382.39	5,454.89	4,583.48	3,349.57	1,970.63

STATEMENT OF ADJUSTED PROFIT AND LOSS ACCOUNT

Amount Rs. in lacs

<u>Particulars</u>	<u>Period / Year Ended</u>					
	10 month	12 month	12 month	12 month	13 month	12 month
	28-Feb-10	30-Apr-09	30-Apr-08	30-Apr-07	30-Apr-06	31-Mar-05
INCOME						
<u>Production</u>						
Export of Serials and Films	-	-	-	-	7.41	10.14
Income from Serials	-	-	-	-	-	-
Sale of Programs / Feature Films	-	-	1,423.79	299.00	1,282.38	1,300.67
<u>Distribution</u>						
Distribution of Films	250.00	583.18	1,197.21	939.54	-	243.84
Sale of Rights	-	-	-	-	-	0.08
<u>Exhibition</u>						
Theatre Collection	593.75	1,527.66	4,738.21	3,636.86	45.88	0.60
Theatre Stall Income	-	-	1.80	4.56	0.30	-
Theatre Slide Show Income	-	-	-	-	0.03	-
<u>Others</u>						
Other Income	0.52	5.59	1.92	2.49	4.70	9.09
Total	844.27	2,116.43	7,362.93	4,882.45	1,340.70	1,564.42
EXPENDITURE						
Cost of Production/ Distribution/ Purchase of Films	369.24	963.59	5,299.45	3,594.50	919.76	1,354.72
Administrative Expenses	33.70	137.20	138.76	86.47	61.02	67.77
Bad debts written off	-	-	-	-	-	39.80
Total	402.94	1,100.79	5,438.21	3,680.97	980.78	1,462.29
PBDIT	441.33	1,015.64	1,924.72	1,201.48	359.92	102.13
Less:- Depreciation	14.60	22.96	25.84	26.53	26.76	14.98
Amortization of Satellite Rights	147.98	47.89	48.08	47.95	51.89	19.12
- Provision towards diminution in value of inventories	15.03	15.82	10.62	11.51	12.12	12.75
Amortization of Distribution Rights	175.96	820.68	472.50	75.60		
Preliminary Expenses Written off	48.86	12.36	29.62	12.22	23.47	0.04
PBIT	38.90	95.93	1,338.06	1,027.67	245.68	55.24
Less:- Interest	0.05	1.31	3.73	4.75	1.16	14.71
Profit before taxation and	38.85	94.62	1,334.33	1,022.92	244.52	40.53

exceptional items						
Add/(Less): Exceptional Items						
- Surplus on OTS with Bank	-	-	-	-	103.62	-
- Profit on Sale of Land	-	-	-	-	74.26	-
- Profit on Sale of Subsidiary	-	-	-	136.93	-	-
Profit after exceptional items and before taxation	38.85	94.62	1,334.33	1,159.85	422.40	40.53
Less: Provision for Tax						
- Current Tax (including relating to earlier years)	82.77	10.72	351.17	417.02	138.17	26.57
- Deferred Tax / (reversal)	(74.62)	130.96	94.91	14.58	(3.68)	(1.64)
- Fringe Benefit Tax	-	-	1.65	1.00	0.66	-
Profit after Taxation	30.70	(47.06)	886.60	727.25	287.25	15.60
Balance brought forward	1,892.78	1,939.84	1,053.24	325.99	38.73	23.15
Balance Carried over to Balance Sheet	1,923.48	1,892.78	1,939.84	1,053.24	325.99	38.73

BRIEF DETAILS OF THE ISSUE

Issue Structure

No. of Equity Shares to be issued	[●] Equity Shares
<i>Of which:</i>	
- QIB Portion	
<i>- Of which:</i>	
(i) Anchor Investor Portion	Upto [●] Equity Shares
(ii) Net QIB Portion	Upto [●] Equity Shares
- Available for Mutual Funds only	[●] Equity Shares
- Balance of QIB Portion (available for QIB's including Mutual Funds)	[●] Equity Shares
- Non-Institutional Portion	Not less than [●] Equity Shares
- Retail Portion	Not less than [●] Equity Shares
<i>Allocation to all categories shall be made on a proportionate basis.</i>	

For further details regarding the issue structure see “Issue Structure” on page 214 of this Draft Red Herring Prospectus.

Pre and Post Issue Equity Shares

Equity Shares outstanding prior to the Issue	2,56,53,140
Equity Shares outstanding after the Issue	[●]

Use of Proceeds

See “Objects of the Issue” on page 55 of this Draft Red Herring Prospectus for information about the use of the Issue proceeds.

GENERAL INFORMATION

Incorporation

Our Company was incorporated as ‘CTV Entertainment Private Limited’ at Bangalore, Karnataka, vide Certificate of Incorporation dated July 12, 1989 under the provisions of the Companies Act, 1956. The name of our Company was changed to CEE (I) TV Entertainment Private Limited vide fresh certificate of incorporation dated on January 28, 2000. Subsequently, our Company was converted into a public limited company vide fresh certificate of incorporation February 04, 2000. We further changed the name of our Company to Midvalley Entertainment Limited vide a fresh certificate of incorporation dated December 27, 2005. For details of changes in our Registered Office, please refer section titled “History and Certain Corporate Matters” beginning on page 103 of this Draft Red Herring Prospectus.

Registered Office:

9th Floor, Gee Gee Emerald,
312, Valluvar Kottam High Road,
Nungambakkam,
Chennai – 600 034,
Tamil Nadu, India

Tel No: +91-44-3063 2454/55;

Fax No: +91-44-3063 2453;

E-mail: ipo@mvel.in;

Website: www.mvel.in

Contact Person: Mr. S.N. Madhavan Company Secretary & Compliance Officer

Company Identification Number: U85110TN1989PLC062297

Address of the Registrar of the Companies

The Company is registered with the Registrar of Companies Tamil Nadu, Chennai, situated at: Block No.6, B-Wing, 2nd Floor, Shastri Bhawan, 26, Haddows Road, Chennai – 600 034.

Our Board of Directors

Name	Designation	DIN
Mr. Datuk K. Ketheeswaran	Non executive Chairman/Director	01410448
Mr. R. Chandrasegaran	Non-Executive Director	01418077
Mr. Sudhir Kumar Jena	Non-Executive and Independent Director	00374925
Mr. K. Murugavel	Executive Director cum COO	03075202
Mr. K. Ramadasan	Non-Executive and Independent Director	01794344
Mr. C. Vasan	Non-Executive and Independent Director	01111703

For a detailed profile of our Directors, please refer to the chapter titled ‘Our Management’ beginning on page 108 of this Draft Red Herring Prospectus.

Company Secretary and Compliance Officer

Mr. S.N. Madhavan

Midvalley Entertainment Limited

9th Floor, Gee Gee Emerald

312, Valluvar Kottam High Road

Nungambakkam, Chennai – 600 034

Tel No: +91-44-30632454/55

Fax No: +91-44-30632453

E-mail: ipo@mvel.in;

Website: www.mvel.in

Investors can contact the Compliance officer in case of any Pre-Issue or Post Issue related problems such as non-receipt of letters of allotment of shares in the respective beneficiary account, refund orders etc.

Book Running Lead Manager to the Issue

Aryaman Financial Services limited

60, Khatau Building, Gr. Floor,

Alkesh Dinesh Modi Marg,

Opp. P.J. Tower (BSE Bldg.)

Fort, Mumbai-400 001

Tel.: +91-22-22618264/8635

Fax: +91-22-22630434

E-mail: info@afsl.co.in

Website: www.afsl.co.in

Contact Person: Mr. Deepak Biyani / Mr. Viral Shah

Legal Advisor to the Issue

MSB Legal (Advocates & Legal Consultants)

3, Jeevan Vihar, 2nd Floor

75, Mumbai Samachar Marg

Opp. Bombay Stock Exchange

Fort, Mumbai-400 023

Tel.: +91-22-2261 6071/72

Telefax: +91-22-2261 6070

E-mail: msblegal@gmail.com

Contact Person: Mr. M.S. Bhardwaj

Registrar to the Issue

Cameo Corporate Services Limited

SEBI Registration No: INR000003753

Subramanian Building No.1,

Club House Road,

Chennai - 600 002.

Tel. No: +91-44-2846 0390/1989
Fax No: +91-44-2846 0129
Website: www.cameoindia.com
E-mail: investor@cameoindia.com
Contact Person: Mr. R.D. Ramasamy

Statutory Auditors to our Company

M/s. Venkatesh & Co.

Chartered Accountants
Sri Ranaga, 151, Mambalam High Road,
T Nagar, Chennai - 600 017.
Tel No: +91-44-28144763-66
Fax No: +91-44-2814763
Email: venkateshandco@dataone.in
Contact Person: Mr. V. Dasaraty

Bankers to the Company

Lakshmi Vilas Bank

The Lakshmi Vilas Bank Ltd.,
Nungambakkam Branch,
1st Floor, SFI Complex,
175, Valluvar Kottam High Road,
Nungambakkam, Chennai 600 034.
Tel No: +91-44-2827 1349.
Contact person: K. S. Muralitharan

Syndicate Member(s)

[•]

Bankers to the Issue and Escrow Collection Banks

[•]

Refund Banker to the Issue

[•] The Refund Banker to the Issue shall be finalized before filing the Prospectus with RoC.

IPO Grading Agency

[•] The IPO Grading Agency shall be finalized before filing the Prospectus with RoC.

Brokers to the Issue

All members of the recognized Stock Exchanges would be eligible to act as Brokers to the Issue.

Self Certified Syndicate Banks

- [●] The list of eligible SCSB(s) shall be incorporated before filing the Prospectus with RoC.

Credit Rating

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

Trustees

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

Project Appraisal and Monitoring Agency

The project is not appraised by any Bank/Financial Institution.

Since our proposed IPO size shall not exceed Rs. 500 crore, we do not propose to appoint a Monitoring Agency. However, as per the Clause 49 of the Listing Agreement to be entered into with the stock exchanges upon listing of the equity shares and the Corporate Governance Requirements, the Audit Committee of our Company, would be monitoring the utilization of the proceeds of the Issue.

Statement of Responsibility

Aryaman Financial Services Limited is the sole BRLM to the Issue and shall be responsible for carrying out all the issue related activities

Book Building Process

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

The principal parties involved in the Book Building Process are:

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

The Issue is being made through a 100% Book Building Process wherein up to 50% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers, out of which 5% of QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remaining QIB portion shall be available for allocation on a proportionate basis to all Qualified Institutional Buyers, including Mutual Funds, subject to valid bids being received at or above Issue Price. Further not less than 15% of the Net Issue shall be available for allocation on proportionate basis to Non-Institutional Bidders and not less than 35% of the Net

Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders subject to valid bids being received from them at or above the Issue Price.

Our Company shall comply with Regulations issued by SEBI for this Issue. In this regard, our Company has appointed M/s. Aryaman Financial Services Limited, as the BRLM to manage the Issue and to procure subscription to the Issue.

Under the SEBI Regulations, QIBs are not allowed to withdraw their Bids after the Bid/Issue Closing Date.

In addition, QIBs are required to pay the QIB Margin Amount, representing at least 100% of the Bid Amount, upon submission of their Bids. Allocation to QIBs will be on a proportionate basis. For details, please refer the chapter titled 'Issue Structure' beginning on page 214 of this Draft Red Herring Prospectus.

All Bidders have the option to submit their Bids under the "ASBA Process", which would entail blocking of funds in the investor's bank account rather than transfer of funds to the respective Escrow Accounts. For details, please refer "Issue Procedure" beginning on page 217 of the Draft Red Herring Prospectus.

The process of book building under the SEBI Regulations is subject to change. Investors are advised to make their own judgment about an investment through this process prior to submitting a Bid in the Issue.

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

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 25 to Rs. 30 per share, Issue size of 3000 equity shares and receipt of six bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the website of the BSE (www.bseindia.com) and NSE (www.nseindia.com). The illustrative table as shown below shows the demand for the shares of the company at various prices and is collated from bids from various investors.

No. of equity shares bid for	Bid Price (Rs.)	Cumulative equity shares bid	Subscription
500	30	500	16.67%
750	29	1250	41.66%
1000	28	2250	75.00%
750	27	3000	100.00%
2750	26	5750	191.66%
2500	25	8250	275.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e. Rs. 27 in the above example. The Issuer in consultation with the BRLM will finalize the issue price at or below such cut off price i.e. at or below Rs. 27. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective categories.

Steps to be taken by the Bidders for bidding:

- Check eligibility for making a Bid. Please refer to 'Issue Procedure- Who Can Bid as an ASBA Investor' and "Issue Procedure – Who can bid" on pages 217 and 226 of this Draft Red Herring Prospectus respectively;
- Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
- Ensure that the Bid cum Application Form, including the ASBA Form is duly completed as per the instructions given in the Draft Red Herring Prospectus and in the Bid cum Application Form; and
- Provide PAN card details on the Bid cum Application Form / ASBA Form without which the documents will be considered incomplete and are liable to be rejected. It is to be specifically noted that Bidders should not provide the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.
- The Bidder should ensure the correctness of his or her Demographic Details (as defined in 'Issue Procedure- "Bidder's Depository Account Details" and "Bidder's Bank Details"' on page 242 of this Draft Red Herring Prospectus) given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant so as to ensure receipt of allotment advice/refund orders with correct details at his/her present address

For further details, please refer the chapter titled 'Issue Procedure' beginning on page 217 of this Draft Red Herring Prospectus.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue anytime after the Issue Opening Date without assigning any reason therefore. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply only for after Allotment, and (ii) the final ROC approval of the Prospectus after it is filed with the Stock Exchanges.

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

Issue Program

Issue opens on: [●]

Issue Closes on: [●]

Our Company may consider participation by Anchor Investors for upto [●] Equity Shares in accordance with applicable SEBI (ICDR) Regulations, 2009. The Anchor Investor Bid/ Issue Period shall be one working day prior to the Bid/ Issue Opening Date.

Bids and any revision in Bids shall be accepted only between **10.00 a.m.** and **3.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid cum Application

Form except that on the Bid/Issue Closing Date (excluding ASBA Bidders), Bids shall be accepted only between **10.00 a.m. to 1.00 p.m.** (Indian Standard Time) and uploaded till

- (i) 5.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders and where the Bid Amount is in excess of Rs. 100,000 and
- (ii) till such time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion where the Bid Amount is up to Rs. 100,000.

It is clarified that Bids not uploaded in the book, would be rejected. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid form, for a particular bidder, the details as per physical application form of that Bidder may be taken as the final data for the purpose of allotment. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Bid cum Application Form submitted through the ASBA process, for a particular ASBA Bidder, the Registrar to the Issue shall ask for rectified data from the SCSB.

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. All times are Indian Standard Time. 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, some Bids may not be uploaded due to lack of sufficient time to upload and such Bids that cannot be uploaded will not be considered for allocation under the Issue and the Company, the BRLM and the members of the Syndicate shall not be responsible for this. Bids will only be accepted 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 received by Retail 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 BRLM to the Stock Exchange within half an hour of such closure.

Our Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Regulations. The cap on the Price Band should not be more than 120 % of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20 % of the floor of the Price Band advertised at least one day before the Bid/Issue opening date.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of Price Band subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the NSE and the BSE, by issuing a press release, and also by indicating the change on the websites of the BRLM and at the terminals of the Syndicate. The Price Band will be decided by our Company in consultation with the BRLM.

Underwriting Agreement

After the determination of the Issue Price but prior to filing of the Prospectus with the RoC, our Company may enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered in the Issue. Pursuant to the terms of the Underwriting Agreement, if entered into, the BRLM's shall be responsible for

bringing in the amount devolved in the event that the members of the Syndicate do not fulfill their underwriting obligations. The Underwriting shall be to the extent of the bids uploaded by the Underwriter including through its syndicates / sub-syndicates. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriter are several and are subject to certain conditions to closing, as specified therein.

The Company has not yet appointed or discussed with any underwriters nor have any underwriters indicated their intention to underwrite any of the Equity Shares offered in the Issue
(This portion has been intentionally left blank and will be completed before filing of the Prospectus with the RoC.)

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

CAPITAL STRUCTURE

Our share capital as on the date of this Draft Red Herring Prospectus is set forth below:

Sr. No.	Particulars	Aggregate Value at Face Value	Aggregate Value at Issue Price
A	Authorized Share Capital		
	4,50,00,000 Equity Shares of face value of Rs. 10/- each	45,00,00,000	
	Issued, Subscribed & Paid-up Share Capital before the Issue		
B			
	2,56,53,140 Equity Shares of Rs. 10/- each	25,65,31,400	
C	Present Issue in terms of this Draft Red Herring Prospectus**		
	Fresh Issue of [●] Equity Shares	[●]	[●]
	Of which		
	QIB Portion		
	Up to [●] Equity Shares	[●]	[●]
	Non-Institutional Portion		
	Not less than [●] Equity Shares	[●]	[●]
	Retail Portion		
	Not less than [●] Equity Shares	[●]	[●]
D	Equity Share Capital after the Issue		
	[●] Equity Shares of Rs. 10/- each	[●]	[●]
E	Share Premium Account		
	Before the issue		9,73,15,170
	After the Issue [#]		[●]

[#] The Share Premium Account shall be determined after the Book Building Process

******The present issue has been authorized pursuant to a resolution of our Board dated April 22, 2010 and by special resolution passed under Section 81(1A) of the Companies Act, 1956 at an Annual General Meeting of our shareholders held on May 28, 2010. .

Our Company may consider participation by Anchor Investors for allotment upto [●] Equity Shares in accordance with applicable SEBI (ICDR) Regulations, 2009. The allocation to Anchor Investors shall be a portion of the Net Issue, being up to 30% of the portion available to QIBs, being [●] Equity Shares.

Details of Increase in Authorized Capital

Date of Change	Increase in No. of Equity Share	Face Value (In Rs.)	Cumulative No. of Equity Share	Cumulative Authorised equity share capital (In Rs.)
Incorporation	5,00,000	10	5,00,000	50,00,000
25-08-1994	35,00,000	10	40,00,000	4,00,00,000
02-11-1998	20,00,000	10	60,00,000	6,00,00,000
27-12-1999	45,00,000	10	1,05,00,000	10,50,00,000
24-12-2001	60,00,000	10	1,65,00,000	16,50,00,000
30-09-2005	35,00,000	10	2,00,00,000	20,00,00,000
09-11-2005	15,00,000	10	2,15,00,000	21,50,00,000
09-05-2006	1,90,00,000	10	4,05,00,000	40,50,00,000
13-10-2008	45,00,000	10	4,50,00,000	45,00,00,000

NOTES TO CAPITAL STRUCTURE

1. Share Capital Build-up of our Company

Date of Allotment	No. of Equity Share	Face Value (In. Rs.)	Issue Price (In. Rs.)	Remarks	Cumulative No. of Equity Share	Cumulative Paid-up equity share capital (In Rs.)	Cumulative share Premium (In Rs.)
12-07-1989	20	10	10	Subscription to MOU	20	200	-
11-12-1996	38,60,000	10	10	Further Allotment	38,60,020	3,86,00,200	-
29-03-1999	6,39,980	10	10	Further Allotment	45,00,000	4,50,00,000	-
23-04-1999	4,90,000	10	10	Further Allotment	49,90,000	4,99,00,000	-
24-01-2000	17,68,200	10	20	Further Allotment	67,58,200	6,75,82,000	1,76,82,000
23-03-2000	6,31,800	10	20	Further Allotment	73,90,000	7,39,00,000	2,40,00,000
28-12-2001	24,60,000	10	15	Further Allotment	98,50,000	9,85,00,000	3,63,00,000
05-06-2002	19,00,000	10	15	Further Allotment	1,17,50,000	11,75,00,000	4,58,00,000
25-03-2005	19,92,666	10	15	Further Allotment	1,37,42,666	13,74,26,660	5,57,63,330
05-11-2005	55,00,567	10	15	Further Allotment	1,92,43,233	19,24,32,330	8,32,66,165
09-11-2005	14,45,921	10	15	Further Allotment	2,06,89,154	20,68,91,540	9,04,95,770
05-01-2006	3,36,263	10	15	Further Allotment	2,10,25,417	21,02,54,170	9,21,77,085
09-05-2006	7,10,892	10	15	Further Allotment	2,17,36,309	21,73,63,090	9,57,31,545
03-07-2006	3,16,831	10	15	Further Allotment	2,20,53,140	22,05,31,400	9,73,15,700
27-11-2006	18,00,000	10	10	Further Allotment	2,38,53,140	23,85,31,400	9,73,15,700
27-12-2006	18,00,000	10	10	Further Allotment	2,56,53,140	25,65,31,400	9,73,15,700

2. Shares issued for consideration other than cash or bonus issues

Our Company has not issued any shares for consideration, other than cash. Our Company has not issued any bonus shares or capitalized its reserves, since inception.

Except for what has been stated above our Company has not issued any Equity Share for consideration other than cash. Further, our Company has not allotted any Equity Shares pursuant to any scheme approved under section 391-394 of the Companies Act, 1956. Our Company has not made any issue of Equity Shares during the preceding one year from the date of the Draft Red Herring Prospectus at a price lower than the Issue Price.

3. Share capital build up of the Promoters is detailed below:

Name of Promoter	Date of allotment	Nature of transaction	No. of shares	Face value	Issue price	% of pre issue paid-up capital	% of post issue paid-up capital
(A) Unigold Pacific Ltd.	05-11-2005	Further allotment	30,50,567	10	15	11.89%	[●]
	05-01-2006	Further allotment	2,20,166	10	15	0.86%	[●]
	09-05-2006	Further allotment	7,10,892	10	15	2.77%	[●]
	15-05-2006	Acquired from Kiara Enigma Sdn. Bhd.	1,00,000	10	15	0.39%	[●]
	17-05-2006	Acquired from Metro Films Pvt. Ltd	6,48,000	10	15	2.53%	[●]
	05-06-2006	Acquired from Metro Films Pvt. Ltd	1,33,333	10	15	0.52%	[●]
	05-07-2006	Acquired from Metro	11,85,518	10	15	4.62%	[●]
	06-07-2006	Transferred to Metro	(11,85,518)	10	15	(4.62)%	[●]
	Total A		48,62,958			18.96%	[●]
(B) Kiara Enigma Sdn Bhd	05-11-2005	Further allotment	15,00,000	10	15	5.85%	[●]
	18-03-2006	Acquired from Metro Film Pvt. Ltd.	1,00,000	10	15	0.39%	[●]
	15-05-2006	Transferred to Unigold Pacific Ltd.	(1,00,000)	10	15	(0.39)%	[●]
	17-05-2006	Acquired from Metro films Pvt. ltd	7,12,000	10	15	2.78%	[●]
	Total B		22,12,000			8.62%	[●]

Name of Promoter	Date of allotment	Nature of transaction	No. of shares	Face value	Issue price	% of pre issue paid-up capital	% of post issue paid-up capital
(C)	05-11-2005	Further allotment	9,50,000	10	15	3.70%	[●]
Global Motion pictures & ventures Pvt Ltd.	09-11-2005	Further allotment	14,45,921	10	15	5.64%	[●]
	03-07-2006	Further allotment	3,16,831	10	15	1.24%	[●]
	27-11-2006	Further allotment	18,00,000	10	10	7.02%	[●]
	27-12-2006	Further allotment	11,00,000	10	10	4.29%	[●]
	Total C		56,12,752			21.88%	[●]
Grand total			1,26,87,710			49.46%	[●]

4. Promoters' contribution and lock-in details

a) Details of the shares in lock-in for three years:

Pursuant to the Regulation 32(1) and 36(a) of the SEBI Regulations, an aggregate 20% of the Post-Issue Equity Share capital of our Company shall be locked up by our Promoters for a period of three years from the date of allotment of Equity Shares in this Issue. The details of the Promoters' Equity Shares locked-in for a period of three years are as follows:

Name of Promoters	Date of Allotment / Transfer	Nature of Transaction	No. of Equity Shares	Face Value	Issue/ Transfer Price	% of Post Issue Paid up Capital	Lock-in Period from the date of Public Issue Allotment
Unigold Pacific Ltd.	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Kiara Enigma Sdn Bhd	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Global Motion pictures & ventures Pvt Ltd.	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total			[●]			[●]	[●]

(The aforesaid table will be finalized after the issue price and the number of shares to be issued is finalized in prospectus.)

The above Equity Shares are eligible for computation of Promoter's contribution and lock-in in terms of Regulation 33 (1) of the SEBI Regulations as discussed below:

Promoters' contribution has been brought in to the extent of not less than the specified minimum lot and from persons defined as promoters under the SEBI Regulations. Our Promoter has given their written undertaking for inclusion of the aforesaid Equity Shares as a part of Promoter's contribution which is subject to lock-in for a period of 3 years from the date of Allotment of Equity Shares in the proposed Issue.

In terms of undertaking executed by our Promoter, Equity Shares forming part of Promoter's contribution subject to lock-in will not be disposed/ sold/ transferred by our Promoters during the period starting from the date of filing of the Draft Red Herring Prospectus with SEBI till the date of commencement of lock in period as stated in the Draft Red Herring Prospectus.

We further confirm that the minimum Promoter contribution of 20% which is subject to lock-in for three years does not consist of:

- Equity Shares acquired during the preceding three years for consideration other than cash and out of revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves or reserves without accrual of cash resources.
- Equity Shares acquired by the Promoters during the preceding one year, at a price lower than the price at which Equity Shares are being offered to public in the Issue.
- Private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.
- The Equity Shares held by the Promoters and offered for minimum 20% Promoters' contribution are not subject to any pledge
- Equity Shares for which specific written consent has not been obtained from the shareholders for inclusion of their subscription in the minimum promoters' contribution subject to lock-in.
- Equity shares issued to our promoters on conversion of partnership firms into limited companies.

b) Details of Shares locked-in for one year:

- Pursuant to Regulation 37 of the SEBI Regulations, in addition to the Promoters' contribution to be locked-in for a period of 3 years, as specified above, the entire Pre-Issue issue Equity Share capital will be locked in for a period of one (1) year from the date of allotment in this Issue.
- The share certificates which are in physical form for locked-in Equity Shares will carry an inscription "nontransferable" along with the duration of specified non – transferable period mentioned on the face of the share certificate as per Regulation 35(2) of the SEBI Regulations.
- Further, Equity Shares allotted to Anchor Investors, in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment of Equity Shares in the Issue.
- Pursuant to Regulation 39 of the SEBI Regulations, the Equity Shares held by our Promoters can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions for the purpose of financing one or more of the objects of the issue and the pledge of shares is one of the terms of sanction of such loan. However, as on date of this Draft Red Herring Prospectus, none of the Equity Shares held by our Promoter have been pledged to any person, including banks and financial institutions.
- Pursuant to Regulation 40 of the SEBI Regulations, Equity Shares held by the Promoters, which are locked in as per Regulation 36 of the SEBI Regulations, may be transferred to and amongst the Promoters/ Promoter Group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with

Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.

- Pursuant to Regulation 40 of the SEBI Regulations, Equity Shares held by shareholders other than the Promoters, which are locked-in as per Regulation 37 of the SEBI Regulations, may be transferred to any other person holding shares, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.

5. The Pre-Issue & Post-Issue shareholding pattern of our Promoter Group is as under:

Sr. No.	Particulars	Pre-Issue		Post-Issue	
		No. of Shares	% Holding	No. of Shares	% Holding
a.	Promoters	1,26,87,710	49.46%	1,26,87,710	●
	Unigold Pacific Ltd.	48,62,958	18.96%	48,62,958	●
	Kiara Enigma Sdn Bhd.	22,12,000	8.62%	22,12,000	●
	Global Motion Pictures & Ventures Pte. Ltd.	56,12,752	21.88%	56,12,752	●
b.	Promoters Group				
	Global International Ventures Group Limited	1,16,097	0.45%	1,16,097	●
	Total	1,28,03,807	49.91%	1,28,03,807	●

6. Shareholding Pattern of the Company

The following is the shareholding pattern of the Company as on the date of filing of this Draft Red Herring Prospectus:

Category Code	Category of Shareholders	No. of Shareholders	Total No. of Shares	No. of Shares held in demat form	Total shareholding as a percentage of total number of shares	
					As a %age of (A+B)	As a %age of (A+B+C)
A	Shareholding of Promoter and promoter group					
1	Indian		-	-	-	-
A	Individuals/Hindu Undivided Family		-	-	-	-
B	Central Government /State Governments		-	-	-	-
C	Bodies Corporate		-	-	-	-
D	Financial Institutions/Banks		-	-	-	-
E	Any Other		-	-	-	-
	Sub-Total (A)(1)		-	-	-	-
2	Foreign		-	-	-	-

A	Individuals (Non-Resident Individuals /Foreign Individuals)	-	-	-	-
B	Bodies Corporate	4	1,28,03,807	27,78,851	49.91%
C	Institutions				
D	Any Other (Specify)				
	Sub-Total (A)(2)	4	1,28,03,807	27,78,851	49.91%
	Total Shareholding of Promoter and Promoter Group A = (A)(1)+(A)(2)	4	1,28,03,807	27,78,851	49.91%
B	Public Shareholding				
1	Institutions				
A	Mutual Funds/UTI	-	-	-	-
B	Financial Institutions /Banks	-	-	-	-
C	Central Government /State Governments	-	-	-	-
D	Venture Capital Funds	-	-	-	-
E	Insurance Companies	-	-	-	-
F	Foreign Institutional Investors	2	15,00,000	12,00,000	5.85%
g	Foreign Venture Capital Investors				
H	Any Other (Specify)				
	Sub-Total (B)(1)	2	15,00,000	12,00,000	5.85%
2	Non-Institutions				
A	Bodies Corporate	25	49,49,463	43,29,963	19.29%
B	Individuals				
	1. Individual Shareholders holding nominal share capital up to Rs.1 lakh	117	32,23,370	2,67,450	1.26%
	ii. Individual shareholders holding nominal share capital in excess of Rs.1 lakh	32	24,36,334	23,86,334	9.50%
C	Any Other				
	FOREIGN NATIONALS	2	8,00,000		3.12%
	HINDU UNDIVIDED FAMILIES	2	1,67,166	1,67,166	0.65%
	NON RESIDENT INDIANS	6	3,19,000	3,19,000	1.24%
	OVERSEAS CORPORATE BODIES	1	23,55,000	23,55,000	9.18%
	Sub-Total (B)(2)	185	1,13,49,333	98,24,913	44.24%
	Total Public Shareholding				
	B = (B)(1)+(B)(2)	187	1,28,49,333	1,10,24,913	50.09%
	Total (A)+(B)	191	2,56,53,140	1,38,03,764	100.00%
C	Shares held by Custodian and against which Depository Receipts have been issued	0			
	Grand Total (A)+(B)+(C)	191	2,56,53,140	1,38,03,764	100.00%

7. Shareholding Pattern of company before and after the Issue:

Set forth below is the shareholding pattern of our Company before and after the proposed Issue:

Name of the shareholders	Pre-issue		Post-issue	
	No. of equity share	% holding	No. of equity share	% holding
Promoters:				
Unigold Pacific Ltd.	48,62,958	18.96	48,62,958	[●]
Kiara Enigma Sdn. Bhd.	22,12,000	8.62	22,12,000	[●]
Global Motion Pictures & Ventures Ltd	56,12,752	21.87	56,12,752	[●]
Total A	1,26,87,710	49.46	1,26,87,710	[●]
Promoter Group:				
Global Int. Ventures Group Ltd.	1,16,097	0.45	1,16,097	[●]
Total B	1,16,097	0.45	1,16,097	[●]
Public/Others	1,28,49,333	50.09	[●]	[●]
Total (A+B+C)	2,56,53,140	100.00	[●]	[●]

8. The entire pre-issue Equity Share Capital of our Company, other than the minimum Promoter's contribution, which is locked-in for a period of three years, shall be locked-in for a period of one year from the date of listing in the present Public Issue.
9. The securities which are subject to lock-in shall carry the inscription 'non-transferable' and the non-transferability details shall be informed to the depositories. The details of lock-in shall also be provided to the stock exchanges, where the shares are to be listed, before the listing of the securities.
11. During the past six months, there are no transactions in our Equity Shares, which have been undertaken / financed directly or indirectly by our Promoter, his relatives and associates, persons in Promoter group and our directors.
12. Our Company has not made any issue of Equity Shares during preceding one year.
13. The Equity Shares held by persons other than Promoter may be transferred to any other person holding shares prior to the Issue, subject to continuation of lock-in with transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

The Equity Shares to be held by the Promoter under lock-in period shall not be sold/hypothecated/transferred during the lock-in period. However, the Equity Shares held by Promoter, which are locked in, may be transferred to and among Promoter Group or to a new promoter(s) or persons in control of our Company, subject to the continuation of lock-in with the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.
14. As on the date of filing of this Draft Red Herring Prospectus with SEBI, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares. The

shares locked for 3 years by the Promoters are not pledged to any party/Bank/FI. The Promoters may pledge the Equity Shares with banks or Financial Institutions as additional security for loan whenever availed by them from banks/Financial Institutions, provided that pledge of shares is one of the terms of sanction of loan. However, securities which are locked in for 3 years as minimum promoters' contribution under Regulations 37 and 39 of the SEBI (ICDR) Regulations, may be pledged, only if, the loan has been granted by such banks or financial institutions for the purpose of financing one or more of the objects of the Issue.

15. Our Company, our Promoter, our Directors and the BRLM to this Issue have not entered into any buy-back, standby or similar arrangements with any person for purchase of our Equity Shares issued by our Company through this Draft Red Herring Prospectus.
16. Our Company does not have any Employee Stock Option Scheme (ESOS) / Employees Stock Purchase Scheme (ESPS) scheme for our employees and we do not intend to allot any shares to our employees under ESOS/ESPS scheme from the proposed issue. As and when, options are granted to our employees under the ESOP scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Plan) Guidelines 1999.
17. An over-subscription to the extent of 10% of the net offer size can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment.

Consequently, the actual Allotment may go up by a maximum of 10% of the Net offer size, as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoter and subject to lock- in shall be suitably increased; so as to ensure that 20% of the Post Issue paid-up capital is locked in.

18. Under-subscription, if any, in the QIB category shall be allowed to be met with spill over from other categories or combination of categories by our Company and the BRLM in consultation with the Designated Stock Exchange and in accordance with applicable laws, rules, regulations and guidelines, subject to valid bids being received at or above the Issue Price.
19. This Issue is being made under sub-regulation (1) of Regulation 26 of the SEBI (ICDR) Regulations, 2009 and through the 100% Book Building Process wherein upto 50% of the Issue will be available for allocation to Qualified Institutional Buyers ("QIB") on a proportionate basis, subject to valid bids being received at or above the Issue Price. Provided that our Company may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis out of which one-third shall be reserved for domestic Mutual Funds. Further at least 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 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 issue price.
20. As on date of filing of this Draft Red Herring Prospectus with SEBI, the entire Issued Share Capital of our Company is fully paid-up.

21. The top ten shareholders of our Company and their shareholding is as set forth below:

a) As on the date of filing the Draft Red Herring Prospectus

Sr. No.	Name of the Shareholder	No. of shares	% of issued capital
1	Global Motion Pictures & Ventures Pte. Ltd	56,12,752	21.88%
2	Unigold Pacific Ltd	48,62,958	18.96%
3	Image Eventures Limited	23,55,000	9.18%
4	Kiara Enigma Sdn. Bhd	22,12,000	8.62%
5	Winstar India Investment Company Limited	12,00,000	4.68%
6	Shamsir Bin Omar	7,00,000	2.73%
7	Sreevee Securities Pvt. Ltd	6,82,000	2.66%
8	Shrivee Capital Consultant limited	6,77,000	2.64%
9	Subhkam Holding Private Limited	5,40,000	2.11%
10	Baalak Holding Private Limited	4,50,000	1.75%

b) The top ten shareholders 10 days prior to date i.e. August 15, 2010

Sr. No.	Name of the Shareholder	No. of shares	% of issued capital
1	Global Motion Pictures & ventures Pte. Ltd	56,12,752	21.88%
2	Unigold Pacific Ltd	48,62,958	18.96%
3	Image Eventures Limited	23,55,000	9.18%
4	Kiara Enigma Sdn. Bhd	22,12,000	8.62%
5	Winstar India Investment Company Limited	12,00,000	4.68%
6	Shamsir Bin Omar	7,00,000	2.73%
7	Sreevee Securities Pvt. Ltd	6,82,000	2.66%
8	Shrivee Capital Consultant limited	6,77,000	2.64%
9	Subhkam holding Private Limited	5,40,000	2.11%
10	Baalak Holding Private Limited	4,50,000	1.75%

c) The top ten shareholders two years prior to date i.e. August 25, 2008

Sr. No.	Name of the Shareholder	No. of shares	% of issued capital
1	Global Motion Pictures & Ventures Pvt. Ltd	56,12,752	21.88%
2	Unigold Pacific Ltd	48,62,958	18.96%
3	Image Eventures Limited	23,55,000	9.18%
4	Kiara Enigma Sdn. Bhd	22,12,000	8.62%
5	Winstar India Investment Company Limited	12,00,000	4.68%
6	Shamsir Bin Omar	7,00,000	2.73%
7	Shreevee Securities Pvt. Ltd	6,82,000	2.66%
8	Shrivee Capital Consultant limited	6,77,000	2.64%
9	Subhkam holding Private Limited	5,40,000	2.11%
10	Baalak Holding Private Limited	4,50,000	1.75%

22. Our Company has not raised any bridge loan against the proceeds of this Issue.
23. We presently do not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of this Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly, for our Equity Shares) whether preferential or otherwise. However, if we go in for acquisitions or joint ventures, we may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.
24. Our Company undertakes that at any given time, there shall be only one denomination for the Equity shares of our Company and our Company shall comply with such disclosure norms as specified by SEBI from time to time.
25. Since the entire money of Rs. [●]/- per share (Rs. 10/- face value + Rs. [●]/- premium) is being called on application, all the successful Bidders will be issued fully paid-up shares only.
26. A bidder cannot make a bid for more than the number of Equity Shares being issued through this Issue.
27. Our Company has not re-valued assets since inception and has not issued any shares out of the revaluation reserves.
28. No payment, direct or indirect in the nature of discount, commission, and allowance or otherwise shall be made either by us or our Promoters to the persons who receive allotments, if any, in this issue.
29. We have 191 members as on the date of filing of this Draft Red Herring Prospectus.
30. Our Company may allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Price on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription or non-Allotment 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. The remainder of the net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the net QIB Portion and allocated proportionately to the QIBs in proportion to their Bids.

OBJECTS OF THE ISSUE

The objects of the Issue are to raise capital for financing the activities mentioned below:

- A. Entering into screening agreements with 300 cinema theatres
- B. Renovation and Up-gradation of cinema infrastructure with Digital Equipment and other related assets for a select 100 screens
- C. Acquisition of company, acquisition of screening rights of company having similar line, range and objects of business
- D. To meet general corporate expenses
- E. Meeting the IPO expenses

The other objects of the Issue also include creating a public trading market for the Equity Shares of our Company by listing them on BSE. We believe that the listing of our Equity Shares will enhance our visibility and brand name and enable us to avail of future growth opportunities.

The object clause of Memorandum of Association of our Company enables us to undertake the existing activities and the activities for which the funds are being raised by us through the present Issue. Further, we confirm that the activities which we have been carrying out till date are in accordance with the object clause of our Memorandum of Association.

Cost of Project & Means of Finance

The cost of project and means of finance as estimated by our management is given below:

Cost of Project

		Amount in lacs
Sr. No	Particulars	Amount
1)	Entering into screening agreements with 300 cinema theatres	1500.00
2)	Renovation and Up-gradation of cinema infrastructure with Digital Equipment and other related assets for select 100 screens	2595.00
3)	Acquisition of company, acquisition of screening rights of company having similar line, range and objects of business	1200.00
4)	To meet general corporate expenses*	[●]
5)	Meeting the IPO expenses*	[●]
Total		[●]

** Amount of Issue expenses and General corporate purposes will be decided after the finalization of Issue Price.*

Means of Finance

		Amount in lacs
Sr. No	Particulars	Amount
1.	Proceeds from IPO	6000.00
Total		6000.00

In case the IPO does not go as planned, our Company will make alternative arrangements like availing of fresh loans from bank(s) and/or utilizing internal accruals.

We confirm that firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through proposed IPO, has been ensured.

The fund requirement and proposed deployment are based on internal management estimates and have not been appraised by any bank or financial institution or any independent organization. Our capital expenditure plans are subject to a number of variables, including possible cost overruns; construction/development delays or defects; receipt of critical governmental approvals; availability of working capital finance on acceptable terms; and changes in management's views of the desirability of current plans, among others.

Brief Details about the Project

Detailed Breakup of the Project Cost

A) Entering into screening agreements with 300 cinema theatres

Our Company entered into film exhibition business in the year 2006. As on June 30, 2010, we have entered into screening agreements with 46 theatres running under our banner. Our Company has screening rights in these theatres, located primarily in the Southern peninsula. Further, we intend to add another 300 screens, located in B & C Class towns/cities by June 2011. These screens may be located in and around Trichy, Salem, Coimbatore, Madurai and Andhra Pradesh.

Our Company has existing 5 screens in Andhra Pradesh 7 screens in Karnataka and 34 screens in Tamil Nadu territory taking our total existing screen rights to 46 screens. The estimated advance payable for the acquisition of further 300 theatres with whom the company would be entering into screening agreements would be Rs. 1500.00 lacs. This is based on an estimated advance deposit of Rs. 5 lacs per screen for the grant of right to screen movies. The term of the screening agreements would ideally be for a period for 5 years; however our Company would have the option of entering into screening arrangements for shorter term. Further, the number of screens taken on a similar arrangement may also increase/decrease depending upon the actual proceeds of the issue.

B) Renovation and Up-gradation of cinema infrastructure with Digital Equipment and other related assets for a select 100 screens

We also intend to renovate select 100 theatres. These theatres will be provided with modern technologies like digital screen projectors and DTS sound system. Further the theatres will have an advanced ticketing system to check pilferage of revenue at gate collection stage.

We would continue to focus on class B & C towns/cities and focus on infrastructure improvement of the existing theatres along with the use of latest projector and sound technology so as to bring the latest advancements in technology to these cinema halls and tap the entertainment potential of semi-urban and rural India. Our Company will upgrade the theatres to bring about a dramatic change in the viewing experience. The project aims at establishing a chain of theatres offering an improved movie watching experience for the customers by providing them with a clean environment, better facilities at the theatre in addition to an improved audio-visual presentation. This model will also make producers look at our Company as a single platform through which they can exhibit their movies across various locations from a single source.

- **Renovation of 100 Theaters**

We intend to renovate without any structural changes 100 select theaters where we have entered into screening agreements. We have estimated the cost of Rs. 4.00 Lacs per theater for renovation. The estimated renovation cost for 100 theaters would be Rs. 400.00 lacs.

Our Company will upgrade the theatres to bring a change in the viewing experience for the customers by providing them with a clean environment, better facilities, comfortable seating etc. The non-structural expense would be lead to better ambience and experience to the viewers and would lead to a slight premium pricing in semi urban areas.

- **Equipments**

A detailed breakup of the equipments required along with the details of the quotation invited for the same are given below. We are yet to place an order for these equipments.

Sr. No.	Name of the Equipment	Units	Price Per Unit	Total Cost	Supplier	Date of Quotation
1	Ray Photon - 3 Chip DLP Projector	100	9.00	900.00	Real Image Media Technologies Private Limited, Chennai	08/07/2010
2	Qube XP-E Digital Cinema Server	100	3.20	320.00	Real Image Media Technologies Private Limited, Chennai	08/07/2010
3	DTS Digital Cinema Sound System (3 Way)	100	9.19	919.00	GM Audio Techniques, Chennai	11/08/2010
4	UPS*	100	0.31	31.00	N.A.	N.A.
5	Air Conditioners	100	0.25	25.00	Voltas, Chennai	11/08/2010
Total				2,195.00		

* The costs of UPS are based on internal management estimates.

C. Acquisition of company, acquisition of screening rights of company having similar line, range and objects of business

The company intends to provide Rs. 1200 Lacs out of the current Public issue towards Acquisition of Company, acquisition of screening rights of company having similar line, range and objects of business. This is provided to exploit the opportunities available for inorganic possibilities. Should within 1st 6 months of closure of fund raising, such opportunities do not arise, this will be used for further acquisition of screens organically by signing lease agreements etc or for Purchase of Land, Land & Building, Theatres, Space in Malls and Complexes etc for the purpose of Entertainment., Funding for production of film, music and other related entertainment products, Funding for payment gateway mechanism and other related technological products including Point of presence to aid in development of entertainment related activities.

D. To meet general corporate expenses

Our Company intends to deploy the balance Issue proceeds aggregating Rs. [●] Lacs, towards general corporate purposes, including but not restricted to production of movies, strategic initiatives, entering into strategic alliances, partnerships, joint ventures and acquisitions, meeting exigencies & contingencies, which our Company

in the ordinary course of business may not foresee, repayment of debts or any other purposes as approved by our Board of Directors.

E. IPO Expenses

The expenses for this Issue include lead management fees, selling commission, printing and distribution expenses, legal fees, advertisement expenses, registrar fees, depository charges and listing fees to the Stock Exchanges, among others. The total expenses for this Issue are estimated to be approximately Rs. [●] lacs, which is [●] % of the issue size.

The estimated issue related expenses are as follows:

Particulars	Amount (Rs. In Lacs)*	As a % of Issue Size*	As a % of Total Issue Expenses*
Lead management fee, underwriting and selling commission	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Printing and stationery	[●]	[●]	[●]
Others	[●]	[●]	[●]
Total estimated issue expenses	[●]	[●]	[●]

* Will be incorporated after finalisation of Issue Price

Schedule of Implementation

Activity	Commencement Date	Completion Date
Entering into screening agreements for 300 cinema screens and renovation and up gradation of select 100 cinema theaters with digital equipments and other assets	Jan, 2011	June, 2011

Deployment of Funds

We have incurred the following expenditure on the project till July 31, 2010. The same has been certified by M/s Venkatesh & Co., Chartered Accountants vide their certificate dated August 01, 2010.

Particulars	Rs. in Lacs Spent Upto July 31, 2010
Issue Expenses	5.00

The above-mentioned deployment has been financed through internal accruals.

Proposed Year wise deployment of funds

The overall cost of the proposed Project and the proposed year wise break up of deployment of funds are as under:

Sr. No.	Particulars	Amount in Lacs		
		Already Deployed upto July 31, 2010	To be deployed before April 30, 2011	To be deployed before April 30, 2012
1	Advance for 300 screens	-	300.00	1200.00
2	Renovation of 100 Theaters	-	80.00	320.00
3	Equipment Purchase	-	2195.00	-
4	Acquisition of company, acquisition of screening rights of company having similar line, range and objects of business		-	1200.00
5.	General Corporate Expenses		[●]	[●]
6.	Meeting the Public Issue Expenses	5.00	[●]	[●]
	Total	5.00	[●]	[●]

Project Appraisal

The project is not appraised by any Bank/Financial Institution.

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.

Monitoring utilisation of funds

The Audit Committee appointed by the Board of Directors will monitor the utilization of the proceeds of the Issue. As required under clause 43 of the Listing Agreement, we will disclose the details of the utilization of the Issue proceeds periodically, including interim use, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilized

No part of the proceeds from the Issue will be paid by us as consideration to our Promoters, our Directors, Promoter group companies or key managerial employees, except in the normal course of our business.

BASIC TERMS OF THE ISSUE

Terms of the Issue

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

Terms of Payment:

Bids should be for a minimum of [●] equity shares and in multiples of [●] equity shares thereafter. The entire price of the equity shares of Rs. [●]/- per share (Rs. 10/- Face Value + Rs. [●]/- Premium) is payable on application. In case of allotment of lesser number of Equity Shares than the number applied, the excess amount paid on application shall be refunded by us to the Bidders.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of Allotment.

Face Value and Issue Price per Share

The face value of the Equity Shares is Rs. 10 each and the Issue Price at the lower end of the Price Band is Rs. [●] per Equity Share and at the higher end of the Price Band is Rs. [●] per Equity Share. The Anchor Investor Issue Price is Rs. [●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. In terms of existing SEBI (ICDR) Regulations, the trading in the Equity Shares shall only be in dematerialized form for all investors.

Since trading of the Equity Shares will be in dematerialized mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through this Offer will be done only in electronic form in multiples of 1 Equity Share subject to a minimum allotment of [●] Equity Shares to the successful bidders.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the offer made through this Draft Red Herring Prospectus on the Issue Closing Date, or the subscription amount goes below 90% after the closure of issue on



account of cheques returning unpaid or withdrawal of Bids, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable to pay the amount, we shall pay interest prescribed under Section 73 of the Companies Act 1956.

BASIS OF ISSUE PRICE

Investors should read the following basis with the “Risk Factors” beginning on page 12 and the details about the business our Company and its financial statements included in the Draft Red Herring Prospectus on page 81 & 147 respectively to get a more informed view before making any investment decisions.

Qualitative Factors

For qualitative factors pertaining to the pricing of this issue please refer to “Our Business” on page 81 of this Draft Red Herring Prospectus.

Quantitative factors

1. Basic Earnings Per Share

Financial years	EPS (Rs)	Weights
2006/2007	3.11	1
2007/2008	3.46	2
2008/2009	(0.18)	3
Weighted Average EPS	1.58	

***Source Auditor’s report**

EPS for the 10 month period ended Feb 28, 2010 was Rs. 0.12

2. Price/Earnings Ratio (P/E) in relation to Issue Price of Rs. 50/- per share

Particulars	P/E ratios
P/E based on EPS for the year ended April 30, 2009 at the lower end of the price band	[●]
P/E based on EPS for the year ended April 30, 2009 at the upper end of the price band	[●]
P/E based on Weighted Average EPS at the lower end of the price band	[●]
P/E based on Weighted Average EPS at the upper end of the price band	[●]
Industry P/E	
Highest- Entertainment Network	64.30
Lowest- Compact Disc	1.2
Average	23.8

***Source: Capital Market, July 12-25, 2010; Sector–Entertainment & Media**

3. Return on Net Worth in the last three years

Particulars	RONW (%)	Weights
Year ended April 30, 2007	15.87	1

Year ended April 30, 2008	16.25	2
Year ended April 30, 2009	(0.87)	3
Weighted Average RONW	7.62	

RONW for the ten month period ended February 28, 2010 was 0.56%

4. Minimum Return on Post-Issue Network to maintain pre-issue EPS:

As our company has incurred a loss for the latest financial year and RONW is negative, this is not applicable

5. Net asset value (Rs.) (Pre Issue)

Financial year	Net worth	No. of shares	Amount in lacs
			NAV(Rs.)
2006/2007	4583.48	2,56,53,140	17.87
2007/2008	5454.89	2,56,53,140	21.26
2008/2009	5382.39	2,56,53,140	20.98
2009/2010 (10 months)	5461.95	2,56,53,140	21.29

* Source Auditors Report

6. Net Asset Value (NAV) per share and comparison thereof with after issue NAV along with Issue Price

Sr. No.	Particulars	Amount (In Rs.)
i.	As on February 28, 2010	21.29
ii.	After Issue	[●]
iii.	Issue Price	[●]

*Source Auditor's report

7. Comparison of Accounting Ratios with Peer Group Companies

Particulars	Face Value (Rs.)	EPS (Rs.)	P/E Ratio	RONW (%)	NAV (Rs.)
Cinemax India Limited	10	3.70	14.40	3.20	50.4
Fame India Limited	10	3.60	18.00	16.80	24.3
Inox Leisure Limited	10	3.20	21.50	8.50	50.6
PVR Limited	10	8.70	13.20	10.80	91.4
Midvalley Entertainment Limited	10	0.12	[●]	0.56	21.29
February 28, 2010 (10 months)					

*Source: Capital Market, July 12-25, 2010; Sector-Entertainment & Media

The Company in consultation with the Book Running Lead Manager believes that the issue price of Rs. [●]/- per share for the Public Issue is justified in view of the above parameters. The investors may also want to peruse the Risk Factors and Financials of the company including important profitability and return ratios, as set out in the Auditors' Report in the offer Document to have more informed view about the investment proposition.

The Face Value of the Equity Shares is Re. 10/- per share and the Issue Price is [●] times of the face value i.e. Rs. [●]/- per share.

STATEMENT OF TAX BENEFITS

The Board of Directors,
MidValley Entertainment Limited
9th Floor Gee Gee Emerald
312, Nungambakkam High Road
Chennai-600 034

Dear Sirs,

Sub: Statement of Possible Tax Benefits

We hereby report that the enclosed annexure states the possible tax benefits that may be available to Midvalley Entertainment Limited (the “Company”) and to the Shareholders of the Company under the provisions of current tax laws presently in force in India.

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws and their interpretations. Hence, the ability of the Company or its Shareholders to derive tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement are not exhaustive nor are they conclusive. This statement is only intended to provide general information and to guide 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 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.

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

- the Company or its shareholders will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits have been / would be met with;
- the revenue authorities/ courts will concur with the views expressed herein.

Our views are based on the existing provisions of law and its interpretations, which are subject to change from time to time. We do not assume responsibility to up-date the views of such changes. 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. While all reasonable care has been taken in the preparation of this opinion, we accept no responsibility for any errors or omissions therein or for any loss sustained by any person who relies on it.



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

**For Venkatesh & Co.,
Chartered Accountants**

**(V. Dasaraty)
Partner
M.No.26336
14th August, 2010**

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

A. SPECIAL TAX BENEFITS TO THE COMPANY

There are no special tax benefits to the company

B. SPECIAL TAX BENEFITS TO THE COMPANY SHAREHOLDERS

There are no special tax benefits to the company share holders

C. GENERAL TAX BENEFITS, AVAILABLE TO ALL CATEGORIES OF COMPANIES, SUBJECT TO FULFILLING CERTAIN CONDITIONS AS REQUIRED UNDER THE RESPECTIVE ACTS:

BENEFITS AVAILABLE TO THE COMPANY UNDER THE INCOME TAX ACT, 1961

1. Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received by the Company from domestic companies is exempt from income tax.
2. Under section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under section 10(38) of the IT Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.
3. Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India after 1st October, 2004 and is liable to securities transaction tax.
4. Under section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term capital gains arising from transfer of shares in a Company, other than those covered by section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.
5. Under section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:
 - (a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act 88;
 - (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

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

6. As per the provisions of Section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term assets, being listed securities or units (not covered under section 10(38)) shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an 'eligible issue of share capital' in the manner prescribed in the said section.
7. Under section 115JAA (2A) of the Act tax credit shall be allowed in respect of any tax paid (MAT) under section 115JB of the Act for any Assessment Year commencing on or after 1st April 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 7 years immediately succeeding the year in which the MAT credit initially arose.

BENEFITS AVAILABLE TO RESIDENT SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961

1. Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.
2. Under section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, as per second proviso to section 48 of the IT Act, in respect of long term capital gains (i.e. shares held for a period exceeding 12 months) from transfer of shares of Indian Company, it permits substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index, as prescribed from time to time.
3. Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.
4. Under section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under section 10(38) of the IT Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.
5. Under section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

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

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

- 6. Under section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.
- 7. Under section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term capital gains arising from transfer of shares in a Company, other than those covered by section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.
- 8. As per the provisions of Section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term assets, being listed securities or units (not covered under section 10(38)) shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an 'eligible issue of share capital' in the manner prescribed in the said section.
- 9. In terms of section 36(xv) of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction from the amount of income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.

BENEFITS AVAILABLE TO MUTUAL FUNDS

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

BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS ('FIIS')

1. Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.
2. Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.
3. Under section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

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

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. Provided that the investment in any of the specified assets mentioned above shall not exceed Rupees Fifty Lacs during any financial year. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion.

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

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

5. As per section 90(2) of the IT Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the FII would prevail over the provisions of the IT Act to the extent they are more beneficial to the FII.
6. As per the provisions of Section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term assets, being listed securities or units (not covered under section 10(38)) shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an 'eligible issue of share capital' in the manner prescribed in the said section.
7. In terms of section 36(xv) of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction e from the amount of income chargeable under the head "Profit and gains of business or profession" arising

from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.

BENEFITS AVAILABLE TO VENTURE CAPITAL COMPANIES/ FUNDS

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

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

1. Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.
2. Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.
3. Under the first proviso to section 48 of the IT Act, in case of a non resident shareholder, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations) (in cases not covered by section 115E of the IT Act-discussed hereunder), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/ loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized in the purchase of the shares.
4. Under section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under section 10(38) of the IT Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.
5. Under section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:
 - (a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act;
 - (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. Provided that the investment in any of the specified assets mentioned above shall not exceed Rupees Fifty Lakhs during any financial year. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion.

6. Under section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.
7. Under section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term capital gains arising from transfer of shares in a Company, other than those covered by section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.
8. Where shares of the Company have been subscribed in convertible foreign exchange, Non-Resident Indians (i.e. an individual being a citizen of India or person of Indian origin who is not a resident) have the option of being governed by the provisions of Chapter XII-A of the IT Act, which inter alia entitles them to the following benefits:
 - i. Under section 115E, where the total income of a non-resident Indian includes any income from investment or income from capital gains of an asset other than a specified asset, such income shall be taxed at a concessional rate of 20 per cent (plus applicable surcharge and education cess). Also, where shares in the company are subscribed for in convertible foreign exchange by a Non-Resident India, long term capital gains arising to the non-resident Indian shall be taxed at a concessional rate of 10 percent (plus applicable surcharge and education cess). The benefit of indexation of cost and the protection against risk of foreign exchange fluctuation would not be available.
 - ii. Under provisions of section 115F of the IT Act, long term capital gains (in cases not covered under section 10(38) of the IT Act) arising to a non-resident Indian from the transfer of shares of the Company subscribed to in convertible Foreign Exchange (in cases not covered under section 115E of the IT Act) shall be exempt from Income tax, if the net consideration is reinvested in specified assets or in any savings certificates referred to in section 10(4B), within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.
 - iii. Under provisions of section 115G of the IT Act, it shall not be necessary for a Non-Resident Indian to furnish his return of income under section 139(1) if his income chargeable under the Act consists of only investment income or long term capital gains or both; arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from as per the provisions of Chapter XVII-B of the IT Act.

- iv. In accordance with the provisions of Section 115H of the Act, a Non Resident Indian become assessable as a resident in India, he may furnish a declaration in writing to the assessing officer along with his return of income for that year under Section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
9. In terms of section 36(xv) of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction e from the amount of income chargeable under the head “Profit and gains of business or profession” arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.
10. As per Section 90(2) of the IT Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the Non-Resident/ Non- Resident India would prevail over the provisions of the IT Act to the extent they are more beneficial to the Non-Resident/ Non-Resident India.

BENEFITS AVAILABLE UNDER THE WEALTH TAX ACT, 1957

Asset as defined under Section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares of the Company held by the shareholders would not be liable to wealth tax.

Notes:

1. 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;
2. The above Statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws, including as laid down by the circular 4/2007 dated 15th June 2007 issued by CBDT concerning capital gain, for availing concessions in relation to capital gains tax;
3. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue;
4. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile; and



The stated benefits will be available only to the sole/first named holder in case the shares are held by joint share holders.

**For Venkatesh & Co.,
Chartered Accountants**

**(V. Dasaraty)
Partner
M.No.26336**

SECTION IV: ABOUT THE ISSUER COMPANY

INDUSTRY OVERVIEW

Snapshot of the Indian Economy

According to the World Fact Book of CIA, India, the world's largest democracy in terms of population (1.2 billion people), had real GDP on a purchasing power parity basis of approximately US \$ 3.56 trillion as per the 2009 estimate. This makes it the fifth largest economy by GDP in the world after the European Union, the United States of America, China and Japan.

After experiencing a distinct moderation in growth to 6.7 per cent in 2008-09, the Indian economy recovered in 2009-10 with a growth of 7.2 per cent (as per Central Statistical Organization (CSO) advance estimates).

Quarterly growth trends during 2009-10 indicate moderation in Q3 after the strong recovery seen in Q2. This moderation in growth resulted primarily from two factors: first, the adverse impact of deficient monsoon on agricultural output getting largely reflected in Q3 data. Second, the impact of high base in Q3 of 2008-09, when 'community, social and personal services' had exhibited higher growth reflecting disbursement of Sixth Pay Commission arrears. If the impact of these two factors is netted out, Q3 growth maintains the momentum seen in earlier quarters. The acceleration in industrial growth has been particularly strong since December 2009.

Industrial output, which was affected by the cyclical slowdown and international commodity price shocks in 2007-08 and the global recession in 2008-09, recovered substantially in 2009-10. The Index of Industrial Production (IIP) registered double digit growth during October 2009 to February 2010. The industrial growth was driven by the manufacturing sector, with a weighted contribution of 88.8 per cent, higher than its weight of 79.4 per cent in the IIP.

The headline inflation, which remained at 9.9 per cent in February-March 2010, has emerged as a major policy concern. In the recent weeks, while food inflation is showing signs of slowdown, inflation in fuel and manufactured products is causing more generalized inflationary pressures.

In sum, there is an overall improvement in business sentiments and economic activity, but concerns relating to elevated levels of inflation remain in the near term. It is likely that the growth impulses could further strengthen during 2010-11, and therefore, anchoring inflationary expectations without hurting the growth process continue to be the focus of monetary policy.

(Source: Macro Economic and Monetary developments in 2009-10 issued by the RBI on April 19, 2010)

Overview of the Indian Media & Entertainment Industry

According to a joint report of KPMG and an industry chamber the Indian Media and Entertainment (M&E) industry stood at US\$ 12.9 billion in 2009 registering a 14 per cent growth over last year and is projected to grow at a compound annual growth rate (CAGR) of 13 per cent to reach the size of US\$ 24.04 billion by 2014.

It is one sector which responds extraordinary to GDP growth with a multiplier. When incomes rise, more resources get spent on leisure. Growth in infrastructure, technology, and institutional support for the information

and broadcasting (I&B) sector was in consonance with overall national development perspective. Film, information, and broadcasting sectors of the economy have achieved formidable strength.

A. Filmed Entertainment

Next to Hollywood, Indian film industry is said to be the largest in the world. And it is the largest in terms of films produced & tickets sold.

The Indian film industry constitutes films made in India in a variety of languages. According to Industry Statistics, most films are made in Hindi (350) followed by Telugu (300) and the remaining in other languages. The industry size is estimated at INR 20,000 Crores (around USD 4 Billion) & a typical share of source of revenue is: 70% from ticket sales, 8% overseas rights, 8% music rights, 8% TV, DVD mobile, gaming rights etc and about 4% from Hollywood films, either dubbed or original.

According to the Annual Report, 2009 of CBFC, India is the world's largest producer of films. In 2009, India produced a total of 2961 films on celluloid including a staggering figure of 1288 feature films. The provision of 100% foreign direct investment has made the Indian film market attractive for foreign enterprises such as 20th Century Fox, Sony Pictures, and Warner Bros. The growing size of this market has also propped up prominent Indian enterprises such as Zee, UTV, Adlabs and Sun Network's Sun Pictures who have started participated in producing and distributing films directly.

Regional (especially southern) films command more than 50 per cent of the total Indian feature film market with the rest being commanded by Hindi films. The same is depicted in the illustration below:

Sr.No.	Language	Mum	Kol	Che	Ban	Thi	Hyd	Del	Cut	Guw	TOTAL
1	Hindi	163	-	16	10	3	41	2	-	-	235
2	Marathi	99	-	-	-	-	-	-	-	-	99
3	Gujarati	62	-	-	-	-	-	-	-	-	62
4	Tamil	7	-	146	2	9	26	-	-	-	190
5	Punjabi	15	-	-	-	-	-	-	-	-	15
6	Bengali	5	75	-	-	-	-	-	4	-	84
7	Bhojpuri	60	3	-	-	-	1	-	-	-	64
8	English	8	-	-	-	-	-	1	-	-	9
9	Telugu	12	-	27	6	2	171	-	-	-	218
10	Kannada	2	-	-	175	-	-	-	-	-	177
11	Nepali	1	-	-	-	-	-	-	-	-	1
12	Rajasthani	4	-	-	-	-	-	1	-	-	5
13	Haryanvi	1	-	-	-	-	-	-	-	-	1
14	Assamese	1	-	-	-	-	-	-	-	4	5
15	Malayalam	1	-	1	4	77	11	-	-	-	94
16	Rajbanshi	-	1	-	-	-	-	-	-	-	1
17	Nagpuri	-	1	-	-	-	-	-	-	-	1
18	Oriva	-	1	-	-	-	-	-	16	-	17
19	Maithili	-	1	-	-	-	-	-	-	-	1
20	Santhali	-	1	-	-	-	-	-	1	-	2
21	Kodava	-	-	-	1	-	-	-	-	-	1
22	Sambalpuri	-	-	-	-	-	-	-	1	-	1
23	Mishing	-	-	-	-	-	-	-	-	1	1
24	Konkani	3	-	-	1	-	-	-	-	-	4
	TOTAL	444	83	190	199	91	250	4	22	5	1288

MUM-Mumbai, KOL-Kolkata, CHE-Chennai, BAN-Bangalore, THI-Thiruvananthapuram, HYD-Hyderabad, DEL-Delhi, CUT-Cuttack, GUW-Guwahati

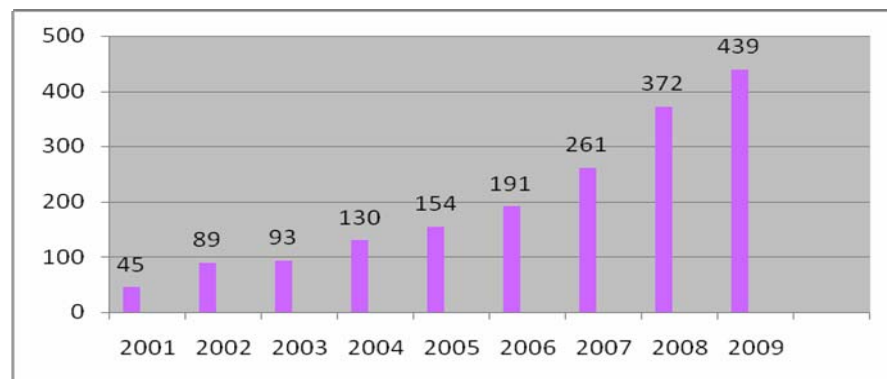
Source: Annual Report, 2009 – CBFC India.

According to the joint report by KPMG and an industry chamber, the film industry contracted 14 per cent growth in 2009 wherein the industry is projected to grow at a CAGR of 9 per cent to touch an estimated amount of US\$ 3.02 billion over the next five years. Growth drivers for the sector would include expansion of factors like an increase in the number of multiplex screens, digital screens facilitating wider releases, higher cable and satellite revenues, improving collections from the overseas markets and supplementary revenue streams like DTH, digital downloads, etc, which are expected to emerge in future.

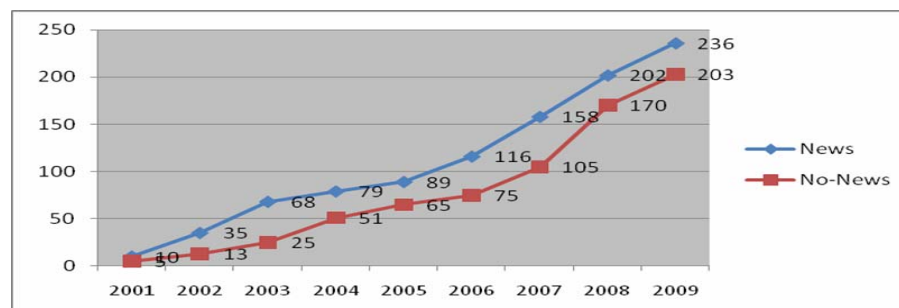
B. Television Industry

There has been a phenomenal increase in the number of channels beamed on the TV screen viewers in India. From 45 channels in 2001 the number of channels has increased to 439 in 2009.

There has been rapid growth in the number of channels in news and other niche segments such as lifestyle, kids and infotainment apart from General Entertainment. The growth in the number of channels can be seen in the graph below. The number of Non-News & Current Affairs TV channels has grown to 203 and that of News & Current affairs TV channels has grown to 236 during the same period.



News & Current Affairs TV channels constitute 54% and Non-News & Current Affairs TV channels constitute 46 % of total permitted 439 TV channels under up linking guidelines. The year-wise growth of channels for up linking from India is depicted in the graph below. While average number of permissions granted per year for new Channels is about 40, it can be seen that there were as many as 111 Channels permitted in 2008 and 67 Channels permitted in 2009. This was due to heightened economic activity leading to a huge growth in the electronic media in India. Year 2009 saw a bit of a decline in the number of permissions as not many Bidders came forward to apply for new Channels due to global recession.



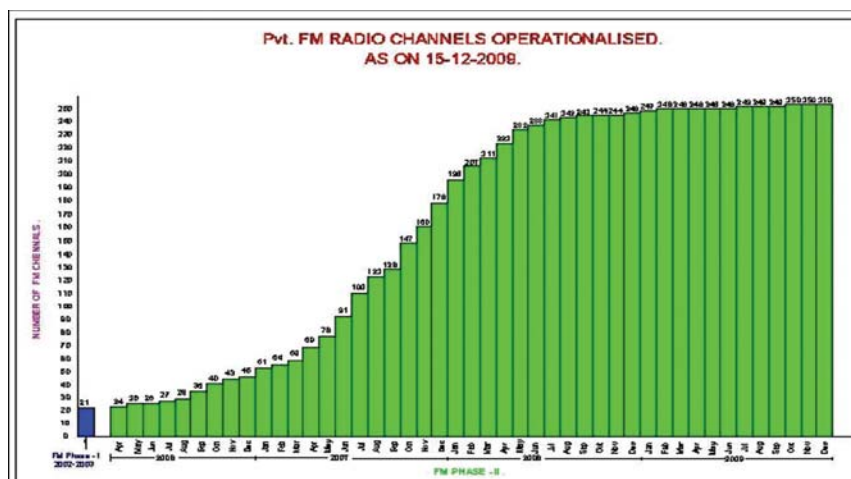
Once again there is a surge in the new Bids for Channels. Since a large number of Bidders have been seeking permissions for new Channels the Ministry decided to make a reference to Telecom Regulatory Authority of India (TRAI) about the total number of Channels that can be permitted in the country keeping in view the available spectrum and transponder capacities. In addition to this Ministry has sought recommendations of TRAI on several other relevant issues like eligibility criteria for the applicant companies etc. A total of 76 TV channels, uplinked from abroad, have been permitted/registered to be down linked in India during the years 2006 to 2009.

(Source: Ministry of Information & Broadcasting, Government of India – Annual Report 09-10)

C. Radio Industry

The Indian Radio Industry is dominated by the State-owned All India Radio (AIR) which covers 91% of India's area and reaches 99% of the population. However, the turning point for the industry came with the Phase- II privatization reforms when the Government rationalized the licensing fee by fixing it at 4% of the gross revenue (or 10% of the reserve OTEF, whichever is higher). This, for the first time, made the business model viable for the companies. Consequently many large corporate houses entered the private FM business.

Out of 337 channels put up for auction, 245 channels in 87 cities were successfully allocated. As on date 251 private FM channels (including 21 from Phase-I) are functioning. The following illustration shows the growth in number of radio channels operationalised as on December 12, 2009:



Growth in the future is likely to go through continued increase in the number of radio stations after Phase III licensing, further liberalization of regulation as well as better ability of the radio stations to sell advertisement space. Government has been examining the recommendations of TRAI for Phase III licensing of FM Radio. Some of the most important recommendations of TRAI are as follows:

- increasing FDI Limits,
- allowing networking within the radio stations under same company
- permitting tradability of licenses, and
- ownership of multiple frequencies.

(Source: Ministry of Information & Broadcasting, Government of India – Annual Report 09-10)

SWOT Analysis of Media and Entertainment Industry

Strengths:

1. Media & Entertainment is one of the most booming sectors in India due to its vast customer reach. The various segments of the Media & Entertainment industry like television and film industry have a large customer base.
2. The growing middle class with higher disposable income has become the strength of the Media and Entertainment industry.
3. Change in the lifestyle and spending patterns of the Indian masses on entertainment.
4. Technological innovations like online distribution channels, web-stores, multi- and Mega- Plexes are complementing the ongoing revolution and the growth of the sector.
5. Indian film industry is second largest in the world and the largest in terms of the films Produced and tickets sold.
6. The low cost of production and high revenues ensure a good return on investment for Indian Media & Entertainment industry.

Weaknesses:

1. The Media and Entertainment sector in India is highly fragmented.
2. Lack of cohesive production & distribution infrastructure, especially in the case of music industry.
3. The lack of efforts for media penetration in lower socio-economic classes, where the media penetration

Opportunities:

7. The concept of crossover movies, such as Bend It Like Beckham has helped open up new doors to the crossover audience and offers immense potential for development.
8. The increasing interest of the global investors in the sector.
9. The media penetration is poor among the poorer sections of the society, offering opportunities for expansion in the area.
10. The nascent stage of the new distribution channels offers an opportunity for development.
11. Rapid de-regulation in the Industry
12. Technological innovations like animations, multiplexes, etc and new distribution channels like mobiles and Internet have opened up the doors of new opportunities in the sector

Threats:

4. Piracies, violation of intellectual property rights pose a major threat to the Media And Entertainment companies.
5. Lack of quality content has emerged as a major concern because of the 'Quick- buck' route being followed in the industry.
6. With technological innovations taking place so rapidly, the media sector is facing considerable uncertainty about success in the marketplace.

(Source: MVEL Management)

Government Initiatives and Support

The Government has initiated the following measures:

- The government has allotted US\$ 50.13 million in the current Five-Year Plan (2007-2012) for various development projects for the film industry. The funds will be utilized to set up a centre for excellence in animation, gaming and visual effects
- To offer better audio quality and sharper picture to millions of its viewers, public broadcaster Doordarshan plans to go completely digital by 2017

According to the Consolidated Foreign Direct Investment (FDI) Policy document released by the Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry, Government of India, foreign investment, including foreign direct investments (FDI) and investment by non-resident Indians (NRIs)/person of Indian origin (PIO)/foreign institutional investor (FII), up to 26 per cent, is permitted for publishing of newspapers and periodicals dealing with news and current affairs under the Government route.

The Consolidated FDI Policy document brings forth the following guidelines for the M&E industry:

- Terrestrial Broadcasting FM (FM Radio): Foreign investment, including FDI, NRI and PIO investments and portfolio investments are permitted up to 20 per cent equity for FM Radio's Broadcasting Services with prior approval of the Government subject to such terms and conditions as specified from time to time by Ministry of Information and Broadcasting for grant of permission for setting up of FM radio stations
- Cable Network: Foreign investment, including FDI, NRI and PIO investments and portfolio investments are permitted up to 49 per cent for cable networks under Government route subject to Cable Television Network Rules, 1994 and other conditions as specified from time to time by Ministry of Information and Broadcasting (I&B)
- Direct-to-Home: Foreign investment, including FDI, NRI and PIO investments and portfolio investments are permitted up to 49 per cent for Direct to Home under Government route. Within the limit of 49 per cent, FDI will not exceed 20 per cent. This will be subject to such guidelines/terms and conditions as specified from time to time by Ministry of Information and Broadcasting (I&B)
- The total direct and indirect foreign investment including portfolio and foreign direct investment in Headend-In-The-Sky (HITS) Broadcasting Service shall not exceed 74 per cent. FDI upto 49 per cent would be on automatic route and beyond that under government route. This will be subject to such guidelines/terms and conditions as specified from time to time by Ministry of Information and Broadcasting (I&B)
- FDI policy in the Up-linking of TV Channels is as under:
 - ✓ Foreign investment of FDI and FII up to 49 per cent would be permitted under the Government route for setting up Up-linking HUB/ Teleports;
 - ✓ FDI up to 100 per cent would be allowed under the Government route for Up linking a Non-News & Current Affairs TV Channel;
 - ✓ Foreign investment of FDI and FII up to 26 per cent would be permitted under the Government route for Up-linking a News & Current Affairs TV Channel subject to the condition that 48 of the portfolio investment from FII/ NRI shall not be "persons acting in concert" with FDI investors, as defined in the SEBI(Substantial Acquisition of Shares and Takeovers) Regulations, 1997

(Source: IBEF/FICCI)

OUR BUSINESS

OVERVIEW

We are Film Production, Distribution and Exhibition Company, actively engaged in the media and entertainment industry in South India. We have presence in the media and entertainment activity from concept to completion i.e. from script to screen. We produce, distribute and exhibit movies both in Indian and foreign languages. We also hold the music, video and television rights of movies, television serials for sales to TV Channels and other emerging media sources. We intend to emerge as one of the leading theatre chain in Southern India. We have currently entered into screening agreements with 46 theatres in distribution territories of Andhra Pradesh, Karnataka and Tamil Nadu.

Our Company currently focuses on the following business areas:

- **Exhibition of movies**

We forayed into the exhibition business by way of entering into screening agreements with theatres in B & C category towns. Our Company has already entered into screening agreements with 46 screens and is in the process of entering into similar agreements with more such screens.

India is a growing entertainment market; however, there is a lack of quality theatres beyond the metros and some of the Tier-I Cities (A Category). Further, video piracy and home viewing has made a dent on theatre collections. Most of the exhibition centers in B & C category towns are single screen theaters and are not able to provide the required infrastructure and ambience to exhibit world class movies as is done in the metros with the influx of multiplexes. The single screen theatres today are suffering due to:

- poor quality of theatrical infrastructure
- poor services due to years of neglect of infrastructural and qualitative improvements
- unhygienic conditions
- poor seating and
- outdated equipments
- low negotiation capacity for procuring content at affordable prices

We believe that the performance of single screen theatres would improve if the management is professionalized and a chain of theatres takes over the operation and maintenance of the theatres bringing economies of scale and bargaining power with distributors. We are in the process of creating a chain of theatres under our management and operational control. We have embarked on a project to acquire right to screen movies by entering into screening agreement with theaters in B & C category towns of south Indian states and convert the same into a pleasant viewing experience for movie watchers. We intend to upgrade the infrastructure in select theatres and install digital projection equipments on selective basis with an objective to take movies to the Indian masses in these centers.

This will result into better bargaining power with distributors, equipment suppliers, ad agencies, and others bringing in economies of scale and higher participation of these smaller towns in the total collections of any film.

- **Distribution of movies**

To complement the exhibition and the production and to have the presence across all segments, we distribute movies from all banners and production houses based on our relationships with producers and also based on trial screenings. We in the past have acquired territorial distribution rights for various movies like Pirates of the Caribbean - Dead Man's Chest, Dead or Alive and various Tamil movies such as Thambi, Erandu, Patchaikili Muthucharam, Vayabari, Naan Avan Illai, Parattai Entra Alagu Sundaram, Pollathavan – Dhanush etc. A standard acquisition procedure is in place and films are stringently reviewed before a decision to invest is taken by our management. We currently acquire and distribute movies in territories where we have an exhibition presence. Our aim is to distribute movies throughout Southern Peninsula in the same territories where our theaters are located and South East Asian Countries.

Further we have a library of 651 movies in various languages. This consists of 417 Tamil movies, 107 Telugu movies, 52 Kannada movies and 75 Malayalam movies.

- **Production of movies**

We have in past produced several movies. In the year 2006 we produced 'Thambi', a Tamil movie starring R. Madhavan. 'Seena Thaana 001' our home Production hit the screens on September 7, 2007. Another movie Alanganallur Kalai is in production and is expected to hit the screens in 2010. For this movie we have entered into director's agreement dated January 11, 2008 with Mr. Ponraj alias Laxmi Priyan, actor's agreement dated July 07, 2007 with Mr. S.M. Abdul Qadhir and Music director's agreement dated July 18, 2007 with Mr. Srikanth Deva. Further, our Company has executed various theatrical distribution agreements with different distributors.

Apart from the above mentioned activities; our company is in the process of venturing into the following areas of movie entertainment such as Drive-In Theaters, Combined Entertainment Plexes etc by way of organic as well as inorganic growth.

Our Competitive Strengths

- **Strategic location of theatres.**

We forayed into the exhibition business by entering into screening agreements with theaters. All our screens are located in B & C category towns, where quality theatres are absent. Hence we are in a position to take the advantage by providing people with better movie viewing experience through improved and hygienic conditions.

- **Global business experience and qualifications of our promoters and core-management team**

Our promoters and core-management team have global business experience and reputed qualifications in various fields and the same would enable us to develop strong business models and execute plans effectively. For further details regarding our promoters and our core-management team please refer "Our Management" and "Our Promoters and Promoters Group" on pages 108 and 124 of this Draft Red Herring Prospectus respectively.

- **Capital-efficient project design and execution**

Our projects are planned and conceived in a manner that each property is profitable on a standalone basis. We use our internal skills to assess the location and demographics and decide on capital expenditure accordingly. The

properties on which we operate are not owned by us. We manage these properties pursuant to agreements entered into with the respective owners of the properties. Apart from stand-alone profitability of each site, it also ensures an efficient use of capital.

- **Selection of content**

Due to our experience in content selection and programming for many theatres and a deep understanding of different film genres (developed in our distribution business), we are well-placed to exploit each film available in the market. A standard acquisition procedure is in place and films are stringently reviewed before a decision to invest is taken by our management. The same is while selecting content for the production of a movie.

- **Presence from Script to Screen**

We have presence in the entire value chain of the film industry, i.e. production, distribution and exhibition, thus integrating the production and the last mile access platform for movie delivery and our presence from script to screen.

Our Business Strategy

According to CBFC India, Indian film industry is the largest in the world producing over a thousand films in a year, seen in over 13000 cinema halls. Our goal is to create a strong theatre chain in southern India. Our business strategy is to:

- ✓ Acquire right to screen movies by entering into screening agreements with single screen theatres in B & C category towns
- ✓ Convert them into digital theatres
- ✓ Improve the ambience and outlook
- ✓ Upgrade the infrastructure in these theatres w.r.t digital projection equipment on selective basis with an objective to take movies to the Indian masses and to make movie going a part of life for viewers
- ✓ Continue to provide the better exhibition standards to achieve customer delight.
- ✓ By having a chain of theaters across certain territories under our command, we shall be able to have higher bargaining power with the distributors, equipment suppliers, and advertising agencies, hence bring in the advantages of economies of scale.
- ✓ Increase revenue from advertisers. As we increase our number of cinema screens there will be an increase in the number of our patrons, which will increase the attractiveness of our cinema circuit to advertisers. This should enable us to increase our advertisement revenue.
- ✓ Our Company currently has entered into screening agreements with 46 theaters. Further, we also propose to enter into similar screening agreements with additional 300 theatres. Distribution of Movies in synergy with the exhibition chain would lead to savings in cost and elimination of the middle man thus enhancing savings and profitability.

- ✓ We intend to add another 300 screens in B & C category towns by June 2011 and also modernize 100 theatres. These theatres will be provided with modern technologies like digital screen projectors and DTS sound system. Digitalization will result into saving in print costs and enable wide release of movies. Handling costs are also eliminated in case of digital projections.
- ✓ We intend to increase our focus on the locations in which the proposed screening rights acquisitions happen. Since de-hiring of over 40 screens in the last year, for lower market demand and lack of basic infrastructure facilities, our core business strategy shall focus on locational benefits before entering into screening rights.

DETAILS OF OUR BUSINESS

Location

Our Company operates its Registered and Corporate offices located at Chennai, Tamil Nadu. There are no branch offices of our company currently.

Plant, Machinery, Technology, Process, etc.

Digital Cinema

Digital cinema refers to the use of digital technology to distribute and project motion pictures. The final movie can be distributed via hard drives, DVDs or satellite and projected using a digital projector instead of a conventional film projector. Digital cinema is distinct from standard video and high-definition video. In particular, it is not dependent on using television or HDTV standards, aspect ratios, or frame rates.

Digital Cinema Distribution

Digital Cinema Distribution (DCD) is the process of transmitting the DCP to theater servers via different methods that may include: hard drives, LTO data tapes, DVD-ROMs, or satellite. Each method of distribution faces its own unique challenges. Currently, there is no industry or de-facto standard for distribution. This issue will likely be decided by market forces and business models.

Digital projection

Digital Cinema comes in 2 flavors:

-D-Cinema - which is meant for feature films coming out of the US using DLP Cinema technology, which the big 7 Hollywood studios have subscribed to, and which is still extremely costly even in the US; recent activities by the Digital Cinema Initiative and the major studios have yielded in agreed DCI standards ratified by SMPTE, implemented since 2005.

-E-Cinema – refers to “the Other Digital Stuff”, as coined by John Fithian, President of the National Association of Theater Owners in America. This could be documentaries, films from independent distributors, HD movies, advertising, live content, sport events etc. which are shown in theaters on pretty much any other display technology.

In India, the digital cinema implementations have been predominantly e-cinema as it is cost-effective and relevant to the Indian film industry in terms of cost/benefits.

Economics of Digital Cinema:

- ✓ Savings in production: Digital media is very cheap compared to film. This matters most to low-budget films.
- ✓ Digital cinema can also reduce costs while shooting and editing. It is possible to see the video and make any necessary adjustments immediately, instead of having to wait until after the film is processed. Digital footage can also be edited directly, whereas with film it is usually digitized for editing and then re-converted to film for projection.
- ✓ Savings in distribution: Digital distribution of movies saves money for film distributors as costs are comparatively cheaper for digital cinema.
- ✓ Alternative content: An added incentive for exhibitors is the ability to show alternative content such as live special events, sports, pre-show advertising and other digital or video content. Some low-budget films that would normally not have a theatrical release because of distribution costs might be shown in smaller engagements than the typical large release studio pictures. The cost of duplicating a digital "print" is very low, so adding more theaters to a release has a small additional cost to the distributor. Movies that start with a small release could scale to a much larger release quickly if they were sufficiently successful, opening up the possibility that smaller movies could achieve box office success previously out of their reach.
- ✓ Greater protection for content: An incentive for digital distribution is the possibility of greater protection against piracy. With traditional film prints, distributors typically stagger the film's release in various markets, shipping the film prints around the globe. In the subsequent markets, pirated copies of a film (i.e. a cam) may be available before the movie is released in that market. A simultaneous worldwide release would mitigate this problem to some degree. With digital distribution, a simultaneous worldwide release would not cost significantly more than a staggered release.

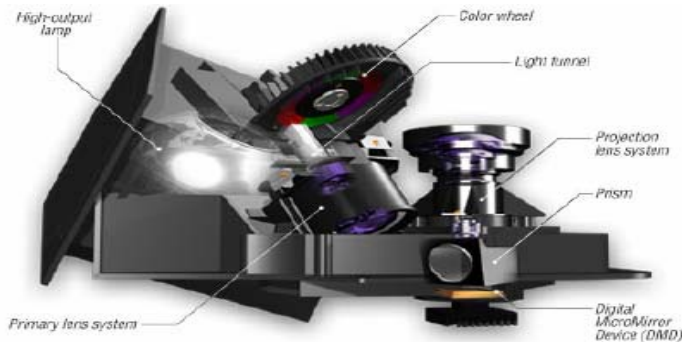
On the downside, the initial costs for converting theaters to digital are high. Theaters have been reluctant to switch. While a theater can purchase a film projector and expect an average life of 30-40 years, a digital cinema playback system including server/media block/and projector can cost 3-4 times, and is at higher risk for component failures and technological obsolescence. Computer-based media systems have average economic lifetimes of ~5 years with some units lasting until about 10 years before they are replaced.

Digital Light Processing Technology (DLP)

DLP technology is a revolutionary display solution for video projectors that uses an optical semiconductor to manipulate light digitally. It's also a proven and dependable technology preferred by leading electronics manufacturers worldwide, with more than 1 million systems shipped since 1996.

DLP technology is in use wherever visual excellence is in demand. In fact, it's the only display solution that enables movie video projectors, televisions, home theatre systems and business video projectors to create an entirely digital connection between a graphic or video source and the screen in front of you. The result is maximum fidelity: a picture whose clarity, brilliance and color must be seen to be believed.

The DLP Light Engine



How does DLP Technology work?

DLP technology is the result of a breakthrough in micro engineering that leads to the best picture quality money can buy.

✓ **The Semiconductor**

At the heart of every DLP projection system is an optical semiconductor known as the Digital Micro mirror Device, or DMD chip, which was invented by Dr. Larry Hornbeck of Texas Instruments in 1987. The DMD chip is probably the world's most sophisticated light switch. It contains a rectangular array of up to 1.3 million hinge mounted microscopic mirrors; each of these micro mirrors measures less than one-fifth the width of a human hair, and corresponds to one pixel in a projected image.



When a DMD chip is coordinated with a digital video or graphic signal, a light source, and a projection lens, its mirrors can reflect an all-digital image onto a screen or other surface. The DMD and the sophisticated electronics that surround it are what we call Digital Light Processing technology.

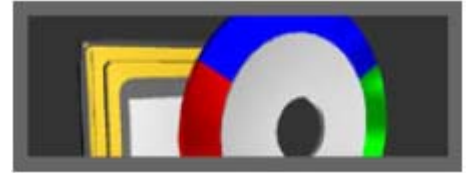
✓ **Digital Light Processing I: The Grayscale Image**

A DMD panel's micro mirrors are mounted on tiny hinges that enable them to tilt either toward the light source in a DLP projection system (ON) or away from it (OFF)-creating a light or dark pixel on the projection surface. The bit streamed image code entering the semiconductor directs each mirror to switch on and off up to several thousand times per second. When a mirror is switched on more frequently than off, it reflects a light gray pixel; a mirror that's switched off more frequently reflects a darker gray pixel. In this way, the mirrors in a DLP projection system can reflect pixels in up to 1,024 shades of gray to convert the video or graphic signal entering the DMD into a highly detailed grayscale image.



✓ **Digital Light Processing II: Adding Color**

The white light generated by the lamp in a DLP projection system passes through a color wheel as it travels to the surface of the DMD panel. The color wheel filters the light into red, green, and blue, from which a single-chip DLP projection system can create at least 16.7 million colors. And the 3-DMD chip system found in DLP Cinema projection systems is capable of producing no fewer than 35 trillion colors. The on and off states of each micro mirror are coordinated with these three basic building blocks of color. For example, a mirror responsible for projecting a purple pixel will only reflect red and blue light to the projection surface; our eyes then blend these rapidly alternating flashes to see the intended hue in a projected image.



✓ Bids and Configurations

The DLP projection system comes in two types:

1. 1-Chip DLP Projection system
2. 3-Chip DLP Projection system



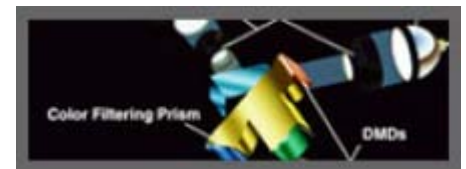
a) 1-Chip DLP projection system

Televisions, home theatre systems and business video projectors using DLP technology rely on a single DMD chip configuration like the one described above. White light passes through a color wheel filter, causing red, green and blue light to be shown in sequence on the surface of the DMD. The switching of the mirrors and the proportion of time they are 'on' or 'off' is coordinated according to the color shining on them. The human visual system integrates the sequential color and sees a full-color image.



b) 3-Chip DLP projection system

DLP technology-enabled video projectors for very high image quality or high brightness Bids such as cinema and large venue displays rely on a 3-DMD-chip configuration to produce stunning images, whether moving or still. In a 3-chip system, the white light generated by the lamp passes through a prism that divides it into red, green and blue. Each DMD chip is dedicated to one of these three colors; the colored light that each micro mirror reflects is then combined and passed through the projection lens to form a single pixel in the image.



Results / Characteristics of DLP technology is beautiful picture:

✓ Clarity

DLP technology comes closer than any other display solution to reproducing the exact mirror image of its source material. That's why images projected by DLP technology are always crystal clear. The thousands of mirrors making up the Digital Micro mirror Device at the heart of DLP technology are spaced less than one micron apart,

resulting in a very high "fill factor." By minimizing the gaps between pixels in a projected image, DLP projection systems create a seamless digital picture that's sharp at any size-without the pixilation or "screen door" effect apparent in other technologies.

✓ **Brightness**

DLP projection systems outshine the alternatives because, being mirror-based, they use light more efficiently. While other technologies lose a certain amount of light in transit, the microscopic mirrors in a DLP projection system bring more light from lamp to screen. The difference is plain to see. With DLP technology, home entertainment becomes the visually stunning experience it should be. Business presentations have maximum impact-whether the lights are on or off. And large venue displays captivate their audiences with outputs of up to a whopping 15,000 lumens.

✓ **Color**

DLP technology reproduces a range of colors up to eight times greater than that of analog projection systems. In televisions and home theatre systems, DLP projection creates rich blacks and darker shades than is possible with other technologies. At the movies, DLP Cinema technology projects no fewer than 35 trillion colors-over eight times more than is possible with film. DLP color is becoming even more brilliant as we introduce Sequential Color Recapture or SCR, an innovation that will enable DLP projection systems (video projectors) to bring up to 40 percent more lumens to the screen than was previously possible.

✓ **Smarter Product Design**

The Digital Micro mirror Device at the core of DLP technology can modulate light much more quickly than other display ingredients. That means a DLP projection system only requires one panel, while other technologies require three. The result is a projection subsystem that is smaller and lighter, leaving ample room for innovative design. So product designers can focus on making their products lighter, slimmer, and more elegant. Think widescreen televisions that don't eat up the living room. A new generation of cabinet-sized, 40-inch tabletop TVs. And portable projectors weighing as little as two pounds that are bright enough for lights-on presentations.

✓ **Reliability**

DLP technology makes video projectors, home theatre systems, and televisions more robust and more reliable. The digital nature of DLP technology means that, unlike other display solutions, it's not susceptible to heat, humidity, or vibration-environmental factors that can cause an image to degrade over time. DLP projection systems display an original-quality picture time and time again with zero hassle and minimal maintenance. And with more than one million systems shipped since 1996, DLP technology has a proven track record for outstanding dependability.

✓ **Versatility**

DLP projection brings the same peerless visual standard to entertainment, work, and play. Innovation and flexibility: As far as we're concerned, you can't have one without the other. DLP technology fits into your life wherever visual experience is important. DLP technology delivers stunning images in your home, while DLP Cinema technology delivers unmatched image quality in the movie theatre. The video projector you use for presentations also works its magic in your living room-or even doubles as the ultimate PC game enhancer for your

kids (if they're lucky). And the all-digital nature of televisions and home theatre systems featuring DLP technology makes them ideal for enjoying television programming, the Internet, and gaming Bids all in one place.

Advantages of Digital Cinema vs. 35mm Film:

▪ **35mm Film**

- ✓ High maintenance mechanical equipment
- ✓ Each print has its own courier
- ✓ High power consumption
- ✓ Projection booths often require a minimum of 250sq feet to accommodate
- ✓ Inconsistent picture and sound due to natural wear and tear

▪ **Digital Cinema**

- ✓ A solid and more stable picture and optimum sound presentation every time
- ✓ One courier for all titles
- ✓ Multiple titles can be loaded on to one server
- ✓ Low electricity consumption
- ✓ Low maintenance electronics i.e. minimal moving parts
- ✓ Full automation for customer control of start and stop times of all features
- ✓ Projection booth size can be greatly reduced

Midvalley Entertainment Limited has decided to go with DLP 3-Chip technology for its theatre chain.

Movie Production Process

A movie production can be divided broadly into four stages as described below:



The schedule of activities relevant at each stage is as under:

▪ **Development**

- ✓ conception of ideas
- ✓ development of ideas
- ✓ market research
- ✓ obtaining rights
- ✓ signing tentative cast, crew
- ✓ raising funds

▪ **Pre-Production**

- ✓ screenplay breakdown
- ✓ shooting schedule
- ✓ location scouting
- ✓ budgeting

- ✓ casting and unions
- ✓ equipment rentals
- ✓ permits etc.
- **Production**
 - ✓ principal photography
 - ✓ blocking
 - ✓ lighting
 - ✓ final rehearsals
 - ✓ shooting
- **Post-Production**
 - ✓ editing
 - ✓ sound effects
 - ✓ music production
 - ✓ special effects
 - ✓ mixing

Distribution Process

To complement the exhibition and the production and to have the presence across all segments, our company distributes products from all banners and production houses based on relationships with producers including trail screenings, but entails to limit its risk exposure by only investing in products from known banners with established directors and saleable star cast. A standard acquisition procedure is in place and films are stringently reviewed before a decision to invest is taken by the management. Process for distribution of movies includes the following steps:

Collecting news about a movie from the market
Approach the Producer
Watching the film preview
Quote the price
Negotiate with the Producer
Finalize the price
Initiate the Note for approval
Approval by the Committee
Execution of the Agreement
Advance paid to Distributor
Advertise in the news paper about the distribution rights
Collect the offer from the theatres
Choose the best theatres to screen the film
Collecting Advance or Fixed Hire Or Minimum guarantee from the theatre owners
Prepare the Screening agreement with each theatre
Advertise about the release date
Send the Advertisement materials to theatres
Collecting the film box from the Producer
Arranging representative for each theatre

Distribute the film box to the theatres
Send the representative to each theatre
Reporting of collection by the representative to office

Exhibition / Screening Process

▪ ***Identify locations***

One of the most important factors for the success of any cinema hall is the location. We believe that our skill in identifying locations is one of our key strengths. We have a professional team with of experience in evaluating various locations in terms of catchment area, competing alternatives, expenditure patterns, etc.

▪ ***Plan a Capital-efficient project design***

Our current and proposed projects are planned and conceived in a manner that each screen is profitable on a standalone basis. We use our internal skills to assess the location and demographics and decide on capital expenditure accordingly. The theaters on which we operate are not leased/owned by us. We manage these properties pursuant to agreements entered into with the respective owners of the properties. Apart from stand-alone profitability of each site, it also ensures an efficient use of capital.

▪ ***Selection of content***

Due to our experience in content selection and programming for many theaters and a deep understanding of different film genres (developed in our distribution business), we are well-placed to exploit each film available in the market. Also, since we ourselves are a production and distribution company also, we are able to judge the price being asked for a film more effectively.

▪ ***Marketing***

Midvalley has been established in the consumers mind due to the movie experience that it stands for and the mass segment that it caters to. The movies that we exhibit and the entertainment provided to our patrons is itself our most important marketing tool.

▪ ***Experience in Film Distribution***

Apart from the experience in areas of exhibition i.e. programming, theater management and running cinemas Midvalley is in film distribution as well. This distribution experience is particularly useful for the exhibition business in the following way:

- ✓ Ability to identify under serviced areas and/or untapped locations, where unmet demand for a movie theater exists. This helps us in deciding about entering into screening agreements with the owners of the theaters
- ✓ Relationship with producers/distributors in getting access to content.
- ✓ Relationship with theater-owners enables us to have access to locations.
- ✓ Understanding of different film genres and their box-office potential. This is important for content selection.

Products / Services of our company

Midvalley is in the business of entertainment from script to screen. We produce, distribute and exhibit movies. The end users of the products / services of our Company are the patrons that make the entertainment industry.

Competition

The exhibition industry is highly competitive. Motion picture exhibitors generally compete on the basis of the following competitive factors:

- ✓ ability to secure films with favorable licensing terms;
- ✓ location and reputation of their cinemas;
- ✓ quality of projection and sound systems at their cinemas; and
- ✓ Ability and willingness to promote the films they are showing.

Some of our domestic competitors are:

- ✓ Cinemax India
- ✓ Fame India
- ✓ Pyramid Saimira
- ✓ PVR Limited
- ✓ Inox Leisure Limited
- ✓ Shringar Cinemas

Majority of the competitors mentioned above cater to metros and Class A cities, whereas we have a business model to cater to Class B and C towns and focus on running of the single screen theatres. We intend to enter into screening agreements with various single screen theatres and convert some select theaters into digital theme theatres.

Approach to marketing and proposed marketing set-up

The single screen theatres today are suffering due to:

- poor quality of theatrical infrastructure
- poor services due to years of neglect of infrastructural and qualitative improvements
- unhygienic conditions
- poor seating and
- outdated equipments
- low negotiation capacity for procuring content at affordable prices

We believe that the performance of single screen theatres would improve if the management is professionalized and a chain of theatres takes over the operation and maintenance of the theatres bringing economies of scale and bargaining power with distributors. We are in the process of creating a chain of theatres under our management and operational control. We have embarked on a project to acquire right to screen movies by entering into screening agreement with theaters in B & C category towns of south Indian states and convert the same into a pleasant viewing experience for movie watchers. We intend to upgrade the infrastructure in select theatres and

install digital projection equipments on selective basis with an objective to take movies to the Indian masses in these centers.

This will result into better bargaining power with distributors, equipment suppliers, ad agencies, and others bringing in economies of scale and higher participation of these smaller towns in the total collections of any film.

Existing capacity & Capacity Utilization

Capacity and Capacity Utilization is not applicable to our Company. However, currently we have screening agreements with 46 theaters.

Export Possibilities and Export Obligations

Currently, we do not have any export obligations.

Insurance

Following are the details regarding the insurance coverage obtained by our company:

Sr. No.	Validity Period of Policy	Type of Policy	Description of Assets Covered under the policy	Policy No.	Sum Insured	Premium	Rs. in Lacs
							Name of the Insurance Company
1.	August 6 th , 2010 to August 5 th , 2011	Standard Fire & Special Perils Policy	Office Building & it's contents	411800/11/2011/275	275.50	0.052	The Oriental Insurance Company Ltd.

Intellectual Property Rights

We have registered our Trademark and logo under class 9 of the Trade Mark, Section 23(2), Rule 62 (1) of the Trade Marks Act, 1999. The Trade Mark no. granted to us is 1396804.

Our Company has executed agreements with the music director, actor for the production of movie wherein it states that our Company being the author of the film shall be the sole owner of the copyright therein with a full right to make use of the products of the music director's or actor's services, the film and all allied and ancillary rights. However, we have not availed any copyright protection from the regulatory authorities by way registering our copyrights.

Manpower

Our Company has 22 personnel on its rolls, which includes 13 managerial staff and the balance non managerial staff. The manpower of the theatres is not considered as part of the manpower

Land and Property

Own Property

Schedule of the Property & use	Area	Consideration	Nature of Interest	Date and/ or term of lease	Seller
1. Immovable property bearing no. 9-A, 9 th Floor, Gee Gee Emerald Building, Door No. 312, Valluvar Kottam High Road, Nungambakkam Division, Chennai - 600 034 (Registered office)	Measuring 1743 Sq. ft	Rs.55,00,000/- (Rupees Fifty Five Lacs only)	Freehold	Sale Deed Dated: November 23, 2006. Registered Document No. 1124 of 2006.	Mr. Bharat M Shah

The above mentioned office premises are attached by the Income Tax department vide their order dated April 08, 2009. However we are operating from the same premises. For further details regarding said attachment, please refer “Outstanding Litigations and Material Developments” beginning on page 190 of this Draft Red Herring Prospectus.

▪ **Leasehold/Rented Properties**

Sr. No.	Schedule of the Property	Area	Consideration	Date and/ or term of lease	Lessor
	Immovable property situated on 9 th Floor, 9C & 9D, Gee Gee Emerald Building Door No. 312, Valluvar Kottam High Road, Nungambakkam, Chennai-600 034 (Registered office)	Measuring 2700 Sq. ft	Rent : Rs.75,000/- (Rupees Seventy Five Thousand only) per month Enhancement at the rate of 15% after completion of three (3) years. Maintenance charge: Rs.1.25 per sq. ft per month to be paid by our Company. Security Deposit: Rs.7,50,000/- (Rupees Seven Lakh and Fifty Thousand only)	Lease Deed dated: October 12, 2005 has expired on October 11, 2008. The same is not renewed due to differences on rent and other terms.*	Mr. Rajkumar Sethupathy

*The occupation of this leased corporate office is under dispute with its lessor. For further details please refer “Outstanding Litigations and Material Developments” beginning on page 190 of this Draft Red Herring Prospectus.

We confirm that the lessors are not in any way related to the promoters/directors of Our Company.

Currently, our Company has the following screens in respect of which we have entered into screening agreements, which are all valid upto five years from the date of agreement:

Sr. No	Category	Location	Name of the Theatre	Date of Agreement
Tamil Nadu Film Circuit				
1	B	ERODE	ANNA THEATRE	01.05.09
2	B	TIRUPPATTUR	CKC THEATRE	01.05.09
3	B	CUMBUM	DEVABALA THEATRE	01.05.09
4	C	ANUPPARPALAYAM	GANESH THEATRE	01.05.09
5	C	KOMBAL	KARTHEEVEL THEATRE	01.09.08
6	C	U.KOLATHUPALAYAM	KRISHNA THEATRE	01.05.09
7	B	TIRUPPUR	LAXANA THEATRE	01.05.09
8	B	KUNNATHUR	MOHAN THEATRE	01.05.09
9	B	PARAPALAYAM	MPS THIRAIARANGAM	11.06.09
10	B	POLLACHI	MURUGALAYA THEATRE	01.05.09
11	B	SATHYAMANGALAM	NIRMALA THEATRE	01.05.09
12	B	CHINNAKARAI	PRAKSH THEATRE	14.05.09
13	B	SUNDARAPURAM	PALANIAPPA THEATRE	01.05.09
14	B	TIRUPPUR	RAM LAXMAN THEATRE	01.05.09
15	C	KAVERIPATTINAM	RAVI THEATRE	01.05.09
16	B	CUMBUM	SAKTHIBALA THEATRE	01.05.09
17	B	SOORAMPATTI	SANGEETHA THEATRE	01.05.09
18	B	KANGEYAM	SENNIAPPA THEATRE	15.05.09
19	B	PUNSAIPULIAMPATTI	SHANMUGA THEATRE	01.05.09
20	C	KAMANAICKENPALAYAM	SARADHA THEATRE	02.01.08
21	B	ERODE	SRINIVASA THEATRE	01.05.09
22	B	KANCHIPURAM	SRI BALASUBRAMANIAN THEATRE	01.05.09
23	B	KANCHIPURAM	SRI BALASUBRAMANIAN DLX	01.05.09
24	B	ERODE	SRI CHANDIKA THEATRE	15.05.09
25	C	ANDIPALAYAM	SRI DEIVAM THEATRE	10.05.09
26	B	TIRUTHANI	SRI GOLDEN MINI THEATRE	01.05.09
27	B	TIRUPPATTUR	SRI KALAIMAGAL THEATRE	01.05.09

Sr. No	Category	Location	Name of the Theatre	Date of Agreement
Tamil Nadu Film Circuit				
28	B	AVINASHI	SRI KARUNAMBIKA THEATRE	01.05.09
29	B	TIRUPPUR	SRI SAKTHI THEATRE	01.05.09
30	B	TIRUPPATUR	SRI THIRUMAGAL THEATRE	01.05.09
31	B	TIRUPPUR	UNIVERSAL THEATRE	01.05.09
32	C	KEERAMANGALAM	VRK THEATRE	01.05.09
33	C	SOWRIPALAYAM	VEBRLMURUGAN THEATRE	01.05.09
34	C	PERUNTHALAIYUR	VIJAYAN THEATRE	01.05.09

Karnataka Film Circuit				
1	B	BANGALORE	MOVIELAND THEATRE	01.05.09
2	B	GOWRIBIDANUR	PUSHPANJALI THEATRE	01.05.09
3	B	KOLAR	SARADHA THEATRE	01.05.09
4	B	GOWRIBIDANUR	SHANKA THEATRE	01.05.09
5	B	UTTARAHALLI	VAIBHAVI THEATRE	01.05.09
6	B	BANGALORE	VAISHNAVI THEATRE	01.05.09
7	B	MULBAGAL	VARADHARAJ THEATRE	01.05.09

Andhra Pradesh Film Circuit				
1	B	CHITTOOR	ANANDA THEATRE	01.05.09
2	B	KUPPAM	LAKSHMI THEATRE	01.05.09
3	B	KUPPAM	MAHALAKSHMI THEATRE	01.05.09
4	B	KUPPAM	MURUGAN THEATRE	01.05.09
5	B	CHITTOOR	SRI VENKATESHWARA THEATRE	01.05.09

In all as on date, we have tied up with 46 single screen theaters of which 34 are in Tamil Nadu, 7 are in Karnataka and 5 are in Andhra Pradesh. The agreement entered into with the theatres is valid for a period of 5 years from the date of the agreement.

KEY INDUSTRY REGULATIONS AND POLICIES

Our Company is in the business of film production, film distribution and film exhibition. Our Company enters into screening agreement with the owners of the theatres in the States of Tamil Nadu and Andhra Pradesh for screening various movies.

A brief summary of the relevant regulations and policies as prescribed by the Government of India and the relevant state governments that are applicable to us are as follows. Please note that the same are based on legal provisions and the judicial interpretations thereof as on the date hereof, which are subject to change and information detailed in this chapter has been obtained from publications available in the public domain. The following regulations set out below are not exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice.

1. Industry Related Regulations

- **The Cinematograph Act, 1952 and The Cinematograph (Certification) Rules, 1983**

The Cinematograph Act 1952 (the "Act") was enacted for inter alia, the certification of cinematograph films for exhibition and regulating exhibition of films by means of cinematographs. The Act has authorized the Central Government to constitute a Board of Film Certification (the "Board") in accordance with the Cinematograph (Certification) Rules, 1983 for the purpose of sanctioning films for public exhibition in India. The examining committee is appointed by the Regional Officer and makes a determination for the grant of the said certificate, based on the appropriateness of viewership. After examining a film, if the Board considers that:

- a) the film is suitable for unrestricted public exhibition, or, for unrestricted public exhibition with an endorsement of the nature mentioned above, it shall grant to the person applying for a certificate in respect of the film a "U" certificate or a "UA" certificate, as the case may be;
- b) the film is not suitable for unrestricted public exhibition, but is suitable for public exhibition restricted to adults or is suitable for public exhibition restricted to members of any profession or any class of persons, it shall grant to the person applying for a certificate in respect of the film an "A" certificate or a "S" certificate, as the case may be;
- c) The film is not suitable for public exhibition; the Board may alternatively prohibit the exhibition of the film.

Our Company does apply to the Board for its certification before its film is released in the theatres for public viewing.

The certificate granted by the Board is valid for a period of 10 (ten) years. In terms of the Act, an establishment that exhibits films would have to obtain a license for such exhibition to confirm that the establishment has complied with the provisions of the Act and that the safety standards of the establishment are adequate. Non-compliance would attract penalties in the form of imprisonment and/or monetary fines.

Films certified for public exhibition may be re-examined by the Board if any complaint is received in respect of the same. All advertisements of films displayed by the producer/ distributor/ exhibitor in any form including hoardings, handbills, newspapers and trailers are required to indicate that the film has been certified for public exhibition. If films are exhibited contrary to restrictions specified by the Board, the exhibitor is

liable for punishment with imprisonment and/or a fine. The certificate may provide restrictions in respect of viewership or, the Board may direct the applicant to carry out any modifications, as it may think fit. The obligation to obtain such certificate is on the producer of a film.

The duplicate copy of the same has to be provided to the distributor or the exhibitor according to the Cinematograph (Certification) Rules, 1983.

- **The Cinematograph Film Rules, 1948**

In terms of the Cinematograph Film Rules 1948 ("Rules") a license must be obtained prior to storing of any film unless specifically exempted. The license granted under the Rules is valid till the 31st day of December of the year for which it was granted and may be renewed subsequently for further such periods. The licensee may, at any time before the expiry of the license, apply for permission to transfer the said license to another person. Any person transporting, storing or handling films would have to ensure compliance with the provisions of the Rules pertaining to precautions against fire, restriction of access to films by unauthorized personnel, supervision of operations, minimum space between workers, storage of any loose films, minimum specifications for aisle space and exits in storage rooms, electrical installations in the storage rooms etc. The rules also specify the form and the procedure for applying for licenses, renewal of licenses, transfer of licenses, and procedure for transport of film, refusal of licenses and cancellation of licenses.

- **Tamil Nadu Cinemas (Regulation) Act, 1955**

The Tamil Nadu Cinemas (Regulation) Act, 1955 (the "TN Act") provides that no person can give a cinematograph exhibition elsewhere than in a place licensed under the TN Act. Licenses to cinemas are granted by the local District Collector, upon being satisfied that the rules under the said TN Act have been complied with and adequate safety precautions have been taken in the cinema. In addition, licenses may contain such terms and conditions as the licensing authority deems fit

- **The Andhra Pradesh Cinemas (Regulation) Act, 1955**

The Andhra Pradesh Cinemas (Regulation) Act, 1955 (the "AP Act") provides that no person can give a cinematograph exhibition elsewhere than in a place licensed under the AP Act. Licenses to cinemas are granted by the local District Collector, upon being satisfied that the rules under the AP Act have been complied with and adequate safety precautions have been taken in the cinema. In addition, licenses may contain such terms and conditions as the licensing authority deems fit.

- **The Andhra Pradesh Entertainments Tax Act, 1939.**

The Andhra Pradesh Entertainments Tax Act, 1939 (the "AP Entertainment Act") being administered by the Commercial Tax Department, Government of Andhra Pradesh, imposes taxes on "entertainment" in the state of Andhra Pradesh, which term has been defined to include cinematography exhibitions to which persons are admitted on payment. The tax is levied on admission charges.

- **The Tamil Nadu Entertainments Tax Act, 1939.**

The Tamil Nadu Entertainments Tax Act, 1939 (the "TN Entertainment Act") being administered by the Commercial Tax Department, Government of Tamil Nadu, imposes taxes on "entertainment" in the state of

Tamil Nadu, which term has been defined to include cinematography exhibitions to which persons are admitted on payment. The tax is levied on admission charges.

2. Intellectual Property

1. Copyright Protection

The Copyright Act, 1957 (“Copyright Act”) governs copyright protection in India. Under the Copyright Act, copyright may subsist in original literary, dramatic, musical or artistic works, cinematograph films, and sound recordings.

While copyright registration is not a prerequisite for acquiring or enforcing a copyright in an otherwise copyrightable work, registration constitutes prima facie evidence of the particulars entered therein and creates a rebuttable presumption favoring the ownership of the copyright by the registered owner. Copyright registration may expedite infringement proceedings and reduce delay caused due to evidentiary considerations. Once registered, the copyright protection of a work lasts for a 60-year period following the death of the author.

Reproduction of a copyrighted work for sale or hire, issuing of copies to the public, performance or exhibition in public, making a translation of the work, making an adaptation of the work and making a cinematograph film of the work without consent of the owner of copyright are all acts which expressly amount to an infringement of copyright.

The remedies available in the event of infringement of copyright under the Copyright Act include civil proceedings for damages, account of profits, injunction and the delivery of the infringing copies to the copyright owner.

The Copyright Act also provides for criminal remedies including imprisonment of the accused and the imposition of fines and seizures of infringing copies. A third set of remedies are administrative or quasi judicial remedies which are prosecuted before the Registrar of Copyright to ban the import of infringing copies into India and the confiscation of infringing copies.

2. Trademarks

The Trade Marks Act, 1999 (the “Trademark Act”) governs the statutory protection of trademarks in India. In India, trademarks enjoy protection under both statutory and common law. Indian trademarks law permits the registration of trademarks for goods and services. Certification trademarks and collective marks are also registrable under the Trade Mark Act. An application for trademark registration may be made by any person claiming to be the proprietor of a trademark and can be made on the basis of either current use or intention to use a trademark in the future. The registrations of certain types of trademarks are absolutely prohibited, including trademarks that are not distinctive and which indicate the kind or quality of the goods.

Bids for a trademark registration may be made for in one or more classes. Once granted, trademark registration is valid for ten years unless cancelled. If not renewed after ten years, the mark lapses and the registration for such mark has to be obtained afresh. While both registered and unregistered trademarks are protected under Indian law, the registration of trademarks offers significant advantages to the registered owner, particularly with respect to proving infringement. Registered trademarks may be protected by means of an action for infringement, whereas unregistered trademarks may only be protected by means of the

common law remedy of passing off. In case of the latter, the plaintiff must, prior to proving passing off, first prove that he is the owner of the trademark concerned. In contrast, the owner of a registered trademark is prima facie regarded as the owner of the mark by virtue of the registration obtained.

3. Labor Related Regulations:

A) Employees State Insurance Act, 1948

The Employees State Insurance Act, 1948 (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 employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

B) Employees Provident Fund and Miscellaneous Provisions Act, 1952

The Employees Provident Fund and Miscellaneous Provisions Act, 1952 (the “EPF Act”) provides for the institution of compulsory provident fund, pension fund and deposit linked 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.

C) Payment of Gratuity Act, 1972

Under the Payment of Gratuity Act, 1972, as amended (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 upon an employee having completed five years of continuous service. The maximum amount of gratuity payable may not exceed Rs. 350,000.

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 12 months or 120 days in a period of six months immediately preceding the date of reckoning.

4) Other Legislations

1. Applicable Shops and Establishments Acts

Our Company is governed by the applicable Shops and Establishments Acts as applicable in the States where it has branches. These Acts regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of, inter alia, registration, opening and closing hours, daily and weekly working hours, holidays, leaves, health and safety measures and wages for overtime work.

2. Transfer of Property Act, 1882

The transfer of property, including immovable property, between living persons, is governed by the Transfer of Property Act, 1882 ("T.P. Act"). The T.P. Act establishes the general principles relating to the transfer of property, including, among other things, identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property.

3. Registration Act, 1908

The Registration Act, 1908 ("Registration Act") has been enacted with the object of providing public notice of the execution of documents affecting the transfer of an interest in immoveable property. The purpose of the Registration Act is the conservation of evidence, assurances, title, and publication of documents and prevention of fraud. It details the formalities for registering an instrument. Section 17 of the Registration Act identifies documents for which registration is compulsory and includes, among other things, any non-testamentary instrument which purports or operates to create, declare, assign, limit or extinguish, whether in the present or in future, any right, title or interest, whether vested or contingent, in immovable property of the value of Rs. 100 or more, and a lease of immovable property for any term exceeding one year or reserving a yearly rent. A document will not affect the property comprised in it, nor be treated as evidence of any transaction affecting such property (except as evidence of a contract in a suit for specific performance or as evidence of part performance under the T.P. Act or as collateral), unless it has been registered.

4. The Indian Stamp Act, 1899

Adequate stamp duty needs to be paid on all documents specified under the Indian Stamp Act, 1899 ("Stamp Act") and at the rates specified in the Schedules there under. The rate of stamp duty varies from state to state. The applicable rates for stamp duty on these instruments, including those relating to conveyance, are prescribed by state legislation. Instruments chargeable to duty under the Stamp Act which are not duly stamped are incapable of being admitted in court as evidence of the transaction contained therein. The Stamp Act also provides for impounding of instruments which are not sufficiently stamped or not stamped at all.

5. Foreign Investment

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. The FEMA is the primary exchange control law in India and must be complied with by any foreign investor with regard to its entry and operations in India. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment.

100% foreign investment is permissible under the automatic route in the film-related sector such as film production, exhibition and distribution including related service products, provided that the company complies with the requirements as specified under FEMA and the relevant Rules and Regulations framed there under.

6. Investment by FIIs

By way of Circular No. 53 dated December 17, 2003, RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of Equity shares to be issued is not less than the price at which Equity shares are issued to residents. The foreign exchange regulations stipulate that the aggregate foreign institutional investor's/ FII's holding in a company cannot exceed 24% of the total issued capital. However, with the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding in a company can be increased up to 100%.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of the post-issue paid-up capital of a company. In respect of an FII investing in Equity Shares on behalf of its sub-accounts (excluding sub-accounts falling in the categories of 'foreign corporate' and 'foreign individual' as specified by SEBI vide their circular dated August 28, 2008), the investment on behalf of each sub-account shall not exceed 5% of total issued capital of a company in case such sub account is a foreign corporate or an individual.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated as 'CTV Entertainment Private Limited' at Bangalore, Karnataka, vide certificate of incorporation dated July 12, 1989 issued by the Registrar of Companies, Karnataka under the provisions of the Companies Act, 1956. The Corporate Identification Number (CIN) of our Company is U85110TN1989PLC062297. The name of our Company was changed to CEE (I) TV Entertainment Private Limited vide fresh incorporation certificate dated January 28, 2000 issued by the Registrar of Companies, Karnataka. Our Company was converted into a public limited company vide fresh incorporation certificate dated February 04, 2000 issued by the Registrar of Companies, Karnataka and the name was changed to CEE (I) TV Entertainment Limited. We further changed the name of our Company to Midvalley Entertainment Limited vide a fresh certificate of incorporation dated December 27, 2005 issued by the Registrar of Companies, Karnataka.

Changes in the Registered Office of our Company

The Registered Office of our Company was originally situated at 106, Commerce House, 9/1, Cunningham Road, Bangalore 560 052 and was shifted to 118, First Main Road, R.T. Nagar, M.L.A. Layout, Bangalore, Karnataka-560 032 w.e.f. October 27, 1999. The registered office of our Company was further shifted to No. 20, 12th Cross, First Main RMV 2nd Stage, Geddalahalli, Sanjaynagar, Bangalore, Karnataka-560 094 w.e.f. August 18, 2003.

On September 30, 2005, vide a resolution passed in the Annual General Meeting of our members, it was decided to shift the registered office of our Company from Bangalore in the State of Karnataka to Chennai in the State of Tamil Nadu. Our Company subsequently changed the registered office to its present address after obtaining due permission of the Company Law Board, Chennai as the place of the registered office was changed from the State of Karnataka to the State of Tamil Nadu. This is evidenced by the Certificate of Registration of Company Law Board order for Change of State dated February 7, 2007 issued by Assistant Registrar of Companies, Tamil Nadu at Chennai. Accordingly, the registered office of our Company was shifted to the current address 9th Floor, Gee Gee Emerald, 312, Valluvar Kottam High Road, Nungambakkam, Chennai – 600 034, Tamil Nadu, India.

Main Objects:

The main objects of our Company as stated in the Memorandum of Association are:

1. To establish, purchase, take on lease or hire or otherwise acquire and maintain and to sell, give on lease or hire studios, Laboratories, Cinema theatres and the like for the production, processing and printing of films or for staging dramas, dances, musical and other entertainment, education programme or other cultural programme as may seem advantageous from time to time and to carry on the business of exhibiting and distributing cinematographic, films, television films, video films and other forms of entertainment and /or otherwise deal in cinematographic films, television films, all forms of entertainment, audio and video storage devices and equipments connected therewith.
2. To carry on the business of producers, script writers of plays, cinema, video and composers of orchestra, tape recording and reproductions of the same and to deal in all instruments, books, magazines and other accessories for the purposes aforesaid and in general to promote, carry out, undertake, sponsor or assist any activity for the promotion, growth and revival of arts and culture of all forms in whichever manner as may seem expedient from time to time.
3. To own and/or take on lease and/or take on hire and to manage the running of cinema theatres commercial

and non commercial, films studios dance halls, musical halls, film laboratories, theatre cum-shopping complexes, commercial complexes, hotels and other places of all kinds and descriptions for entertainment, amusement, recreation and/or sports.

4. To carry on the business of and /or to own and /or take on lease and /or to hire and to manage the running of multiplexes, residential / commercial complexes, service apartments, hotels, resorts.
5. To carry on the business of broadcasting both in audio and or in visual mode and to develop /work in any channel and to broadcast the same inside and/ or outside the country (ies).
6. To carry on the business as advertisement media, event management agency, news paper agency, news paper publisher and or news paper printer and or to act/deal/own any new/old channel(s).
7. To act as property and or infrastructure structure developer both inside and outside the country.

Changes in the activities of Our Company during the preceding five years

There have been no changes in the activities of our Company during the preceding five years preceding the date of this Draft Red Herring Prospectus, which may have a material adverse effect on our profits or loss, including discontinuance of our lines of business, loss of agencies or markets and similar factors.

Changes in the Memorandum of Association of our Company

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

Date of Alteration	Nature of Alteration	AGM/EGM
August 25, 1994	Increase of Authorized Capital of our Company from Rs.50,00,000/- to Rs. 4,00,00,000/-	AGM
November 2, 1998	Increase of Authorized Capital of our Company from Rs.4,00,00,000/- to Rs. 6,00,00,000/-	EGM
	Increase of Authorized Capital of our Company from Rs.6,00,00,000/- to Rs. 10,50,00,000/-	EGM
December 27, 1999	Change of Name from CTV Entertainment Private Limited to CEE (I) TV Entertainment Private Limited	
January 31, 2000	Change of Name from CEE (I) TV Entertainment Private Limited to CEE (I) TV Entertainment Limited	EGM
December 27, 2001	Increase of Authorized Capital of our Company from Rs.10,50,00,000/- to Rs. 16,50,00,000/-	EGM
	Increase of Authorized Capital of our Company from Rs.16,50,00,000/- to Rs. 20,00,00,000/-	AGM
September 30, 2005	Subject to the confirmation of the Company Law Board, Southern Region Bench, Chennai, shifting of registered office from the state of Karnataka to the state of Tamil Nadu	
October 24, 2005	Change of Name from CEE(I) TV Entertainment Limited to Midvalley Entertainment Limited	EGM

November 9, 2005	Increase of Authorized Capital of our Company from Rs. 20,00,00,000/- to Rs. 21,50,00,000/-	EGM
May 9, 2006	Increase of Authorized Capital of our Company from Rs.21,50,00,000/- to Rs. 40,50,00,000/-	EGM
August 9, 2006	<p>The main objects of our Company was amended to include the following objects:</p> <ol style="list-style-type: none"> To carry on the business of and/or to own and/or take on lease and/or to hire and to manage the running of multiplexes, residential/commercial complexes, service apartments, hotels, resorts. To carry on the business of broadcasting both in audio and or in visual mode and to develop/work in any channel and to broadcast the same inside or outside the country(ies) To carry on the business as advertisement medias, event management agency, news paper agency, news paper publisher and or news paper printer and or to act/deal/own any new/old channel(s). To act as property and or infrastructure developer structure developer both inside and outside the country 	EGM
October 13, 2008	Increase of Authorized Capital of our Company from Rs. 40,50,00,000/- to Rs. 45,00,00,000/-	EGM

Major events in the history of Our Company

Year	Activities
1989	Year of Incorporation
2005	Company renamed as Midvalley Entertainment Limited
	Soft entry into exhibition business
2006	The management of our Company was taken over by Datuk K. Ketheeswaran
	Production and Release of Tamil movie “Thambi”
	Commencement of production of “Seena Thana 001”, a Tamil comedy movie
	Ramping up of exhibition business by entering into screening agreements with the owners of the theaters
	Our company defaulted in repaying loan amounting to Rs. 301.97 lacs taken from City Union Bank Limited. The same was settled through an OTS.
2007	Release of Tamil movie “Seena Thaana 001” in September 2007
2008	Completion of screening agreements with 85 theaters.
	Attachment order of immovable property for non-payment of income tax dues
	Reduction in number of screens from 85 to 46 due to locational constraints, fall in the number of footfalls and subsequent reduction in collections.
2010	

Brief Corporate Profile

Our Company was initially promoted by Ms. Anuradha K. Chugh, Ms. Mala K. Chugh and Metro Film Pvt. Ltd.

at Bangalore, Karnataka, with the principal business activity being media and entertainment.

Our Company set up a subsidiary in UK for entertainment business under the name and style Midvalley Entertainments Limited, UK on November 1, 2005 which further had 2 subsidiaries namely Camera Lights Action UK Limited and Private Moments Limited, UK. However our Company sold all the aforesaid subsidiary companies to Infofusion Solutions Private Limited vide the sale and purchase agreement dated May 1, 2006. As on date our Company has no subsidiaries.

The shares of our Company were acquired by Unigold Pacific Ltd., Kiara Enigma Sdn Bhd., and Global Motion Pictures & Ventures Pte. Ltd. during 2005-06 by subscribing to the equity shares of our Company. Unigold Pacific Ltd. further entered into two sale and purchase agreements with Metro Film Pvt. Ltd. dated September 9, 2005 and June 5, 2006 for the purchase of 6,48,000 equity shares and 1,33,333 equity shares respectively. Kiara Enigma Sdn Bhd. has also entered into two sale and purchase agreements with Metro Film Pvt. Ltd. dated September 9, 2005 and March 18, 2006 for the purchase of 7,12,000 and 1,00,000 equity shares respectively.

The current Promoters of our Company are Datuk K. Ketheeswaran, Unigold Pacific Ltd., Kiara Enigma Sdn Bhd. and Global Motion Pictures & Ventures Pte. Ltd.

Our Company had filed the Draft Red Herring Prospectus with SEBI on previous four occasions. We received SEBI's observation from their Southern Regional Office vide letter no. 1(26)/20018/1377 dated June 1, 2000.

Our Company, then under the previous management had again approached SEBI, Southern Regional Office, to go public, and had received SEBI's observations; vide their letter no. 1(26)/01002/02/231 dated February 26, 2002. Our Company, under the previous management in view of the then prevailing market sentiments decided not to proceed with the public issue on the above two occasions.

Our Company again filed its Draft Red Herring Prospectus with SEBI under the current Promoters in July 2007. The Book Running Lead Manager through its letter dated December 19, 2007, withdrew the offer document filed with SEBI, due to inconsistency in the financial information, and eligibility criteria.

Our Company again filed its Draft Red Herring Prospectus with SEBI under the current Promoters in October 28, 2008. We received SEBI's observation vide their letter no. CDF/DIL/ISSUE/PB/AT/162305 dated May 05, 2009. Our Company in view of the then prevailing market sentiments decided not to proceed with the public issue.

Promoters, Holding Company and Subsidiaries

For details regarding our Promoters, please see "Our Promoters and Promoters Group" on page 124 of the Draft Red Herring Prospectus. We do not have any Holding or subsidiary companies.

Share Purchase Agreement

Unigold Pacific Limited and Kiara Enigma Sdn Bhd, present Promoters of our Company have entered into shareholders agreements as mentioned below:

Sr. No.	Purchaser	Seller	Date of agreement	No. of shares involved	Consideration
1	Unigold Pacific Limited	Metro Films	05-06-2006	1,33,333	Rs.19,99,995/-

		Pvt ltd			Rs. 15/- per share.
2	Unigold Pacific Limited	Metro Films Pvt ltd	09-09-2005	6,48,000	Rs.97,20,000/- Rs. 15/- per share
3	Kiara Enigma Sdn Bhd.	Metro Films Pvt ltd	18-03-2006	1,00,000	Rs.15,00,000/- Rs. 15/- per share.
4	Kiara Enigma Sdn Bhd.	Metro Films Pvt ltd	09-09-2005	7,12,000	Rs.1,06,80,000/- Rs.15/- per share.

The agreements inter alia provide for the appointment of two additional directors on the Board of our Company as representative of the purchasers. The present management took control of our Company on January 18, 2006.

Other Agreements

Except the contracts / agreements entered into in the ordinary course of the business carried on or intended to be carried on by our Company, our Company has not entered into any other agreement / contract.

Financial / Strategic Partners

Our Company does not have any financial or strategic partners.

OUR MANAGEMENT

Board of Directors

Midvalley Entertainment Limited is a professionally managed organization, and we currently have six directors on our Board. As per our Articles of Association we are required to have not less than 3 directors and not more than 12 directors.

The following table sets forth the details regarding our Board of Directors as on the date of filing of this Draft Red Herring Prospectus with SEBI:

Name, Fathers Name, Address & Nationality	Age	Status of Directors in Our Company	Occupation, DIN & Qualification	Other Directorships
Datuk K. Ketheeswaran S/o. Mr. K Kanagarathnam <u>Malaysian Address:</u> Suite E 1103, Level 11 Block E, Pusat Dagangan Phileo Damansara 1, Off Jalan Damansara 46350 Petaling Jaya, Selangor, Darul Ehsan, Malaysia.	49	Non-Executive Chairman	DIN: 01410448 Occupation: Business Qualification: Graduate in Business Administration	<ul style="list-style-type: none"> ▪ Multi Vest Resources Bhd. ▪ Unigold Pacific Ltd. ▪ Kiara Enigma Sdn. Bhd. ▪ Global Motion Pictures & Ventures Pte. Ltd. ▪ Global International Ventures Group Ltd. ▪ Benta Plantations (Perak) Sdn. Bhd. ▪ Allegro Equity (M) Sdn. Bhd. ▪ Allgrow Equity Sdn. Bhd. ▪ Venture Grandeur Sdn. Bhd.
Mr. R. Chandrasegaran S/o. Mr. Ramasamy Ramachandran <u>Malaysian Address:</u> 7, Persiarancinta Sayang, Kelab Golf Cinta Sayang, 08000 Sungai Petani, Kedah, Malaysia	50	Non-Executive & Non-Independent Director	DIN: 01418077 Occupation: Service Qualification: Graduate & Associate member of the Institute of Cooperative Auditors	<ul style="list-style-type: none"> ▪ ABS Plantations Bhd. ▪ RCH Consultancy Sdn. Bhd.
<u>Indian Address:</u> 9 th Floor, Gee Gee Emerald, 312, Valluvar Kottam High Road, Nungambakkam, Chennai – 600 034 <u>Nationality:</u> Malaysian				

Name, Fathers Name, Address & Nationality	Age	Status of Directors in Our Company	Occupation, DIN & Qualification	Other Directorships
Road, Nungambakkam, Chennai – 600 034 Nationality: Malaysian				
Mr. Sudhir Kumar Jena S/o. Late Mr. Dinamani Jena			DIN: 00374925	<ul style="list-style-type: none"> Uniply Industries Ltd. Teamsec Consultancy Services Pvt. Ltd.
<u>India Address</u> No. 45, Sukruthi, 3rd Main Road, R.A. Puram, Chennai - 600 028 Nationality: Indian	46	Independent Director	Occupation: Practicing Chartered Accountant/Director Qualification: Chartered Accountant	
Mr. K. Murugavel, S/o D. Karunanidh,			DIN: 03075202	
<u>India Address</u> # 6/9, Patel Street, Ananda Nagar, East Tambaram, Chennai – 600 059 Nationality: Indian	36	Executive Director cum COO	Occupation: Salaried Executive Qualification: Graduate in Political Science, Post Graduate in Public Administration & Management – HR & Operations	NIL
Mr. K. Ramadasan S/o E. Kesavan			DIN: 01794344	<ul style="list-style-type: none"> UV Boards Ltd. Delta Corporate Services Pvt. Ltd.
<u>India Address</u> 52/2, Egmore High Road, Egmore, Chennai – 600 008 Nationality: Indian	79	Independent Director	Occupation: Law Professional Qualification: B.A., B.L (Bachelor of Arts and a Law Graduate)	
Mr. C. Vasan, S/o Chidambaram,			DIN: 01111703	<ul style="list-style-type: none"> Eduixel Infomatics Ltd.
<u>India Address</u> No. 4, 4 th Main Road, United India Colony, Kodambakkam, Chennai – 600 024 Nationality: Indian	48	Independent Director	Occupation: Business Qualification: Engineering Graduate	

Important Notes regarding the Board of Directors

- There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which of the directors of our Company are selected as a director or member of Senior Management
- There is no service contracts entered into by the Directors with our Company.
- None of the above mentioned Directors are on the RBI List of willful defaulters as on the date of the Draft Red Herring Prospectus.
- Further, neither our Company nor our Promoters, persons forming part of our Promoter Group, Directors or persons in control of our Company are debarred from accessing the capital market by SEBI.
- None of the Promoters, Directors or persons in control of our Company, has been or is involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by the SEBI.

Brief Profile of Directors

▪ Datuk K. Ketheeswaran

Datuk K. Ketheeswaran, aged 49 years is the Non- Executive Chairman of our Company. A Malaysian national, Datuk K. Ketheeswaran guides our Company on crucial policy decisions. Datuk K. Ketheeswaran promoted various companies which have varied businesses viz; plantations, investments, entertainment related businesses etc. In the year 2006, Datuk K. Ketheeswaran, through his companies acquired the shares of Midvalley Entertainment Limited from the then existing promoters to focus on production, distribution and exhibition of movies business in India.

In 1996, Datuk K. Ketheeswaran was conferred the Darjah Setia Negeri Sembilan (D.S.N.S.) which carries the title “Dato” by D.Y.M.M. Pemangku Yang Di Pertuan Besar of Negeri Sembilan Darul Khusus, Malaysia. Subsequently, in June 2003, he was conferred the prestigious Panglima Jasa Negara (P.J.N.) by Yang di-Pertuan Agong Tuanku Syed Sirajuddin Syed Putra Jamalullail on His Royal Highness’ of Malaysia’s 60th birthday celebration, which carries the title “Datuk”. Datuk is a Malay term for an honorary title that is bestowed upon individuals whom the state considers as person who have served the community and the nation well, and also on people who have excelled in their areas of expertise and profession.

Datuk K. Ketheeswaran has also served as the President of the Malaysian Associated Indian Chambers of Commerce & Industry (MAICCI - a national trade organization representing the Malaysian Indian business community). He is the Vice President of NCCIM (National Chamber of Commerce and Industry, Malaysia).Y. Bhg.

Datuk K. Ketheeswaran’s other corporate posts are as follows:

1. Chairman-Malaysia–India Business Council
2. Malaysian representative to the ASEAN – India Business Council
3. Chairman – NCCIM Committee on Malaysia-India Business Affairs

4. Vice President of National Chamber of Commerce and Industry
5. Deputy President Johor Indian Chamber of Commerce & Industry

His vision and experience in managing various companies, across different countries are of immense value to our Company. He was earlier the Executive Chairman of our company and his term ended on April 16, 2010 but he continues on our board as Non-Executive Chairman.

▪ **Mr. R. Chandrasegaran**

Mr. R. Chandrasegaran, aged 50 years, is a graduate member of The Institute of Cooperative Auditors, Malaysia in the year 1985 and has completed the Management Development Program from Asian Institute of Management, Manila in the year 1986. Mr. Chandrasegaran was subsequently in the year 2002 admitted as an associate member of The Institute of Cooperative Auditors, Malaysia.

Mr. R. Chandrasegaran has more than twenty five years of experience in Auditing, Consulting and Mergers & Acquisitions, with Alijeffri & Co., a Chartered Accountant firm from 1978 to 2003. He was earlier the Executive Director cum CFO of our company and his term as CFO ended on April 16, 2009 but he continues on our board as Non-Executive Non-Independent Director.

▪ **Mr. Sudhir Kumar Jena**

Mr. Sudhir Kumar Jena aged 46 years is a Chartered Accountant by profession since 1989 and he has more than 20 years of experience in the field of Finance, Taxation and Company Law matters. He is involved in providing consultancy services for securing loan facilities, debt structuring, corporate re-structuring and other corporate finance activities. He also provides services with regards to appeals to income tax, Company Law Board and other government departments. He is also an Independent Director on the board of Uniply Industries Limited.

He was first appointed as an Independent director on the board of our company on May 09, 2006.

▪ **Mr. K. Murugavel**

Mr. K. Murugavel aged 36 years, is a Graduate in Political Science, a post Graduate in Public Administration and a Post graduate in Management –Human Resources & Operations. After his post graduation in management from MCC Chennai, he first stepped into retail industry and gained rich experience and exposure in operational management and business operations. In 1999 he entered into software industry and served the areas of Strategic Enterprise Management, Business Development, Human Resources and Operations with top multinationals like Electronic Data Systems, American International Group (AIG) and Total Systems Inc etc. He was instrumental behind bringing big projects and operational efficiency to Total Systems Inc. He is also a seasoned HR professional having implemented human resource information system for many of his clients.

At Midvalley Mr. K. Murugavel is the Chief Operating Officer of the Company (COO) and is in charge of overall management of day-to-day activities, including but not limited to managing finance, business development and functionally reports to the Non-Executive Chairman and the Board of Directors.

▪ **Mr. K. Ramadasan**

Mr. K. Ramadasan, aged 46 years is a Bachelor of Arts and a Graduate in Law. He has more than 50 years of experience in various Civil as well as Criminal Laws, Corporate Laws and other allied Laws like Environmental

law, Import/export, Intellectual Property rights, International Trade law, Labor Law etc. He has been an Advocate in Madras and Bangalore High Courts for over 3 decades. He is currently working with a Law Firm based in Chennai called “Delta Legal Associates” and is also a member of the board of directors at U.V. Boards Limited, Chennai and is the Chairman of their Audit and Remuneration Committees.

He was appointed on our board as an Independent Director on June 01, 2010.

▪ **Mr. C. Vasan**

Mr. C Vasan, aged 48 is a film director and producer. An Engineering graduate by qualification, he ventured into the industry in 1986 by starting a production company, called Perfect Cine Arts under whose banner he produced four Tamil movies Viz. ‘Evargal Varungala Thoongal’, ‘Manasukkul Mathappu’, ‘Nalaya Manithan’. He also worked as an actor in some of these movies.

Later in 1990 he promoted Thirai Gangai Films Private Limited which was re-christened as TGF Media Systems Limited in 1992. He along with TGF has produced and directed successful Tamil films such as “Jenma Nakshathram” and “Thadayam”. TGF has also distributed various successful films such as Amman, Rettai Roja, Marumalarchi, Karruppu Roja, Ninaithen Vanthai, and Kathala Kathala,

In 1994, he started making TV serials after securing a private producer slot at “Sun TV”. “Nilave chi”, a TV serial produced by Mr. Vasan was his first major success in the television industry and thereafter he was associated with many other popular serials such as “Jeevan” and “Bala” in Sun TV, “Kumkuma Thievu” and “Manasatchi” in Raj TV, “Agnee” (a 210 episode mega serial) and “Nizhal” in Vijay TV, “Rathiri oru Saatshi” and “Chalanangal” in Asianet TV, and many others. He is currently an executive board member of TGF Media Solutions Ltd.

He was appointed on our board as an Independent Director on June 01, 2010.

Details of the Term of Directors

Name of the Director	Date of Resolution	Date of expiry Term
Mr. Datuk.K.Ketheeswaran	May 15, 2010	N.A.
Mr. R. Chandrasegaran	May 15, 2010	Director liable to retire by rotation
Mr. Sudhir Kumar Jena	May 09, 2006	Director liable to retire by rotation
Mr. K. Murugavel	April 01, 2010	31-03-2013
Mr. K. Ramadasan	June 01, 2010	Director liable to retire by rotation
Mr. C. Vasan	June 01, 2010	Director liable to retire by rotation

Relationship between the Directors

None of the Directors are related with each other.

Borrowing Powers of the Board

The Articles of Association of our Company have empowered the Board of Directors of our Company, from time to time at its discretion, to receive deposits or loans from members either as an advance of call or otherwise and generally raise or borrow money by way of deposits, loans, overdrafts, cash credit or by issue of bonds, debentures or debenture-stock (perpetual or otherwise) or in any other manner, or from any person, firm, company, co-operative society, anybody corporate, bank, institution, whether incorporated in India or abroad, Government or any authority or any other body for the purpose of our Company and may secure the payment of any sums of money received, raised or borrowed; provided that the total amount borrowed by our Company (apart from temporary loans obtained from our Company's Bankers in the ordinary course of business) shall not without the consent of our Company in General Meeting exceed Rs. 500 crores.

The Board of Directors of our Company has power to borrow up to Rs. 500 crores as per the members' resolution passed in the AGM of our Company held on October 24, 2009.

Compensation of Board of Directors.

K. Murugavel

Mr. K Murugavel has been appointed as the Whole time Director of the Company with effect from April 01, 2010 and the Company had file the relevant forms with the Registrar of Companies, Tamilnadu, Chennai and has been designated as Chief Operating Officer (COO) of the Company.

The remuneration paid to our Chief Operating Officer K. Murugavel as per the Board of Directors recommendation vide their meeting held on April 01, 2010 is stated hereunder

Remuneration:

- Salary: Rs. 75,000 per month
- Perquisites: As per the provisions of Schedule XIII of the Companies Act, 1956

The above said remuneration and perquisites shall be subject to the ceiling laid down in sections 198, 269, 309 & 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions as may be amended from time to time.

Minimum Remuneration: In the event of loss, absence or inadequacy of profits in any financial year during the currency of tenure of K. Murugavel the remuneration aforesaid shall be the minimum remuneration payable to him.

All of the other directors being non-executive directors, they are paid a sitting fee of Rs. 5,000 for every board meeting attended by them, as well as Rs. 2,000 for every meeting held of the respective committees they are members of. The same is authorised vide a board resolution dated April 01, 2010.

Directors Remuneration for the period ended 30-04-2009

Sr. No	Name of Director	Sitting Fees	Salaries / Perquisites	Commission	Total
1.	Datuk K. Ketheeswaran	--	12,00,000	--	12,00,000

2.	Mr. R. Chandrasegaran	--	8,40,000	--	8,40,000
3.	Dato Shamsir Bin Omar	--	--	--	--
4.	Mr. R. Nagarajan	16,000	--	--	16,000
5.	Mr. R. Kuppu Rao	3,000	--	--	3,000
6.	Mr. Sudhir Kumar Jena	32,000	--	--	32,000
7.	Mr. Narayanaswamy Ramji	13,000	--	--	13,000
Total		64,000	20,40,000	--	21,04,000

Compliance with Corporate Governance

The provisions of the Listing Agreement to be entered into with BSE with respect to Corporate Governance and the SEBI Guidelines in respect of corporate governance will be applicable to our Company immediately upon the listing of our Company's Equity Shares on the Stock Exchanges.

Our Company has taken necessary steps to implement the provisions of the Corporate Governance. The constitution of our Board of Directors is in compliance with the said provisions and it has the necessary committees in place in compliance with the said provisions:

1. Audit Committee
2. Shareholders/Investor Grievance Committee
3. Remuneration Committee

Composition of Board of Directors

The Board of Directors of our Company has an optimum combination of executive and non-executive Directors as envisaged in Clause 49 of the Listing Agreement. Our Board has six Directors out of which three are independent directors in accordance with the requirement of clause 49 of the listing agreement of the stock exchanges.

Sr. No.	Name of the Director	Nature of Directorship
1	Datuk K. Ketheeswaran	Non-Executive Chairman
2	Mr. R. Chandrasegaran	Non-Executive & Non-Independent Director
3	Mr. Sudhir Kumar Jena	Independent Director
4	Mr. K. Murugavel	Executive Director cum COO
5	Mr. K. Ramadasan	Independent Director
6	Mr. C. Vasan	Independent Director

1. Audit Committee

Our Company has constituted an audit committee, as per the provisions of Section 292A of the Companies Act, 1956. The audit committee constituted on May 9, 2006 was reconstituted on June 13th, 2010 and the current composition of audit committee consists of three non-executive and independent directors and one executive director is as under:

Sr. No	Name of the Director	Designation in committee	Nature of Directorship
1	Mr. Sudhir Kumar Jena	Chairman	Non-Executive, Independent
2	Mr. K. Ramadasan	Member	Non-Executive, Independent
3	Mr. K. Murugavel	Member	Executive
4.	Mr. C. Vasan	Member	Non-Executive, Independent

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

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct sufficient and credible.
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 of approval , with particular references to;
 - Matters, required to be included in the Director's Responsibility statement 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.
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 systems of a material nature and reporting the Matter to the board.

10. Discussion with the 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 in to the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism.
13. To review the following information:
 - The management discussion and analysis of financial condition and results of operations.
 - Statement of significant related party transactions (as defined by the Audit Committee) submitted by management.
 - Management letters/letters of internal control weaknesses issued by statutory auditors.
 - Internal audit reports relating to internal control weaknesses; and
 - The appointment, removal and terms of remuneration of the chief internal auditor.
14. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in the matter.

The Audit Committee enjoys following powers:

- a. To invite such of the executives, as it considers appropriate (and particularly the head of finance function) to be present at the meetings of the Committee,
- b. To investigate any activity within its terms of reference,
- c. To seek information from any employee
- d. To obtain outside legal or other professional advice, and
- e. To secure attendance of outsiders with relevant expertise if considered necessary.

The Audit Committee shall mandatory review the following information:

- a. Management discussion and analysis of financial condition and results of operations;
- b. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
- d. Internal audit reports relating to internal control weaknesses; and
- e. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, are binding on the Board. If the Board is not in agreement with the recommendations of the Committee, reasons for disagreement shall have to be incorporated in the minutes of the Board Meeting and the same has to be communicated to the shareholders. The Chairman of the committee has to attend the Annual General Meetings of the Company to provide clarifications on matters relating to the audit.

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

Meeting of Audit Committee

The audit committee shall meet at least four times in a year and not more than four months shall elapse between two meetings. The quorum shall be either two members or one third of the members of the audit committee whichever is greater, but there shall be a minimum of two independent members present.

2. Shareholders/ Investor Grievance Committee

Our Company has constituted a shareholders/investor grievance committee. The re-constitution of the shareholders/ investor grievance committee was approved by a meeting of the Board of Directors held on June 13th, 2010.

Sr. No	Name of the Director	Designation in committee	Nature of Directorship
1	Mr. Sudhir Kumar Jena	Chairman	Non-Executive, Independent
2	Mr. K. Ramadasan	Member	Non-Executive, Independent
3.	Mr. C. Vasan	Member	Non-Executive, Independent

This committee will address all grievances of Shareholders/Investors and its terms of reference include the following:

- Allotment and listing of our shares in future
- Redressing of shareholders and investor complaints such as non-receipt of declared dividend, annual report, transfer of Equity Shares and issue of duplicate/split/consolidated share certificates;
- Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of Equity Shares and other securities issued by our Company, including review of cases for refusal of transfer/ transmission of shares and debentures;
- Reference to statutory and regulatory authorities regarding investor grievances;
- To otherwise ensure proper and timely attendance and redressal of investor queries and grievances;
- And to do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.

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

Policy on Disclosures & Internal procedure for prevention of Insider Trading

The provisions of Regulation 12 (1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 will be applicable to our Company immediately upon the listing of its Equity Shares on the Stock Exchanges. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 1992 on listing of our Equity Shares on stock exchanges. Further, Board of Directors have approved and adopted the policy on insider trading in view of the proposed public issue.

Mr. K. Murugavel, Whole time Director & COO is responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the code of conduct under the overall supervision of the board.

Code of Conduct for Directors and Senior Management Personnel

Our Board of Directors have approved and adopted the Code of Conduct for Directors and Senior Management Personnel in view of the proposed public issue. The code of conduct is available on website of our Company.

3. Remuneration/Compensation Committee

The remuneration committee was originally constituted on May 9, 2006 was reconstituted on June 13, 2010. The members of the remuneration committee are:

Sr. No	Name of the Director	Designation in committee	Nature of Directorship
1	Mr. Sudhir Kumar Jena	Chairman	Non-Executive, Independent
2	Mr. K. Ramadasan	Member	Non-Executive, Independent
3.	Mr. C. Vasan	Member	Non-Executive, Independent

The Committee is required to meet at least once a year.

The remuneration committee has been constituted to recommend/review remuneration of Directors and key managerial personnel based on their performance and defined assessment criteria. The remuneration policy of our Company is directed towards rewarding performance, based on review of achievements on a periodic basis. The remuneration policy is in consonance with the existing industry practice.

The board has set up a remuneration committee to determine on their behalf and on behalf of the shareholders with agreed terms of reference our Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment. To avoid conflicts of interest, the remuneration committee, this would determine the remuneration packages of the executive directors. It comprises of at three directors, all of whom are non-executive directors the chairman of committee being an independent Director.

The scope of Remuneration/Compensation Committee shall include but shall not be restricted to the following:

- To recommend to the Board, the remuneration packages of the Company's Managing/Joint Managing/ Deputy Managing/Whole time / Executive Directors, including all elements of remuneration package (i.e. salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.);
- To be authorized at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Company's Managing/Joint Managing/ Deputy Managing/ Whole-time/ Executive Directors, including pension rights and any compensation payment;
- To implement, supervise and administer any share or stock option scheme of the Company;
- To attend to any other responsibility as may be entrusted by the Board within the terms of reference.

Shareholding of Directors

As per the Article of Association of our Company, a Director is not required to hold any shares in our Company to qualify him for the office of Director of our Company.

None of the directors of our Company other than those mentioned below hold any shares in our Company. However, Datuk K. Ketheeswaran, the individual promoter of our Company, holds stake in our Company through the promoter companies as tabulated below:

Sr. No.	Name of Directors	Relationship	No. of Shares	% of Pre-Issue Share Capital
1.	Datuk K. Ketheeswaran through:			
	Unigold Pacific Limited	Promoter Company	48,62,958	18.96
	Kiara Enigma Sdn. Bhd.	Promoter Company	22,12,000	8.62
	Global Motion Pictures Pte Ltd.	Promoter Company	56,12,752	21.87
	Global International Ventures Group Limited (GIVGL) (50% stake in GIVGL is held by Datuk K. Ketheeswaran)	Promoter Group	1,16,097	0.45
	TOTAL		1,28,03,807	49.91

Interests of Directors

Except as stated in the 'Annexure 19' of the Auditors Report on page 170 of this Draft Red Herring Prospectus, all our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of our Board or committees thereof as well as to the extent of remuneration and/or reimbursement of expenses payable to them in accordance with the provisions of the Companies Act and in terms of the Articles.

The Directors may also be regarded as interested in the shares, if any, held by them or that may be subscribed by and allotted/transferred to the companies, firms and trusts and other entities in which they are interested as Directors, members, partners and/or trustees or otherwise as also any benefits, monetary or otherwise derived there from.

Further, the Articles of Association provide that the directors and officers shall be indemnified by our Company against loss in defending any proceeding brought against directors and officers in their capacity as such, if the indemnified director or officer receives judgment in his favor or is acquitted in such proceeding.

Interest as to Property

We have not entered into any contract, agreements or arrangements during the preceding two years from the date of the Draft Red Herring Prospectus in which our directors are directly or indirectly interested and no payments have been made to them in respect of any contracts, agreements or arrangements which are proposed to be made to them.

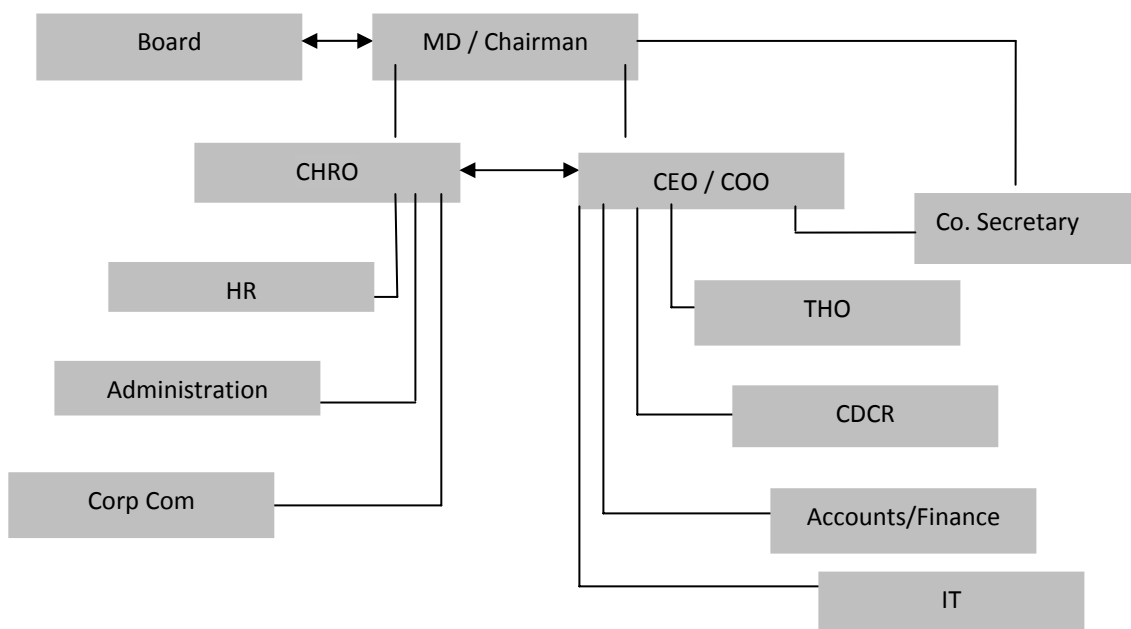
Changes in the Board of Directors in the last 3 years

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

Name	Date of Appointment	Date of Cessation	Reason for resignation
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Name	Date of Appointment	Date of Cessation	Reason for resignation
Dato Shamsir Bin Omar	January 18, 2006	April 01, 2010	Resigned
Mr. Narayanaswamy Ramji	May 9, 2006	May 22, 2008	Deceased
Mr. R. Nagarajan	January 22, 2007	April 05, 2010	Resigned
Mr. R. Kuppu Rao	March 28, 2008	June 30, 2009	Resigned
Mr. K. Murugavel	April 01, 2010	-	Appointed to broad base the board
Mr. K. Ramadasan	June 01, 2010	-	Appointed to broad base the board
Mr. C. Vasan	June 01, 2010	-	Appointed to broad base the board

Management Organization Chart



Key Management Personnel

The key managerial personnel and their designations are as under:

Sr. No.	Name, Age & Designation	DOJ	Functional Responsibility	Qualification	Overall Experience	Previous Employment
1	Mr. S. N. Madhavan, 44 years, Company Secretary	June 01, 2010	Secretarial Compliance Officer	B.Com., F.C.S	22 years	PVP Ventures Ltd.
2	Mr. T.N. Srinivasan, 45 years, G.M. Theatre Operations	April 01, 2010	G.M. Theatre Operations	B.Com., PG Dip(Marketing)	25 years	Real Sound Pvt. Ltd.,
3	Mr. M. Pandiyan, 35 years, Manager - Accounts & Treasury	May 1, 2006	Day to day Accounts & Finance	M. Com	15 years	Medimix Group Company - Cholayil Pharmaceuticals (P) Limited
4	Mr. S. Subramanian, 55 Years, Head - Distribution	April 01, 2010	Head Distribution business	B.Com.	40 years	Indo-Overseas Films, Chennai

Brief profile of the key management personnel:

▪ Mr. S. N. Madhavan (Company Secretary & Compliance Officer)

Mr. S. N. Madhavan, Company Secretary, aged 44 years, is a Fellow Member of The Institute of Company Secretaries of India. He has more than 20 years of experience in the field of Accounts and Secretarial Service. He was previously employed with PVP Ventures Limited before joining our Company.

▪ Mr. T.N. Srinivasan General Manager-Theatre Operations

Mr. T.N. Srinivasan, aged 53 years, is a Commerce Graduate with Post Graduate Diploma in Marketing. He has been in the film industry for the past 2 decades and was instrumental in bringing DTS Sound System in many theatres in Tamil Nadu and introduced SONY”3D-4K” Digital projectors in India. He is in charge of Operations of Theatres, being hired by the Company for the exhibition business.

▪ **Mr. M. Pandiyan, Manager Accounts & Finance**

Mr. M. Pandiyan, Manager Accounts & Finance, aged 35 years, is a Masters in Commerce by qualification. He was previously employed with Medimix Group Company - Cholayil Pharmaceuticals Private Limited before joining our Company. He has more than 15 years of experience. He has been with our company since last 4 years and is responsible for the day to day accounts and finance functions of our Company.

▪ **Mr. S. Subramanian Head – Distribution Business**

Mr. S. Subramanian, aged 55 years is in the film industry for more than 3 decades and had worked under the leadership of (late) MR. Sundarlal Nahata a pioneer in the India film industry in finance, production, distribution and exhibition of films and had produced more than 200 films in all south Indian languages and also in Hindi. Mr. Subramanian has worked in all levels of the industry from distribution manager to Head Distribution. He is in charge of the Distribution of films to the theatres both hired and non-hired by the Company.

Shareholding of Key Managerial Personnel

None of the Key Managerial Personnel in our Company hold any shares of our Company as on the date of filing of this Draft Red Herring Prospectus

Bonus or Profit Sharing Plan for the Key Managerial Personnel

Our Company does not have any bonus/profit sharing plan for any of the employees, directors, key managerial personnel.

Relationship of Key Managerial Personnel with the Promoters, Directors and other Key Managerial Personnel

None of the key personnel mentioned above are related to the promoters/directors of our Company. None of our key managerial personnel have been selected pursuant to any arrangement/understanding with major shareholders/ customers/ suppliers.

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

Sr. No.	Name	Designation	Date of Joining	Date of Leaving
1	Mr. N. Balwant Singh	Vice President – Business Development	June 1, 2006	December 31, 2008
2	Mr. S. Narayanaswamy	CFO and Company Secretary	June 19, 2006	May 31, 2010
3	Mr. Ravi Shanker Lal	Manager – Internal Audit	February 1, 2006	December 31, 2008
4	Mr. M. Pandiyan	Manager – Accounts & Finance	May 1, 2006	-
5	Mr. A. Sridhar	Manager Hyderabad Branch	June 1, 2006	January 2009
6	Mr. S. Tamilanban	Manager – Operations	January 2, 2007	December 31, 2008
7	Mr. L. Kannan	Manger Administration & HR	July 26, 2007	January 2009
8	Mr. Mohamed Ansari	Manager - Production	October 1, 2007	December 31, 2008
9	Mr. S.K. Amir Ali	Manager Public Relation	May 1, 2007	December 31, 2008

Sr. No.	Name	Designation	Date of Joining	Date of Leaving
10	Mr. S. Subramanian	Vice President – Operations – Business Development	January, 25, 2007	June 6, 2007
11	Mr. K. Shekar	Company Secretary	January 18, 2006	February 28, 2007
12	Mr. Alfred Sunder	Vice President – Operations	October 9, 2006	December 17, 2006
13	Mt. T.N. Srinivasan	G.M. Theatre Operations	April 01, 2010	-
14	Mr. S. Subramanian	Head-Distribution Business	April 01, 2010	-
15	Mr. S.N. Madhavan	Company Secretary	June 01, 2010	-

Notes:

1. All the key managerial personnel mentioned above are on the payrolls of our Company as the permanent employees.
2. The key management personnel mentioned above are not related parties as per the Accounting Standard 18.
3. We confirm that the Promoters/Directors of our Company do not have any relationship whatsoever with any of our key managerial personnel.

Employee Share Purchase and Employee Stock Option Scheme

Presently, we do not have ESOP/ESPS scheme for employees.

Payment or Benefit to our Officers

Except for the statutory benefits upon termination of their employment, payment of salaries and yearly bonus, we do not provide any other benefit to our employees.

OUR PROMOTERS AND PROMOTERS GROUP

OUR PROMOTERS

Our Individual Promoter is:

1. Datuk K. Ketheeswaran.

Our Corporate Promoters are:

2. Unigold Pacific Limited
3. Global Motion Pictures & Ventures Pvt Ltd
4. Kiara Enigma Sdn. Bhd

Details of our Individual Promoter:

1. **Datuk K. Ketheeswaran**



Identification	Details
Age	49 years
Qualification	Graduate in Business Administration
Experience	More than 20 years
Occupation	Business
PAN	AUZPK2273Q
Passport No.	A18067148 issued by Malaysia valid till October 01, 2012
Driving License Number	N.A.
Voters' ID	N.A.
Bank Account Number	138400 0500088638
Name of Bank & Branch	Punjab National Bank, Chennai, Anna Nagar
% pre-issue share holding in the Issuer Company	0.00%
DIN	01410448

For detailed profile of our individual promoter please refer “Our Management – Brief Profile of our Directors” on page 110 of this Draft Red Herring Prospectus.

Details of our Corporate Promoters:

2. **Unigold Pacific Limited**

Unigold Pacific Limited (Unigold) was incorporated on June 17, 2005 in the federal territory of Labuan, Malaysia under the Malaysian Offshore Companies Act, 1990. The registered office of the company is located at level 6(D), Main Office Tower, Financial Park, Labuan Complex, Jalan Merdeka, 87000 Labuan, Malaysia. The authorized share



capital of the company as on date is USD 1,00,00,000 divided into 50,00,000 ordinary shares and 50,00,000 redeemable preference shares of USD 1.00 each. The registration number of the company is LL04869.

Unigold Pacific Limited is an investment holding company and is one of the Promoters of our Company. Datuk K. Ketheeswaran is the promoter of Unigold Pacific Limited.

Board of Directors

The board of directors of Unigold Pacific Limited comprises of:

Sr. No.	Name	Address	Nationality	NRIC No.
1.	Datuk K. Ketheeswaran (Promoter & Director)	167, Jalan Cinta Alam, Country Heights, 43000 Kajang, Selangor Darul Ehsan, Malaysia	Malaysian	610118-71-5027
2.	Dato' Shamsir Bin Omar (Director)	No. 57, Jalan Setiakasih Sembilan, Bukit Damansara, 50490 Kuala Lumpur, Malaysia	Malaysian	340707-10-5481
3.	Dato' Nik Mohd Amin Bin Nik Abu Bakar (Director)	No. 3, Lorong 16/7C, 46350, Petaling Jaya, Selangor Darul Ehsan, Malaysia	Malaysian	361101-03-5063

Shareholding Pattern

Sr. No	Name of Shareholder	Number of Shares	% of holding
1.	Datuk K. Ketheeswaran	2 (Ordinary Shares) 15,00,000 (Preference Shares)	100% 100%
Total		15,00,002	100%

Brief Financial Performance

Particulars	Amount in US\$		
	Twelve month period ended 31-12-2009	Twelve month period ended 31-12-2008	Twelve month period ended 31-12-2007
Issued & Paid up Share Capital			
--Ordinary Share Capital	2	2	2
--Redeemable Pref. Share	1,500,000	1,500,000	1,500,000
--Total	1,500,002	1,500,002	1,500,002
Reserves (Excluding Revaluation Reserve)	-21,501	-19,023	-15,828
Net Worth	1,478,501	1,480,979	1,484,174
Total Income	Nil	Nil	0.00

PAT /loss	-2,478	-2,836	-3,942
EPS	N.A.	N.A.	N.A.
NAV Per Share	739,251	740,490	742,087
Face Value Per Share	1	1	1

Other details pertaining to Unigold Pacific Limited:

Identification	Details
Company Registration Number	LL04869
Address of the Registrar of Companies	Labuan Offshore Financial Services Authority (LOFSA) Level 17, Main Office Tower, Financial Park Complex, Jalan Merdeka, 87000, Labuan F.T., Malaysia
Permanent Account Number	AAACU9049C
Bank Account Number & the Address of the Bank	1501-001058-8059 CIMB Bank (L) Ltd, Level 14(A) Main Office Tower, Financial Park Labuan Complex, Jalan Merdeka, 87000 Labuan F.T. Malaysia

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against Unigold Pacific Limited. There are no litigations, disputes towards tax liabilities or criminal / civil prosecution / complaint against the promoters other than as mentioned in this Draft Red Herring Prospectus.

Unigold Pacific Limited is not a listed company, and being a company situated out of India, the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable, nor is it under winding up or any insolvency proceedings.

3. Global Motion Pictures & Ventures Pte Ltd

Global Motion Pictures & Ventures Pte Ltd was incorporated on September 13, 2005 in the federal territory of Labuan, Malaysia under the Malaysian Offshore Companies Act, 1990. The registered office of the company is located at Level 6(D), Main Office Tower, Financial Park, Labuan Complex, Jalan Merdeka, 87000 Labuan, Malaysia. The authorized share capital of Global Motion Pictures & Ventures Pte Ltd is USD 1,00,00,000 divided into 50,00,000 ordinary shares and 50,00,000 redeemable preference shares of USD 1.00 each. The registration number of Global Motion Pictures & Ventures Pte Ltd is LL04998.

Global Motion Pictures & Ventures Pte Ltd is an Investment holding company and is a Promoter of Midvalley Entertainment Limited. Datuk K. Ketheeswaran is the promoter of Global Motion Pictures & Ventures Pte Ltd. The company has not commenced operations since the date of incorporation.

Board of Directors

The Board of Directors of Global Motion Pictures & Ventures Pte Ltd is as under:

Sr. No.	Name	Address	Nationality	NRIC No.
1	Datuk K. Ketheeswaran (Promoter & Director)	167, Jalan Cinta Alam, Country Heights, 43000 Kajang, Selangor Darul Ehsan, Malaysia	Malaysian	610118-71-5027
2	Mr. K. Selveswaran (Director)	No.1296, Jalan 17/31, Section 17, 46400 Petaling Jaya, Selangor Darul Ehsan, Malaysia	Malaysian	630811-10-6279

Shareholding Pattern

Sr. No.	Name of Shareholder	Number of Shares	% of holding
	Datuk K. Ketheeswaran	3 (Ordinary shares) 10,00,000 (Preference Shares)	100
	Total	10,00,003	100.00%

The entire redeemable preference shares capital of USD 10,00,000 is held by Datuk K. Ketheeswaran.

Brief Financial Performance

Particulars	Amount in US\$		
	Twelve months period ended 31-12-09	Twelve months period ended 31-12-08	Twelve months period ended 31-12-07
Issued & Paid up Share Capital			
--Ordinary Share Capital	3	3	3
--Redeemable Pref. Share	1,000,000	1,000,000	1,000,000
--Total	1,000,003	1,000,003	1,000,003
Reserves (Excluding Revaluation Reserve)	(24,453)	(23,123)	(18,804)
Net Worth	9,75,550	9,76,880	981,199
Total Income	Nil	Nil	Nil
PAT /loss	(2,478)	(4,319)	(3,431)
EPS	N.A.	N.A.	N.A.
NAV Per Share	325,183	325,626	327,066
Face Value Per Share	1	1	1

Other Details pertaining to Global Motion Pictures & Ventures Pte Ltd

Identification	Details
Company Registration Number	LL04998
Address of the Registrar of Companies	Labuan Offshore Financial Services Authority Level 17, Main Office Tower, Financial Park Complex, Jalan Merdeka, 87000, Labuan F.T., Malaysia
Permanent Account Number	AACCG8672K
Bank Account Number & the Address of the Bank	1501-001059-5056 CIMB Bank (L) Ltd, Level 14(A) Main Office Tower, Financial Park Labuan Complex, Jalan Merdeka, 87000 Labuan F.T. Malaysia

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the company. There are no litigations, disputes towards tax liabilities or criminal / civil prosecution / complaint against the promoters other than as mentioned in this Draft Red Herring Prospectus.

Global Motion Pictures & Ventures Pte Ltd is not a listed company, and being a company situated out of India, the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable, nor is it under winding up or any insolvency proceedings.

4. Kiara Enigma Sdn. Bhd

Kiara Enigma Sdn. Bhd was incorporated on August 12, 2003 at Kuala Lumpur, Malaysia under the Companies Act, 1965 of Malaysia. The registered office of Kiara Enigma Sdn. Bhd is located at 305 (Suite 1) Block E, Phileo Damansara, 9, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor Darul Ehsan. The authorized share capital of Kiara Enigma Sdn. Bhd is RM 50,00,000 divided into 24,00,000 ordinary shares and 26,00,000 redeemable preference shares of RM 1.00 each. Kiara Enigma Sdn. Bhd, whose registration number is 624746-V, is the corporate Promoter of Midvalley Entertainment Limited. Datuk K. Ketheeswaran is the promoter of Kiara Enigma Sdn. Bhd. The Company has not commenced operations since the date of incorporation.

The main objects of the company are:

1. to carry on the business, and to act as merchants, general traders, commission agents, carriers, or in any other capacity, in Malaysia or elsewhere, and to import, export, buy, sell, barter, exchange, pledge, make advances upon, or otherwise deal in goods, produce, articles and merchandise.
2. to carry on the trade or business of builders and contractors for construction work of any kind and for the demolition of any structure.
3. to carry on the business of an investment company and for that purpose to acquire and hold either in the name of the company or in that of any nominee shares, lands, buildings, stocks, debentures, debenture stock, bonds, notes, obligations and securities issued or guaranteed by any company wherever incorporated or carrying on business.

Board of Directors

The board of directors of Kiara Enigma Sdn. Bhd as on date comprise of:

Sr. No.	Name	Address	Nationality	NRIC No.
1	Datuk K. Ketheeswaran (Promoter & Director)	167, Jalan Cinta Alam, Country Heights, 43000, Kajang, Selangor, Malaysia	Malaysian	610118-71-5027
2	Dato' Kamaruddin Bin Mohd Jamal (Director)	59, Jalan Setiakasih 9, Bukit Damansara, 50490 Kuala Lumpur, Malaysia	Malaysian	420815-06-5253
3	Mr. Tang Yow San (Director)	360, Jalan 5/54, 46000 Petaling Jaya, Selangor, Malaysia	Malaysian	650720-10-7557

Shareholding Pattern

Sr. No.	Name of Shareholder	Number of Equity Shares	% of holding
1	Datuk. K. Ketheeswaran	2,99,999 (Ordinary Shares)	100.00
2	Nik. Mohd Amin Bin Abu Bakar	1 (Ordinary Shares)	Negligible
Total		3,00,000	100.00%

The entire redeemable preference share capital of 26,00,000 equity shares of RM 1.00 is held by Datuk K. Ketheeswaran.

Financial Highlights

Kiara Enigma Sdn. Bhd follows the February – January as its financial year. The financial highlights as audited by their statutory auditors M/s WK Hong & Co, Chartered Accountants are as follows:

Particulars	Amount in RM		
	Twelve months period ended 31-01-09	Twelve months period ended 31-01-08	Twelve months period ended 31-01-07
Issued Share Capital			
--Ordinary Share Capital	300,000.00	300,000.00	300,000.00
--Redeemable Pref. Share	2,600,000.00	2,600,000.00	2,600,000.00
Share Capital	2,900,000.00	2,900,000.00	2,900,000.00

Reserves (Excluding Revaluation Reserve)	-303,282	-193,319	-87,163
Net Worth	2,596,718	2,706,681	2,812,837
Total Income	Nil	Nil	Nil
PAT/loss	-109,962	-106,157	-77,862
EPS	N.A.	N.A.	N.A.
NAV Per Share	8.66	9.02	9.38
Face Value Per Share	1.00	1.00	1.00

Other Details pertaining to Kiara Enigma Sdn Bhd

Identification	Details
Company Registration Number	624746-V
Address of the Registrar of Companies	Suruhanjaya Syarikat Malaysia (Companies Commission of Malaysia) Tingkat 2 & 10 -19, Putra Place, 100 Jalan Putra, 50622, Kuala Lumpur
Permanent Account Number	AADCK1001F
Bank Account Number & the Address of the Bank	1384001800000041 Punjab National Bank, Anna Nagar, Plot Number 4055, 4 th Main Road, Chennai, Tamil Nadu, India

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against Kiara Enigma Sdn. Bhd. There are no litigations, disputes towards tax liabilities or criminal / civil prosecution / complaint against the promoters other than as mentioned in this Draft Red Herring Prospectus.

Kiara Enigma Sdn. Bhd is not a listed company. Kiara Enigma Sdn. Bhd, being a company situated out of India, the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable nor is it under winding up or insolvency proceedings.

Declaration: The permanent account number, bank account details and passport number of our Promoter have been submitted to Bombay Stock Exchange Limited (BSE), on which our Company proposes to list its Equity Shares at the time of filing of this Draft Red Herring Prospectus.

Interest of Promoters in our Company

Our Promoter director may be deemed to be interested to the extent of the sitting fees, if any, and other remuneration for the services rendered and the reimbursement of expenses, if any, payable to them under the articles. Promoter director may also be deemed to be interested to the extent of:

- The shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a director/member respectively. The shares, if any, out of the present issue that may be

subscribed for and allotted to them or their relatives or any company in which they are directors/members of, to firms in which they are partners.

- b. Remuneration payable
- c. Related Party Transactions mentioned on page 170 of this Draft Red Herring Prospectus

Our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of the Draft Red Herring Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them other than contracts in the normal course of business and being permitted as per the current rules and regulations, governing the same.

Particulars of nature and extent of the interest of every director in any property acquired within two years of the date of Draft Red Herring Prospectus:

None of the promoters or promoter group entities were directly or indirectly interested in any property acquired by our company in the last two years.

Payment or benefits to our Promoters during the last two years

Except as stated in the section titled 'Financial Statements' beginning on page 147 of this Prospectus, there has been no payment of benefits to our Promoters during the last two years from the date of this Prospectus.

Other Ventures of Promoters

Save and except as disclosed in this Prospectus, there are no other ventures of our Promoters in which they have business interests /other interests.

Companies / Firms from which the Promoters have disassociated themselves in last 3 (three) years

Promoters have not been disassociated from any of the companies, firms or other entities during the last three years preceding the date of this Prospectus.

Interest in the property of Company

The Promoters do not have any interest in any property acquired by our Company within two years preceding the date of this Prospectus or proposed to be acquired by our Company.

OUR PROMOTER GROUP

Apart from our Promoter, the following individuals and companies comprise our Promoter Group.

- a. The natural persons who are part of our Promoter Group (due to the relationship with our Promoters) are as follows:

Relationship	Mr. Datuk K Ketheeswaran
Wife	Vivienne Ketheeswaran
Father	M. Kanagaratnam
Mother	A. Rajeswari
Son	Derrek Sean Datuk K.
Son	Eugene Sean Datuk K
Daughter	D'cruz Adeline Vicky
Wife's Father	Chan Nam Seng
Wife's Mother	Thong Ngit Yoh
Wife's Sister	Chia Ian
Wife's Sister	Chia Wei Chin
Wife's Sister	Chia Wei Yew
Wife's Sister	Char Wee Fong
Wife's Sister	Char Wee Sim
Wife's Brother	Chia Wei Ming
Wife's Brother	Chia Wooi Keong

Even though the above mentioned persons form a part of the promoters group due to the relationship with our promoter, they do not directly or indirectly hold any shares or any other interest in our company as on the date of filing of this Draft Red Herring Prospectus.

- b. Companies, Firms and HUFs which form part of our Promoter Group are as follows:

1. Where the Promoter is an Individual:

Relationship	Mr. Datuk K. Ketheeswaran
Any company in which 10% or more of the share capital is held by the promoter or an immediate relative of the Promoter or a firm or HUF in which the Promoter or any one or more of his immediate relative is a member	Kiara Enigma Sdn Bhd Unigold Pacific Limited Global Motion Pictures & Ventures Pte ltd Global International Ventures Group Limited Allgrow Equity Sdn. Bhd.
Any company in which a company mentioned in the above, holds 10% of the total holding	Unigold Pacific Limited Global Motion Pictures & Ventures Pte ltd
Any HUF or firm in which the aggregate share of the Promoter and his immediate relatives is equal to or more than 10% of the total holding	-

2. Where the Promoter is a Company

Relationship	Unigold Pacific limited	Kiara Enigma Sdn. Bhd	Global Motion Pictures & Ventures Pte Ltd
A subsidiary or holding company of that company	-	-	-
Any company in which the Promoter holds 10% or more of the equity capital, or which holds 10% or more of the equity capital of the Promoter			Global International Ventures Group Limited
Any company in which a group of individuals or companies or combinations thereof who holds 20% or more of the equity capital in that company, also hold 20% or more of the equity capital of the issuer company	<ul style="list-style-type: none"> • Multivest Resources Berhad • Benta Plantations (Perak) Sdn. Bhd • Allegro Equity (M) Sdn. Bhd • Venture Grandeur Sdn. Bhd. • Puas Emas Utilities Sdn. Bhd. 	<ul style="list-style-type: none"> • Multivest Resources Berhad • Benta Plantations (Perak) Sdn. Bhd • Allegro Equity (M) Sdn. Bhd • Venture Grandeur Sdn. Bhd. • Puas Emas Utilities Sdn. Bhd. 	<ul style="list-style-type: none"> • Multivest Resources Berhad • Benta Plantations (Perak) Sdn. Bhd • Allegro Equity (M) Sdn. Bhd • Venture Grandeur Sdn. Bhd. • Puas Emas Utilities Sdn. Bhd.

DETAILS OF OUR PROMOTER GROUP COMPANIES

1. Global International Ventures Group limited

The company was incorporated on November 30, 2004 under the International Business Companies Act (Cap 291) in the Territory of British Virgin Islands. The registered office of the company is located at Unit 1202, 12/F, Malaysia Building, 50, Gloucester Road, Wanchai, Hong Kong. The authorized share capital of the company is US\$ 50,000 ordinary shares of US\$1.00 each. The registration number of the Company is 627457. The company is an investment holding company.

The board of directors of Global International Ventures Group limited as on date are:

Sr. No.	Name	Address	Nationality	NRIC No.
1.	Datuk K. Ketheeswaran (Promoter & Director)	167, Jalan Cinta Alam, Country Heights, 43000 Kajang, Selangor	Malaysian	610118-71-5027
2.	Mr. K. Selveswaran	No 1296, Jalan 17/31, Section 17, 46400 Petaling Jaya, Selangor	Malaysian	560225-10-5336

Shareholding Pattern

Sr. No.	Name of Shareholder	Number of Equity Shares	% of holding
1.	Datuk. K. Ketheeswaran	1,000 (Ordinary Shares)	50.00
2.	Mr. K. Selveswaran	1,000 (Ordinary Shares)	50.00
Total		2,000	100.00

Financial Highlights

Global International Ventures Group Limited follows the January-December as its financial year. The financial highlights as audited by their statutory auditors Meare Stephens Associates are as follows:

Particulars	Amount in US\$		
	31-Dec-09	31-Dec-08	31-Dec-07
Share Capital	2,000.00	2,000.00	2,000.00
Number of Shares	2,000	2,000	2,000
Reserves (Excluding Revaluation Reserve)	-14,949	-12,232	-9,350
Net Worth	-12,949	-10,232	-7,350
Total Income	Nil	Nil	Nil
PAT	-2,717	-2,882	-3,570
EPS (RM)	N.A	N.A	N.A
NAV Per Share (RM)	-6.47	-5.12	-3.68
Face Value Per Share (RM)	1.00	1.00	1.00

Other details pertaining to Global International Ventures Group Limited

Identification	Details
Company Registration Number	627457
Address of the Registrar of Companies	Unit 1202, 12/F, Malaysia Building, 50, Gloucester road, Wanchai, Hong Kong
Permanent Account Number	N.A.
Bank Account Number & the Address of the Bank	N.A. (as the company is dormant and no investment has been received to-date, the company did not open bank account)

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against Global International Ventures Group Limited. There are no litigations, disputes

towards tax liabilities or criminal / civil prosecution / complaint against the promoters other than as mentioned in this Draft Red Herring Prospectus.

The company is not a listed company. Being a Company situated out of India, the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable to the Company nor it is under winding up.

2. MultiVest Resources Berhad

The company was incorporated on August 24, 1917 in Malaysia as the Benta Rubber Estates Limited under the Companies Enactment, 1897. The name of the company was subsequently changed to Benta Plantations Berhad on March 2, 1971 and then changed to Best World Land Berhad on December 29 1995. The company's name is changed to the present name on January 27, 2000. The authorized share capital of the company is 500,000,000 equity shares of RM 1.00 each. The registered office of the company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan. The registration number of the company is 000222 – D. The principal activities of the company are that of Investment holding, provision of management services and plantation operations. Datuk K Ketheeswaran and his associates are the promoters of this company.

Board of Directors

Sr. No.	Name	Address	Nationality	NRIC No.
1.	Datuk K. Ketheeswaran (Promoter & Director)	167, Jalan Cinta Alam, Country Heights, 43000 Kajang, Selangor	Malaysian	610118-71-5027
2.	Dato' Ong Kim Hoay	595 Lorong 17/18A, 46400 Petaling Jaya, Selangor	Malaysian	340226-07-5103
3	Dato Nik Mohd Amin Bin Nik Abu Bakar	No. 3, Lorong 16/7C, 46350, Petaling Jaya, Selagor Darul Ehsan, Malaysia	Malaysian	361101-03-5063
4	Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim	167, Jalan Cinta Alam, Country Heights, 43000 Kajang, Selangor	Malaysian	450325-07-5165
5	Dato' Haji Abdul Halim Bin Haji Abdul Samad	62, Jalan Jeletek, Datuk Kemat, Kuala Lumpur, Wilayah Persekutuan	Malaysian	450325-07-5165

Shareholding Pattern

Sr. No.	Name of Shareholder	Number of Equity Shares	% of holding
1	Promoters*	4,33,58,224	28.94
2	Relatives to Promoters	26,45,500	1.77
3	Other Individuals	5,93,29,336	39.60
4	Body Corporates	94,63,820	6.31
5	Govt. Agencies & Institutions	2,96,000	0.20
6	Nominees of Group Companies	24,65,500	1.65
7	Nominees of others	3,22,45,755	21.53
8	TOTAL	149,804,135	100

* Promoters includes nominees to the Promoters

Brief Financial Performance

The financial highlights of the company are as follows:

Particulars	Amount in RM		
	30-Jun-09	30-Jun-08	30-Jun-07
Share Capital	149,804,135	149,804,135	149,804,135
Number of Shares	149,804,135	149,804,135	149,804,135
Reserves (Excluding Revaluation Reserve)	-120,987,694	-119,153,173	-116,593,630
Net Worth	28,816,441	30,650,962	33,210,505
Total Income	2,381,359	9,851	374,896
PAT	1,834,521	-2,559,543	-1,730,346
EPS (RM)	N.A.	N.A	N.A
NAV Per Share (RM)	0.19	0.20	0.22
Face Value Per Share (RM)	1.00	1.00	1.00

The shares of MultiVest Resources Berhad are listed on Main Board of Bursa Stock Exchange, Malaysia. The Stock Symbol is MVEST, Stock Code is 1902. The highest and the lowest of the closing prices (in RM) of the shares in the last six months are as follows:

Month	Date	High	Volume	Date	Low	Volume
February, 2010	February 11, 2010	0.56	51	February 09, 2010	0.42	370
March, 2010	March 11, 2010	0.50	5,425	March 05, 2010	0.42	882
April, 2010	April 09, 2010	0.47	840	April 30, 2010	0.40	1319
May, 2010	May 03, 2010	0.44	101	May 26, 2010	0.36	340
June, 2010	June 04, 2010	0.44	30	June 30, 2010	0.36	40
July, 2010	July 23, 2010	0.41	682	July 09, 2010	0.36	260
Unfinished month	August 9, 2010	0.43	267	August 12, 2010#	0.37	2,923

August, 2010

(Source: <http://biz.thestar.com.my/marketwatch/charts/BizHistory.asp?scode=1902>)

Price 0.37 is appearing for 2 days in a month. The day having highest trading volume has been disclosed.

The closing price of the shares of the Company on August 17, 2010 is RM 0.40. The Company has not made any capital issue of the shares in the preceding five years.

The company has not listed its shares in India. Being a company situated out of India, the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable to the company nor is it under winding up.

3. Benta Plantations (Perak) Sdn. Bhd

The company was incorporated on March 17, 1967 in Malaysia as the Federal Oil Palm Sendirian Berhad under the Companies Act, 1965. The name of the company was changed to Benta Plantations (Perak) Sdn. Bhd. on November 19, 1994. A subsidiary of MultiVest Resources Berhad, the registered office of the company is located at 305 (Suite 1), Block E, Phileo Damansara 1, 9, Jalan 16/11, Off Jalan Damansara, 46350, Petaling Jaya, Selangor, Darul Ehsan, Malaysia. The Authorized share capital of the company is 100,000,000 ordinary shares of RM 1.00 each. The Registration number of the company is 007057 A. The principal activities of the company are investment holding, cultivation of oil palm, and processing of palm oil.

Board of Directors

The Board of Directors of the Company is as follows;

Sr. No.	Name	Address	Nationality	NRIC No.
1.	Datuk K. Ketheeswaran (Promoter & Director)	167, Jalan Cinta Alam, Country Heights, 43000 Kajang, Selangor	Malaysian	610118-71-5027
2.	Dato' Ong Kim Hoay	595 Lorong 17/18A, 46400 Petaling Jaya, Selangor	Malaysian	340226-07-5103
3	Dato' Shahrom Bin Abdul Majid	29 Jalan SS1/38, 47300 Petaling Jaya, Selangor	Malaysian	411019-06-5047
4	Dato' Nik Mohd Amin Bin Nik Abu Bakar	No. 3, Lorong 16/7C, 46350, Petaling Jaya, Selagor Darul Ehsan, Malaysia	Malaysian	361101-03-5063
5	Dato' Shamsir Bin Omar	No. 57, Jalan Setiakasih Sembilan, Bukit Damansara, 50490 Kuala Lumpur, Malaysia	Malaysian	340707-10-5481

Shareholding Pattern:

Sr. No.	Name of Shareholder	Number of Equity Shares	% of holding
1	MultiVest Resources Berhad	47,627,175	94.50
2	Mr. Tang Yow San	1	0.00
3	Mr. K Selveswaran A/L Kanagaratnam	1	0.00
4	Lim Piak Chiang Holdings Sdn Bhd	1,621,049	3.2
5	Toh Whui Limited	1,134,974	2.25
6	The Administrator of the estate of Dato' Mohd Othman Bin Mohd Din, Deceased	800	0.00
7	Mr. Teoh Boon Beng @ Teoh Eng Kuan	1,000	0.00
8	Mr. Leong Kok Heng @Leong Kok Cheng	10,000	0.02
9	Dato' Chek Lin Kwai	5,000	0.01
Total		50,400,000	100.00

Brief Financial Performance

The financial highlights of the company are as follows:

Particulars	Amount in RM		
	30-Jun-09	30-Jun-08	30-Jun-07
Share Capital	50,400,000.00	50,400,000.00	50,400,000.00
Number of Shares	50,400,000	50,400,000	50,400,000
Reserves (Excluding Revaluation Reserve)	88,421,963	87,684,983	76,342,530
Net Worth	138,821,963	138,084,983	126,742,530
Total Income	51,557,034	77,491,849	51,675,757
PAT	2,626,980	10,684,839	1,774,130
EPS (RM)	0.05	0.21	0.04
NAV Per Share (RM)	2.75	2.74	2.51
Face Value Per Share (RM)	1.00	1.00	1.00

The company is not listed its shares in India. Being a Company situated out of India, the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable to the Company nor it is under winding up.

4. Allegro Equity (M) Sdn. Bhd

The company was incorporated on October 18, 1990 under the Companies Act, 1965 in Malaysia. The name of the company was changed to its present name from Best World Holdings Sdn Bhd on October 4, 2004. The registered office of the company is located at 305 (Suite 1), Block E, Phileo Damansara 1, 9, Jalan 16/11, Off Jalan Damansara, 46350, Petaling Jaya, Selangor, Darul Ehsan. The authorized share capital of the company is 25,000,000 ordinary shares of RM 1.00 each. The registration number of the Company is 206545 - A. The company is an investment holding company.

Board of Directors

The Board of Directors of the Company is as follows;

Sr. No.	Name	Address	Nationality	NRIC No.
1.	Datuk K Ketheeswaran	167, Jalan Cinta Alam, Country Heights, 43000 Kajang, Selangor	Malaysian	610118-71-5027
2.	Datin Vivienne Ketheeswaran	No 1296, Jalan 17/31, Section 17, 46400 Petaling Jaya, Selangor	Malaysian	560225-10-5336

Brief Financial Performance

The financial highlights of the company are as follows:

Particulars	Amount in RM		
	31-Aug-09	31-Aug-08	31-Aug-07
Share Capital	23,000,000.00	23,000,000.00	23,000,000.00
Number of Shares	23,000,000	23,000,000	23,000,000
Reserves (Excluding Revaluation Reserve)	-52,704	-50,421	-48,294
Net Worth	22,947,296	22,949,579	22,951,706
Total Income	Nil	Nil	Nil
PAT	-2,283	-2,127.00	2,185
EPS (RM)	N.A	N.A	N.A
NAV Per Share (RM)	1.00	1.00	1.00
Face Value Per Share (RM)	1.00	1.00	1.00

The company is not a listed company. Being a company situated out of India, the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable to the company nor it is under winding up.

5. Puas Emas Utilities Sdn. Bhd.

The Company was incorporated on January 8, 2002 under the Companies Act, 1965 in Malaysia. A subsidiary of Nilamas Corporation, the Registered Office of the Company is located at 305 (Suite 1), Block E, Phileo Damansara, 1, No.9, Jalan 16/11, Off Jalan Damansara, 46350, Petaling Jaya, Selangor, Darul Eshan. The authorised share capital of the company is 1,00,000 ordinary shares of RM 1.00 each. The Registration number of the Company is 568068 - M. The company is engaged in the business of water and waste water management.

Board of Directors

The Board of Directors of the Company is as follows:

Sr. No.	Name	Address	Nationality	NRIC No.
1.	Dato' Ong Kim Hoay	595 Lorong 17/18A, 46400 Petaling Jaya, Selangor	Malaysian	340226-07-5103
2.	Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim	167, Jalan Cinta Alam, Country Heights, 43000 Kajang, Selangor	Malaysian	450325-07-5165
3.	Dato' Shahrom Bin Abdul Majid	29 Jalan SS1/38, 47300 Petaling Jaya, Selangor	Malaysian	411019-06-5047

Shareholding Pattern

Sr. No.	Name of Shareholder	Number of Equity Shares	% of holding
1	Nilamas Corporation Sdn. Bhd.	71,000	71.00
2	Ceria Cergas Sdn. Bhd.	29,000	29.00
Total		100,000	100.00

Brief Financial Performance

The financial highlights of the Company are as follows:

Particulars	Amount in RM		
	30-Jun-09	30-Jun-08	30-Jun-07
Share Capital	1,00,000	100,000.00	100,000.00
Number of Shares	1,00,000	100,000	100,000
Reserves (Excluding Revaluation Reserve)	-674,423	-672,794	-670,686
Net Worth	-574,423	-572,794	-570,686
Total Income	Nil	Nil	0.00

PAT	-1,629	-2,108	-1,511
EPS (RM)	N.A	N.A	N.A
NAV Per Share (RM)	-5.74	-5.73	-5.71
Face Value Per Share (RM)	1.00	1.00	1.00

The company is not a listed company. Being a Company situated out of India, the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable to the Company nor it is under winding up.

6. Allgrow Equity Sdn. Bhd.

The Company was incorporated on June 25, 2007 under the Companies Act, 1965 in Malaysia. The Registered Office of the Company is located at 305 (Suite 1), Block E, Phileo Damansara, 1, No.9, Jalan 16/11, Off Jalan Damansara, 46350, Petaling Jaya, Selangor, Darul Eshan. The authorised share capital of the company is 1,00,000 ordinary shares of RM 1.00 each. The Registration number of the Company is 778375 - A. The company is dormant.

Board of Directors

The Board of Directors of the Company is as follows:

Sr. No.	Name	Address	Nationality	NRIC No.
1.	Datuk K Ketheeswaran	167, Jalan Cinta Alam, Country Heights, 43000 Kajang, Selangor	Malaysian	610118-71-5027
2.	Datin Vivienne Ketheeswaran	No 1296, Jalan 17/31, Section 17, 46400 Petaling Jaya, Selangor	Malaysian	560225-10-5336

Shareholding Pattern

Sr. No.	Name of Shareholder	Number of Equity Shares	% of holding
1	Datuk K Ketheeswaran	35,999	100
2	Datin Vivienne Ketheeswaran (F)	1	0
3	Total	36,000	100.00

Brief Financial Performance

The financial highlights of the Company are as follows:

Particulars	Amount in RM	
	31-Aug-09	31-Aug-08
Share Capital	36,000	36,000
Number of Shares	36000	36,000
Reserves (Excluding Revaluation Reserve)	29,421	-3,932
Net Worth	65,421	32,068
Total Income	Nil	Nil
PAT	33,353	-3,932
EPS (RM)	N.A.	N.A
NAV Per Share (RM)	1.82	0.89
Face Value Per Share (RM)	1.00	1.00

The company is not a listed company. Being a Company situated out of India, the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable to the Company nor it is under winding up.

7. Venture Grandeur Sdn. Bhd.

The Company was incorporated on November 25, 1993 under the Companies Act, 1965 in Malaysia. The Registered Office of the Company is located at 305 (Suite 1), Block E, Phileo Damansara, 1, No.9, Jalan 16/11, Off Jalan Damansara, 46350, Petaling Jaya, Selangor, Darul Eshan. The authorised share capital of the company is 1,000,000 ordinary shares of RM 1.00 each. The Registration number of the Company is 282516 - X. The company is engaged in the business of general trading. The Company has not commenced operations since the date of incorporation.

Board of Directors

The Board of Directors of the Company is as follows:

Sr. No.	Name	Address	Nationality	NRIC No.
1	Datuk K Ketheeswaran	167, Jalan Cinta Alam, Country Heights, 43000 Kajang, Selangor	Malaysian	610118-71-5027
2	Mr. Abdul Aziz Bin Sopian	3 Jalan Tembaga, Tamn Sri Skudai, 81300 Skudai, Johor	Malaysian	490505-01-5713
3	Mr. Tang Yow San	No 360, Jalan 5/54, 46000 Petaling Jaya, Selangor	Malaysian	650720-10-7557
4	Mr. Nazman Bin Ahmad	51 Jalan SS3/5T, Taman Subang, 47300 Petaling Jaya,	Malaysian	800804-14-5789

				Selangor		
5	Mr. Manickam Subramaniam	A/L	32 Jalan Temenggung 21, Taman Sri Bahagia, Off Jalan Sungai Jati, 41200 Klang, Selangor	Malaysian		771223-10-5383

Shareholding Pattern

Sr. No.	Name of Shareholder	Number of Equity Shares	% of holding
1	Mr. K Selveswaran	250,000	50
2	Datin Vivienne Ketheeswaran (F)	250,000	50
	Total	500,000	100.00

Financial Highlights

Brief Financial Performance

The financial highlights of the Company are as follows:

Particulars	Amount in RM		
	31-Aug-09	31-Aug-08	31-Aug-07
Share Capital	500,000	500,000	500,000
Reserves (Excluding Revaluation Reserve)	-	-	-
Net Worth	500,000	500,000	500,000
Total Income	-	-	-
PAT	-	-	-
EPS (RM)	-	-	-
NAV Per Share (RM)	1.00	1.00	1.00
Face Value Per Share (RM)	1.00	1.00	1.00

The company is not a listed company. Being a Company situated out of India, the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable to the Company nor it is under winding up.

Ventures with which promoters have disassociated in the last 3 years: The Promoters have not disassociated themselves from any of the companies / firms during preceding three years other than as mentioned below:

➤ **Drishti India Limited**

Our promoter company, Global Motion Pictures & Ventures Pte Ltd, had invested Rs. 93.28 lacs in Drishti India Limited on September 26, 2005 and divested their investment Drishti India Limited on October 06, 2006, since the terms of the agreement were not met by the local partner; i.e. Drishti.

➤ The Holding Company MultiVest has sold its entire investment of 2,007,000 ordinary shares from Komplek Mutiara Sdn Bhd and 2 ordinary shares from Lombard Street Sdn Bhd as on 29.06.2009.

Shareholding of Promoter and Promoter Group in our Company:

The pre-Issue and post-Issue shareholding of our Promoters and our Promoter Group is as follows:

Name of the Shareholder	Pre-issue		Post-issue	
	No. of equity shares	% holding	No. of equity shares	% holding
Promoter				
Unigold Pacific limited	48,62,958	18.96%	48,62,958	12.95
Kiara Enigma	22,12,000	8.62%	22,12,000	5.87
Global Motion Pictures & Ventures Pvt Ltd	56,12,752	21.88%	56,12,752	14.91
Total (A)	1,26,87,710	49.46%	1,26,87,710	33.70
Promoter Group				
Global International Ventures Group Ltd	1,16,097	0.45%	1,16,097	0.31
Total	1,16,097	0.45%	1,16,097	0.31
Total Promoter Group holding (A+B)	1,28,03,807	49.91%	1,28,03,807	34.00

Listed Ventures of the Promoters

The promoters have no listed ventures in India.

Other relevant details about the group companies

There are no sales or purchase between companies in the Promoters' group and our company, wherein such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of our Company. The material

items of income or expenditure arising out of transactions in the Promoters' group are disclosed under "Statement of Related Parties and Transactions" on Page 170 of this Draft Red Herring Prospectus.

Declaration

We confirm that a copy of income tax registration number, bank account details, company registration number and address of the registrar of companies where the promoter companies are registered have been submitted to the Stock Exchanges on which Equity Shares of our Company are proposed to be listed, at the time of filing this Draft Red Herring Prospectus.

The Promoters have not been identified as willful defaulters by RBI or any other government authority and there are no violations of securities law committed by our Promoters in the past or any such proceedings are pending against our Promoters.

Defunct Promoter Group Companies

Save and except as disclosed in this chapter, none of our group companies have been defunct.

Common Pursuits

We shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, if at all and as and when they may arise. Save and except as disclosed in the Draft Red Herring Prospectus, the Promoters do not have an interest in any venture that is involved in any activities similar to those conducted by the Company or any member of the Promoter Group.

Litigation

For details regarding litigations involving our Promoters and Promoter Group entities please refer to the chapter titled 'Outstanding Litigation and Material Developments' beginning on page 190 of this Draft Red Herring Prospectus.

Public Issue by Group Companies and Listed Group Companies

Save and except as disclosed in this chapter, none of our group companies have made a public issue or rights issue in the last three years nor is any company in our Promoter Group listed in India.

Striking-Off

Since incorporation, none of the Promoter Group Companies have been Stricken-Off.

Related Party Transactions

Save and except as disclosed as "Annexure 19" to the Auditors Report on page 170 of this Prospectus, there has been no payment or benefits to our Promoters during the last five years preceding the date of this Draft Red Herring Prospectus.



DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the shareholders of our Company, at their discretion, and will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial condition. The Board may also from time to time pay interim dividend.

Our Company has not declared any dividend since inception.

SECTION V: FINANCIAL INFORMATION OF OUR COMPANY

AUDITOR'S REPORT

The Board of Directors,
Midvalley Entertainment Limited
NO.9, Gee Gee Emerald,
Nungambakkam,
Chennai – 600 034

- A. We have examined the annexed financial information of Midvalley Entertainment Limited ('the Company') for the period ended 28th February, 2010, 30th April, 2009, 30th April, 2008 30th April, 2007, 30th April, 2006, and Financial Year ended 31st March 2005 as approved by the Board of Directors of the Company prepared in terms of the requirements of Paragraph B, Part II of Schedule II of the Companies Act, 1956 (the Act) and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (SEBI Regulation) and terms of our engagement agreed with you in accordance with letter dated 13-June-2010 in connection with the proposed Equity offering.
- B. We have examined the attached 'Summary Statement of Assets and Liabilities' as restated of the Company for the period ended 28th February, 2010, 30th April, 2009, 30th April, 2008 30th April, 2007, 30th April, 2006, and Financial Year ended 31st March 2005 (**Annexure 1**) and the attached 'Statement of Profit and Loss' as restated (**Annexure 2**) and the attached 'Statement of Cash Flows' as restated (**Annexure 8**) for the period ended 28th February, 2010, 30th April, 2009, 30th April, 2008 30th April, 2007, 30th April, 2006, and Financial Year ended 31st March 2005 together referred to as 'Restated Summary Statement'. These Summary Statements have been extracted from the financial statements for the period ended 28th February, 2010, 30th April, 2009, 30th April, 2008 30th April, 2007, 30th April, 2006, and Financial Year ended 31st March 2005.
- C. Based on the above, we report that in our opinion and according to the information and explanations given to us, we have found the same to be correct and the same have been accordingly used in the standalone financial information.
- D. Based on above we state that:
- The 'Summary Statements' have to be read in conjunction with the Significant Accounting Policies and Notes to Accounts given in **Annexure 3 & Annexure 4** respectively as well as with the Audit report on the financial statements
 - The profits / losses have been arrived at after charging all expenses including depreciation and after making such adjustment and regroupings as in our opinion are appropriate in the year/period to which they relate.
 - No dividend has been declared till date. There have been no contingent liabilities in the company except the liabilities as given in the report separately.
 - In respect of unsecured loans obtained from parties covered by register maintained U/s. 301 of the Companies act, and are repayable on demand.

- v) The accounts as given in the enclosed statements do not require any restatement on the following categories
- a. There have been no adjustments for the changes in accounting policies retrospectively in respective financial years except as mentioned in the Annexure 5.
 - b. There have been no material adjustments in the respective financial years to which they relate.
 - c. There are no extra ordinary items that need to be disclosed separately in the accounts and qualification requiring adjustments except for the period year ended 30.04.2006 & 30.04.2007

E. Other Financial Information

We have also examined the following other financial information set out in Annexures prepared by the management and approved by the Board of Directors relating to the Company for the period ended 28th February, 2010, 30th April, 2009, 30th April, 2008 30th April, 2007, 30th April, 2006, and Financial Year ended 31st March 2005. We have restated the financial statements for the period ended 28th February, 2010, 30th April, 2009, 30th April, 2008 30th April, 2007, 30th April, 2006, and Financial Year ended 31st March 2005 as given below:

- i. Statement of Adjusted Assets & Liabilities, Annexure – 1
- ii. Statement of Adjusted Profit and Loss Account, Annexure – 2
- iii. Significant Accounting policies for the financial statement, Annexure – 3
- iv. Notes on Accounts for the financial statements, Annexure – 4
- v. Notes to Adjustments in Restated Financial Statements ‘Annexure 5’ to this report
- vi. Details of changes in Significant Accounting Policies as given in ‘Annexure 6’ to this report.
- vii. Details of qualifications appearing in the audit report as given in ‘Annexure 7’ to this report.
- viii. Cash Flows Statement as appearing in ‘Annexure 8’ to this report;
- ix. Statement of Accounting Ratios as appearing in ‘Annexure 9’ to this report;
- x. Statement of Dividends as appearing in ‘Annexure 10’ to this report;
- xi. Statement of Unsecured Loans as appearing in ‘Annexure 11’ to this report.
- xii. Capitalisation Statement as appearing in ‘Annexure 12’ to this report;
- xiii. Statement of Tax Shelter as appearing in ‘Annexure 13’ to this report.
- xiv. Statement of Secured Loans as appearing in ‘Annexure 14’ to this report.

- xv. Statement of Investments as appearing in 'Annexure 15' to this report.
- xvi. Statement of Sundry Debtors as appearing in 'Annexure 16' to this report.
- xvii. Statement of loans and advances as appearing in 'Annexure 17' to this report.
- xviii. Statement of Other Income as appearing in 'Annexure 18' to this report.
- xix. Statement of Related Parties and Transactions as appearing in 'Annexure 19' to this report;
- xx. Statement of Contingent Liabilities as appearing in 'Annexure 20' to this report;

In our opinion, the 'Financial Information as per Audited Financial Statements' and 'Other Financial Information' mentioned above read with Significant Accounting Policies and Notes to Accounts appearing in Annexure – 3 & Annexure - 4 respectively of the audit report for the period ended 28th February, 2010, 30th April, 2009, 30th April, 2008 30th April, 2007, 30th April, 2006, and Financial Year ended 31st March 2005 and have been prepared in accordance with Part II of schedule II of the Act, and the SEBI Regulations.

This report is intended solely for your information and for inclusion in the Prospectus in connection with the proposed Initial Public Offer (IPO) of the Company and is not to be used, referred to or distributed for any, other purpose without our prior written consent.

**For Venkatesh & Co.,
Chartered Accountants**

**CA Dasaraty V
M.No.26336
Partner
Place: Chennai
Date: 14/08/2010**

Statement of Adjusted Assets & Liabilities
Annexure 1
(Amount in Lacs)

Particulars	Year / Period Ended					
	10 month	12 month	12 month	12 month	13 month	12 month
	28-02-10	30-04-09	30-04-08	30-04-07	30-04-06	31-03-05
ASSETS						
Fixed Assets:						
Gross Block	2,373.10	823.10	858.42	858.46	787.08	716.51
Less: Depreciation & Amortization	192.77	178.17	187.41	161.60	135.08	108.31
Less: Amortization of Satellite Rights	423.69	275.71	227.82	179.74	131.79	79.90
Net Block (A)	1,756.64	369.22	443.19	517.12	520.21	528.30
Investments (B)	-	-	-	-	0.85	-
Current Assets, Loans and Advances:						
Inventories(Net of Provision for diminution in value)	1,494.68	1,685.67	2,288.69	2,039.84	2,003.34	1,678.62
Sundry Debtors	1,565.31	2,644.38	1,858.46	424.59	489.68	176.94
Cash and Bank Balances	1.05	1.07	180.10	349.47	96.47	2.51
Loans and Advances	1,956.28	1,958.88	1,785.06	2,307.28	528.78	441.13
Total (C)	5,017.32	6,290.00	6,112.31	5,121.18	3,118.27	2,299.20
Liabilities and Provisions:						
Secured Loans	4.22	7.11	8.73	17.56	17.36	273.62
Unsecured Loans	-	-	-	293.16	51.23	76.47
Deferred Tax Liability	181.06	255.67	124.74	29.83	15.25	18.94
Current Liabilities	128.76	98.85	62.66	162.62	70.26	458.21
Provisions	997.97	915.20	904.48	551.65	135.66	29.63
Total (D)	1,312.01	1,276.83	1,100.61	1,054.82	289.76	856.87
NET WORTH (A+B+C-D)	5,461.95	5,382.39	5,454.89	4,583.48	3,349.57	1,970.63
REPRESENTED BY						
Share Capital	2,565.31	2,565.31	2,565.31	2,565.31	2,102.54	1,374.27
<i>(Issued, Subscribed and paid up)</i>						
Reserves and Surplus						
-Share Premium	973.16	973.16	973.16	973.16	921.77	557.63
-Surplus as per P & L a/c.	1,923.48	1,892.78	1,939.84	1,053.24	325.99	38.73
Miscellaneous Expenditure	-	48.86	23.42	8.23	0.73	
<i>(to the extent not w/ off)</i>						
NET WORTH	5,461.95	5,382.39	5,454.89	4,583.48	3,349.57	1,970.63

Statement of Adjusted Profits & Loss Account
Annexure 2
(Amount in Lacs)

<u>Particulars</u>	<u>Period / Year Ended</u>					
	10 month	12 month	12 month	12 month	13 month	12 month
	28-02-10	30-04-09	30-04-08	30-04-07	30-04-06	31-03-05
INCOME						
<u>Production</u>						
Export of Serials and Films	-	-	-	-	7.41	10.14
Sale of Programs / Feature Films	-	-	1,423.79	299.00	1,282.38	1,300.67
<u>Distribution</u>						
Distribution of Films	250.00	583.18	1,197.21	939.54	-	243.84
Sale of Rights	-	-	-	-	-	0.08
<u>Exhibition</u>						
Theatre Collection	593.75	1,527.66	4,738.21	3,636.86	45.88	0.60
Theatre Stall Income	-	-	1.80	4.56	0.30	-
Theatre Slide Show Income	-	-	-	-	0.03	-
<u>Others</u>						
Other Income	0.52	5.59	1.92	2.49	4.70	9.09
Total	844.27	2,116.43	7,362.93	4,882.45	1,340.70	1,564.42
EXPENDITURE						
Cost of Production/ Distribution/ Purchase of Films	369.24	963.59	5,299.45	3,594.50	919.76	1,354.72
Administrative Expenses	33.70	137.20	138.76	86.47	61.02	67.77
Bad debts written off	-	-	-	-	-	39.80
Total	402.94	1,100.79	5,438.21	3,680.97	980.78	1,462.29
PBDIT	441.33	1,015.64	1,924.72	1,201.48	359.92	102.13
Less:- Depreciation	14.60	22.96	25.84	26.53	26.76	14.98
Amortization of Satellite Rights	147.98	47.89	48.08	47.95	51.89	19.12
- Provision towards diminution in value of inventories	15.03	15.82	10.62	11.51	12.12	12.75
Amortization of Distribution Rights	175.96	820.68	472.50	75.60	-	-
Preliminary Expenses Written off	48.86	12.36	29.62	12.22	23.47	0.04
PBIT	38.90	95.93	1,338.06	1,027.67	245.68	55.24
Less:- Interest	0.05	1.31	3.73	4.75	1.16	14.71
Profit before taxation and exceptional items	38.85	94.62	1,334.33	1,022.92	244.52	40.53
Add/(Less): Exceptional Items						
- Surplus on OTS with Bank	-	-	-	-	103.62	-
- Profit on Sale of Land	-	-	-	-	74.26	-

- Profit on Sale of Subsidiary	-	-	-	136.93	-	-
Profit after exceptional items and before taxation	38.85	94.62	1,334.33	1,159.85	422.40	40.53
Less: Provision for Tax						
- Current Tax (including relating to earlier years)	82.77	10.72	351.17	417.02	138.17	26.57
- Deferred Tax / (reversal)	(74.62)	130.96	94.91	14.58	(3.68)	(1.64)
- Fringe Benefit Tax	-	-	1.65	1.00	0.66	-
Profit after Taxation	30.70	(47.06)	886.60	727.25	287.25	15.60
Balance brought forward	1,892.78	1,939.84	1,053.24	325.99	38.73	23.15
Balance Carried over to Balance Sheet	1,923.48	1,892.78	1,939.84	1,053.24	325.99	38.73

a) Basis of preparation of financial statements:

The financial statements are prepared under the historical cost convention on an accrual basis and comply with the accounting standards issued by the Institute of Chartered Accountants of India referred to in section 211 (3C) of the Companies Act, 1956.

b) Fixed Assets and Depreciation:

- Fixed Assets are stated at Cost of Acquisition Less accumulated depreciation.
- Depreciation is provided from the date on which the assets have been installed and put to use, under the written down value method at the rates and in the manner specified under schedule XIV of the Companies Act, 1956 as amended by notification dated December 16, 1963.
- In respect of satellite rights of films, the cost of the asset is written off proportionately over the period of ten years.

c) Inventories:

- Inventories are valued at cost or net realizable value whichever is lower. The Company Amortizes 60% of the cost of the right acquired or produced by it, on first theatrical release of the movie. Balance 40% is amortized over the balance license period or based on management estimate of future revenue potential, as the case may be.
- Work in progress is stated at cost. Cost comprises of movie production expenses incurred including artiste and other salaries, shooting expenses etc.
- Cost of Production of movies produced and not exploited are valued after considering a provision of 5% on the cost.

d) Taxation:

Provision for Income tax has been made at the current tax rates based on the assessable income under the provisions of the Income Tax Act, 1961.

e) Deferred Taxation:-

Deferred Tax Liability on timing differences of Book and IT depreciation and distribution rights is provided for.

f) Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating investing and financing activities of the company are segregated.

g) Foreign Currency translation:-

Foreign currency transactions are recorded in the books by applying the exchange rate as on the transaction. Investments in foreign currency are reported using the exchange rate at the date of transaction. Our foreign currency transactions are converted at the exchange rate prevailing on the last working day of the accounting year. Fluctuations in the exchange rate transactions are charged to profit & loss account, wherever necessary. In respect of foreign currency transactions in fixed asset, the exchange gain or loss is adjusted in the carrying amount of fixed assets and accordingly depreciation is charged.

h) Retirement Benefits

Contribution to Provident Fund, Gratuity and Earned Leave Encashment are accounted on actual liability basis.

i) Provisions:

A provision is recognized when an enterprise has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at the balance sheet date and adjusted to reflect the current best estimates.

j) Segment Reporting:

The company is operating in a single segment and hence the segment reporting is not applicable to the company

k) Impairment of Fixed Assets:

The company provides for impairment of assets in accordance with AS28 Issued by the ICAI. During the year, no provision for impairment is considered necessary after considering the amortization and depreciation provided for.

l) Revenue Recognition:-

a) Sale of Film Rights:

Revenues arising from sale of Distribution rights of the feature films produced by the company are recognized on accrual basis, based on specific distribution contracts. Income is recognized only upon completion of the project and obtaining a valid film Censorship Certificate.

b) Distribution of Film Rights:

Income from own distribution of films are to the extent of the collections received from the distribution areas.

c) Sale of Satellite Rights:

Incomes from sale of Satellite rights are recognized based on contract of sale and the amounts received.

d) Sale of Programme:

Incomes on sale of Programmes are recognized on accrual basis based on the Invoices raised.

e) Sale of Audio Rights and Royalties:

Income from sale of Audio rights is accounted on cash basis based on specific contracts. Income from Royalties is accounted on accrual basis based on the contract with the music companies. Audio Rights and Royalties are recognized only upon completion and released of the audio albums.

f) Exports of Serials and Films:

Income recognized on accrual based on export invoices/contracts with overseas companies.

g) Theatre Income:

Income recognized on receipt of Daily Collection report.

h) Earnings per share

Earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average numbers of equity shares outstanding during the year are adjusted for events of bonus issue to existing shareholders and share split.

i) Miscellaneous Expenditure :-

Miscellaneous Expenditure represents expenses incurred in connection with the proposed public issue which would be written off over five years and in case the public issue does not happen the same will be written off during the accounting year.

j) Dividend

For the period mentioned, above the company has not declared any dividend or any provision has been made.

Notes on Accounts for the financial statements

Annexure 4

a) Secured Loans:

The Company's Secured loans represent outstanding in respect of vehicle loan with HDFC Bank, against hypothecation of a vehicle of the company.

b) Deferred Tax:

Particulars	February 28,2010	Current Year	April 30,2009
Deferred Tax Liability			
WDV as per Companies Act 17,56,64,164			
WDV as per Income tax Act 17,55,57,923			
Timing difference ----- 1,06,241			
DTA Income tax rate 33.99% ----- 36,111			
Distribution Rights 5,31,61,380			
Income tax rate 33.99% ----- 1,80,69,553		74,61,635	
Reversal of DTL on Rights for earlier years			
Total DTL for Balance sheet	1,81,05,664		2,55,67,300

c) Related Party Transactions

Relationship Chart - May 1, 2009 to February 28, 2010

Name of the Related Party	Relationship
Unigold Pacific Limited	Company with common Director
Kiara Enigma Sdn Bhd	Company with common Director
Global Motion Pictures and Ventures Pte Ltd	Company with common Director
Global International Ventures Group Limited	Company with common Director
Datuk K. Ketheeswaran	Non Executive Chairman

Related Party transactions for the period - NIL

d) Segment reporting

The company is operating in a single segment and hence the segment reporting is not applicable to the company

e) Micro, Small and Medium Enterprise:

Sundry Creditors includes amount due to SSI as on 28.02.2010: Rs.NIL (NIL) With available information from Micro, Small and Medium Enterprises regarding their registration with Central/State Government authorities the disclosure as per Sec 23 of The Micro Small Medium Enterprises Development Act 2006 is made.

f) Foreign Exchange Inflow and Outflow:-

	<u>10 month period ended February 28, 2010</u> <u>(in Rs.)</u>
CIF Value of Imports	NIL

	<u>10 month period ended February 28, 2010</u> <u>(in Rs.)</u>
Earnings In Foreign Exchange	NIL

Foreign Exchange Outgo

	<u>10 month period ended February 28, 2010</u> <u>(in Rs.)</u>
Foreign Exchange Outflow	NIL

g) Sundry Debtor, Loans and Advances:

- i. Sundry Debtors, Loans and Advances and Deposits are subject to confirmation and reconciliation. However in the opinion of the management, these Current Assets are realizable in the ordinary course of the business at the values as stated in the accounts.
- ii. No provision has been considered in respect of debtors outstanding for a period of 6 months amounting to Rs.15.65 crores. The management is of the opinion that no provision is necessary and that all debts are realizable. Some of the debtors have disputed their dues to the company.
- iii. During the financial year the company has also assigned certain debtors amounting to Rs15.50 crores in favor of some parties in consideration for acquiring rights of some pictures during the year.

h) Miscellaneous Expenditure

The company has during the 10 month period ended 28th February 2010 written off sums aggregating to Rs.48,86,152/- being expenses incurred for the earlier issues planned.

i) Director's Remuneration

1. Whole Time Director	<u>10 month period ended</u> <u>Feb 28, 2010</u>	<u>F.Y. ended April 30, 2009</u>
Director's Remuneration	Rs. NIL	Rs. 20,40,000

2. Non-Whole Time Director	10 month period ended Feb 28, 2010	F.Y. ended April 30, 2009
Sitting fees	Rs. 13,000	Rs. 64,000

j) Remuneration to Auditor

Particulars	10 month period ended Feb 28, 2010	F.Y. ended April 30, 2009
For Audit	Rs. 500,000	Rs. 300,000
For Tax Audit	Rs. 50,000	Rs. 50,000

k) Contingent Liabilities

Particulars	10 month period ended Feb 28, 2010	F.Y. ended April 30, 2009
Income Tax Demand pending before CIT appeals*	91.71	91.71
Total	91.71	91.71

- l) Some of the bank accounts of the company and receivables from debtors have been under attachment for recovery of tax dues by the Income tax department. The company has submitted a monthly scheme of settlement of tax dues which is under consideration by the income tax department.

Notes to Adjustments in Restated Financial Statements
Annexure 5

- i. The Overseas satellite rights being intangible assets have not been amortized by the company in accordance with the requirement of Accounting Standard -26 till 2006-2007. However during the year 2007-2008 the company had amortized such rights including the unamortized portion relating to earlier years aggregating to Rs.1,79,74,270/-. While preparing the restated accounts amortization relating to each of the years have been reckoned in the respective year's profit and loss account. The details are as follows:-

Particulars	Year ended					
	10 month 28-02-2010	12 month 30-04-2009	12 month 30-04-2008	12 month 30-04-2007	13 month 30-04-2006	12 month 31-03-2005
Amortization of Satellite Rights (as per Audited Financial Statements)	-	-	227.82	-	-	-
Amortization of Satellite Rights (as per Restated Financial Statements)	147.97	47.89	48.08	47.95	51.89	19.12

- ii. The company had incurred certain expenses towards planned public issue during the last five years, and classified the same as deferred revenue expenditure to be written off over a period of five years. As these expenses cannot be allowed to be deferred and written off in accordance with the requirement of Accounting Standard -26 such of those expenses which are not connected with the proposed public issue are written off fully in the books of the company. The company has during the year ended 30th April 2008 written off sums aggregating to Rs.60,79,482/- being expenses incurred for the earlier issues planned. While preparing the restated accounts the expenses relating to the respective years have been debited to Profit and loss account of the respective years.

Particulars	Year ended					
	10 month 28-02-10	12 month 30-04-09	12 month 30-04-08	12 month 30-04-07	13 month 30-04-06	12 month 31-03-05
Miscellaneous Expenses Written off (as per Audited Financial Statements)	48.86	12.36	67.22	11.54	9.49	7.74
Miscellaneous Expenses Written off (as per Restated Financial Statements)	48.86	12.36	29.62	12.22	23.47	0.04

- iii. The total value of Inventories outstanding as at 30/04/2008 includes certain non moving inventories. In the opinion of the company these inventories are worth the amount at which it is reflected in the financial statements. No Provision was considered in the accounts in respect of possible diminution in the value of inventories in respect of such non moving inventories till F.Y. 2006-2007. However the company during the year ended 30th April 2008 had introduced a policy of providing 5% on the cost of production of movies towards possible diminution. Accordingly an amount of Rs.41,94,185/- was provided during the F.Y.2007-2008 relating to earlier years. While preparing the restated accounts the provision relating to each of the years have been charged to the respective years profit and loss account.

Particulars	Year ended					
	10 month 28-02-10	12 month 30-04-09	12 month 30-04-08	12 month 30-04-07	13 month 30-04-06	12 month 31-03-05
Provision towards diminution in value of inventories (as per	15.03	15.82	52.56	0	0	0

Audited Financial Statements)						
Provision towards diminution in value of inventories (as per Restated Financial Statements)	15.03	15.82	10.62	11.51	12.12	12.75

- iv. The company has not filed return of income for the financial year 2008-2009 and also filed returns belatedly for the financial years 2003-04 to 2008-2009. Accordingly losses if any incurred during those periods have not been reckoned for the purposes of calculation of Deferred tax Asset (DTA). Further as per the company's policy the distribution rights acquired is written off over a period five years, whereas the same has been claimed as expenditure in the year of incurring the expenditure. The unamortized amount reflected in the books of the company is reckoned as DTL and necessary provision has been made. The deferred tax liability has been reworked and a necessary adjustment has been made in the restated financial statements.

Details of Changes in Significant Accounting Policies	Annexure 6
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All major changes in significant accounting policies have been made in the financial year 2007-2008. The changes made in the accounting policies during the financial year 2007-2008 are summarized below:-

1. Till the financial year 2006-2007 liability towards gratuity was accounted on payment basis and during the year 2007-2008 the company has accrued liability towards gratuity based on actuarial valuation. From 2008-2009 onwards the company has accounted employees benefits on the basis of payment.
2. In respect of intangible assets no amortization has been provided till financial year 2006-2007. From the year financial year 2007-2008 company has started amortizing the intangible asset in accordance with the requirements of Accounting standard -26.
3. Till the financial year 2006-2007 the company has no policy on providing possible diminution towards non moving inventories. From the financial year 2007-2008 the company has introduced the policy of providing 5% on the cost of production of movies produced and not exploited.

Details of qualifications appearing in the audit report

Annexure 7**Financial year ended 31.03.2004**

According to the information and explanation given to us, there are no undisputed amounts in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty were outstanding as at 31st March, 2005 for a period of more than six months from the date they became payable, subject to non remittances of TDS amounting to Rs.9,86,431/- and CST of Rs.6,786/-.

Tax arrears amounting to Rs.22.41 lakhs have not been deposited on account of dispute for TDS and the company has agreed to settle this liability.

Financial year ended 31.03.2005

According to the information and explanation given to us, there are no undisputed amounts in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty were outstanding as at 31st March, 2005 for a period of more than six months from the date they became payable, subject to non remittances of TDS amounting to Rs.9,86,431/- and CST of Rs.6,786/-.

Tax arrears amounting to Rs.29.61 have not been paid.

Financial year ended 30.04.2006

According to the information and explanation given to us, there are no undisputed amounts in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty were outstanding as at 30th April, 2006 for a period of more than six months from the date they became payable, subject to non remittances of TDS amounting to Rs.68.59 Lacs.

Financial year ended 30.04.2007

According to the information and explanation given to us, there are no undisputed amounts in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty were outstanding as at 30th April, 2007 for a period of more than six months from the date they became payable, subject to non remittances of TDS amounting to Rs.68.59 Lacs.

Financial year ended 30.04.2008

According to the information and explanation given to us, there are no undisputed amounts in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty were outstanding as at 30th April, 2008 for a period of more than six months from the date they became payable, subject to non remittances of TDS amounting to Rs.91.71 Lacs.

The Company has not paid the income tax for the year ended march, 2006 and march, 2007 amounting to Rs.36,42,653/- and Rs.5,75,40,364/- respectively.

Financial year ended 30.04.2009

In our opinion, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in Subsection (3C) of Section 211 of the Companies Act, 1956. Subject to non-provision for accrued gratuity liability, bonus and leave encashment in accordance with AS-15 on Employee Benefits in the financial statements of the employer issued by the Institute Of Chartered Accountants Of India.

In our opinion and to the best of our information and according to the explanations given to us, the said financial statement read together with the schedules & notes there on, subject to our comment in para (d) above and note no. g & l of Schedule - 17 on confirmation of parties balances and consequent effect on the accounts of the company, the profits, the value of the

assets and liabilities of the company which is not determinable, give the information required by the Companies Act 1956, in the manner so required & gives a true and fair view in conformity with the accounting principles accepted in India:

According to the records of the Company, the company is regular in depositing undisputed statutory dues including Income tax deducted at source, Sales tax, Customs duty, Cess and other statutory dues with the appropriate authorities.

The company has to pay the income tax & Fringe Benefit tax for the years March'2006, March'2007 & 2008 amounting to Rs.36,42,653/-, Rs.5,75,40,364/- and Rs.3,51,17,320/- & FBT Rs.1,65,000/- (excluding interest) respectively.

According to the information and explanation given to us disputed Income Tax amounting to Rs.91.71 lacs/- is outstanding as at 30th April 2009 out of which company had paid Rs.30 lakhs under protest, in respect of which the company has made an appeal with the CIT (appeals).

10 months period ended 28.02.2010

In our opinion, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in Subsection (3C) of Section 211 of the Companies Act, 1956. Subject to non-provision for accrued gratuity liability, bonus and leave encashment in accordance with As-15 on Employee Benefits in the financial statements of the employer issued by the Institute Of Chartered Accountants Of India.

In our opinion and to the best of our information and according to the explanations given to us, the said financial statement read together with the schedules & notes there on, subject to our comment in para (d) above and note no. g & l of Schedule - 17 on confirmation of parties balances and consequent effect on the accounts of the company, the profits, the value of the assets and liabilities of the company which is not determinable, give the information required by the Companies Act 1956, in the manner so required & gives a true and fair view in conformity with the accounting principles accepted in India:

According to the records of the Company, the company has not been regular in the remittance of statutory dues relating to income tax deducted at source amounting to Rs.6,34,019/- and PF dues amounting to Rs.8,709/-. The company has outstanding liabilities in respect of income tax & Fringe Benefit tax for the years March'2006, March'2007, March, 2008 & 2009 amounting to Rs.36,42,653/-, Rs.5,75,40,364/- and FBT Rs.1,65,000/- and Rs.3,51,17,320/- & Rs.10,72,000/- (excluding interest) respectively. According to the information and explanation given to us disputed Income Tax amounting to Rs.91.71 lacs/- is outstanding as at 28th February 2010 out of which company had paid Rs.30 lakhs under protest. The dispute is currently pending with the CIT (appeals).

Cash Flows Statement
Annexure 8
(Amount in Lacs)

<u>Particulars</u>	Year / Period Ended					
	10 month	12 month	12 month	12 month	13 month	12 month
	28-02-2010	30-04-2009	30-04-2008	30-04-2007	30-04-2006	31-03-2005
Cash Flows From Operating Activities						
Net Profit Before Taxation & Extraordinary Items	38.85	94.62	1,334.33	1,022.92	244.52	40.53
Adjustments For:						
Depreciation	162.58	70.85	25.84	26.53	26.76	14.98
Interest / Dividend Income	-	-	(0.96)	(1.85)	(3.93)	-
(Profit) / Loss on Sale of Asset	48.86	(4.63)	(0.01)	-	1.28	-
Preliminary expenses written off	-	12.36	29.62	12.22	23.47	0.04
Interest Paid	-	0.94	1.67	4.75	1.16	14.71
Amortization of Dist Rights & Satellite Rights	175.96	820.68	48.08	47.95	51.89	19.12
Provision for diminution in the value of inventory	15.03	15.82	10.62	11.51	12.12	12.75
Provision for Gratuity	-	-	1.99	-	-	-
Surplus on OTS With Bank	-	-	-	-	-	-
Operating Profit Before Working Capital changes	441.28	1,010.64	1,451.18	1,124.03	357.27	102.13
Change in Trade and Other receivables	1,079.08	(785.93)	(1,433.87)	65.09	(312.74)	600.67
Change in Inventories	-	(233.48)	(259.47)	(48.01)	(336.84)	(530.46)
Change in other Current Assets	2.60	(173.82)	522.22	(1,987.49)	121.34	(172.04)
Change in other Current Liabilities	29.91	36.18	(101.95)	92.36	(387.95)	140.02
Income Taxes Paid	-	-	-	(2.02)	(32.78)	(7.57)
Net Cash Flow From Operating Activities	1,552.87	(146.41)	178.11	(756.04)	(591.70)	132.75
Cash Flow from Investing Activities						
Purchase of Fixed Assets	(1,550.00)	(15.48)	-	(71.39)	(122.19)	(294.68)
Sale of Fixed Assets	-	23.22	0.02	-	124.61	-
Sale / (Purchase) of Investments	-	-	-	137.78	(0.85)	-
Net Cash flow used in Investing Activities	(1,550.00)	7.74	0.02	66.39	1.57	(294.68)
Cash Flow from Financing Activities						
Changes in Borrowings	(2.89)	(1.62)	(301.99)	242.13	(177.87)	(122.10)
Share Capital raised	-	-	-	462.76	728.27	199.27
Share Premium	-	-	-	51.39	364.14	99.63
Share Application Money	-	-	-	-	-	-
Miscellaneous Expenses Incurred	-	(37.80)	(44.80)	(19.72)	(24.22)	(0.04)

Interest Received	-	-	0.96	1.85	3.93	-
Interest Paid	-	(0.94)	(1.67)	(4.75)	(1.16)	(14.71)
Surplus on OTS With Bank	-	-	-	-	-	-
Loan to Subsidiary	-	-	-	208.99	(208.99)	-
Net Cash Flow From Financing Activities	(2.89)	(40.36)	(347.50)	942.65	684.10	162.05
Net Increase in Cash and Cash Equivalents	(0.02)	(179.03)	(169.37)	253.00	93.97	0.12
Net Increase in Cash and Cash Equivalents						
<i>(Opening Balance)</i>	1.07	180.10	349.47	96.47	2.50	2.38
Cash and Cash Equivalents						
<i>(Closing Balance)</i>	1.05	1.07	180.10	349.47	96.47	2.50

1. The cash flow statement has been prepared in accordance with the requirements of Accounting Standard-3”Cash Flow Statement” issued by the Institute of Chartered Accountants of India.
2. Significant cash and cash equivalent balances held by the enterprise are available for use by the Company.

Statement of Accounting Ratios
Annexure 9
Amount in lacs

Particulars	Year/ Period Ended					
	10 month 28-Feb-10	12 month 30-Apr-09	12 month 30-Apr-08	12 month 30-Apr-07	13 month 30-Apr-06	12 month 31-Mar-05
Net Profit as Restated	30.70	(47.06)	886.60	727.25	287.25	15.60
Net Worth	5,461.95	5,382.39	5,454.89	4,583.48	3,349.57	1,970.63
Return on Net Worth (%)	0.56	(0.87)	16.25	15.87	8.58	0.79
Equity shares at the end of the year(No.'s)	25,653,140	25,653,140	25,653,140	25,653,140	21,025,417	137,426,660
Weighted Average Number of Equity Shares in the period (in No.'s)	25,653,140	25,653,140	25,653,140	23,363,695	16,939,504	11,788,216
Earnings Per share(After Exceptional Items) (Rs.)	0.12	(0.18)	3.46	3.11	1.70	0.13
Net Asset Value Per Share (Rs.)	21.29	20.98	21.26	17.87	15.93	14.34

Working Notes:

1. Earnings Per Share(Rs.)	= <u>Net Profit attributable to equity shareholders</u> Weighted average number of equity shares outstanding during the period
2. Net Asset Value Per Share(Rs.)	= <u>Net Worth Excluding revaluation reserve at the end of the period / year</u> Number of equity shares outstanding at the end of the year/period
3. Return on Net Worth (%)	= <u>Net Profit attributable to equity shareholders</u> Net Worth Excluding revaluation reserve at the end of the period / year.

Statement of Dividend
Annexure 10

Particulars	28 th February 2010		30 th April 2009		30 th April 2008		30 th April 2007		30 th April 2006		31 st March 2005	
Share Capital	256,531,400		256,531,400		256,531,400		256,531,400		210,254,170		137,426,660	
Dividend Declared:	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount
Interim Dividend	-	NIL	-	NIL	-	NIL	-	NIL	-	NIL	-	NIL
Final Dividend	-	NIL	-	NIL	-	NIL	-	NIL	-	NIL	-	NIL
Total	-	NIL	-	NIL	-	NIL	-	NIL	-	NIL	-	NIL

Statement of Unsecured Loans
Annexure 11
(Amount in Lacs)

Particulars	Year/Period Ended					
	10 month	12 month	12 month	12 month	13 month	12 month
	28-02-10	30-04-09	30-04-08	30-04-07	30-04-06	31-03-05
From Bank	-	-	-	-	-	-
From Directors	-	-	-	-	51.23	-
From Others	-	-	-	293.16	-	76.47
Total	-	-	-	293.16	51.23	76.47

Capitalization Statement
Annexure 12
(Amount in Lacs)

Particulars	Pre-Issue as at 30-04-2008	Pre-Issue as at 30-04-2009	Pre-Issue as at 28-02-2010	Post Issue
Borrowings:				
Short Term Debt	8.73	7.11	4.22	4.22
Long-Terms Debt	-	-	-	-
Total Debt	8.73	7.11	4.22	4.22
Shareholder's Funds:				
Equity share capital	2,565.31	2,565.31	2,565.31	3765.31
Reserves and Surplus	2,913.00	2,865.94	2,896.64	7696.64
Miscellaneous expenditure to the extent not written off	(23.42)	(48.86)	-	-
Total shareholder's Funds	5,454.89	5,382.39	5,461.95	11461.95
Long-term Debt/Equity Ratio (%)	-	-	-	-
Total Debt/Equity Ratio (%)	0.16%	0.13%	0.08%	0.04%

Statement of Tax Shelter
Annexure 13

(Amount in Lacs)

Particulars	Year /Period Ended					
	10 month	12 month	12 month	12 month	13 month	12 month
	28-Feb-10	30-Apr-09	30-Apr-08	30-Apr-07	30-Apr-06	31-Mar-05
Profit/Loss before current and deferred taxes as restated	38.85	94.62	1,334.33	1,159.85	422.40	40.53
<u>Tax Rate(%)</u>						
- Normal	33.99	33.99	33.99	33.66	33.66	36.59
- MAT	12.50	11.33	11.33	11.22	8.42	7.84
Tax at Notional Rate	13.21	32.16	453.54	390.41	142.18	14.83
<u>Adjustments:</u>						
Export Profits			-	-	-	-
Difference Between Tax Depreciation and Book Depreciation	4.19	(25.33)	(33.28)	(39.99)	(20.98)	(14.64)
Other Adjustments	200.48	(398.37)	(267.90)	(2.99)	(7.70)	22.26
Net Adjustments	204.67	(423.70)	(301.18)	(42.98)	(28.68)	(7.62)
Tax Savings Thereon	(69.57)	144.02	102.37	14.47	9.60	(2.79)
Total Taxation	82.77	(111.85)	351.17	417.02	138.22	26.57
Net Tax Payable	82.77	10.72	351.17	417.02	138.22	26.57

Statement of Secured Loans
Annexure 14

(Amount in Lacs)

Name of the Bank	Facility Availed	Sanctioned Amount	Interest	Outstanding as on 28.02.2010	Repayment Terms	Primary Security Offered	Collateral Security Offered
HDFC	Car loan	8.60	13%	4.22	3 years	Car	-

Statement of Investments
Annexure 15

Particulars	(Amount in Lacs)					
	10 month 28-Feb-10	12 month 30-Apr-09	12 month 30-Apr-08	12 month 30-Apr-07	13 month 30-Apr-06	12 month 31-Mar-05
Investment in Subsidiary Company						
Midvalley Entertainment UK Ltd.	NIL	NIL	NIL	NIL	0.85	NIL
Total	NIL	NIL	NIL	NIL	0.85	NIL

Statement of Sundry Debtors
Annexure 16

Particulars	(Amount in Lacs)					
	Period / Year Ended					
	10 month 28-02-10	12 month 30-04-09	12 month 30-04-08	12 month 30-04-07	13 month 30-04-06	12 month 31-03-05
(Secured, Considered Good)						
Outstanding for the period exceeding Six months		-	-	-	-	-
Outstanding for the period not exceeding Six months		-	-	-	-	-
(Unsecured, considered good)						
Outstanding for the period exceeding Six months	1,565.31	2644.38	-	260.95	489.68	-
Outstanding for the period not exceeding Six months	-	-	1,858.46	163.64	-	176.94
Total	1,565.31	2,644.38	1,858.46	424.59	489.68	176.94

The above amounts includes transactions with the following related parties

Particulars	(Amount in Lacs)					
	Period / Year Ended					
	10 month 28-Feb-10	12 month 30-Apr-09	12 month 30-Apr-08	12 month 30-Apr-07	13 month 30-Apr-06	12 month 31-Mar-05
Cross Over Partner	-	-	-	-	259.68	176.94
Total	-	-	-	-	259.68	176.94

Statement of Loans and Advances
Annexure 17

(Amount in Lacs)

Particulars	Year / Period Ended					
	10 month	12 month	12 month	12 month	13 month	12 month
	28-02-10	30-04-09	30-04-08	30-04-07	30-04-06	31-03-05
Advance to wholly owned Subsidiary	-	-	-	-	208.99	-
Advance Others	1,080.60	1,082.15	1,128.01	2,170.28	247.41	430.19
Deposits	875.69	876.73	657.05	137.00	72.38	10.94
Total	1,956.29	1,958.88	1,785.06	2,307.28	528.78	441.13

The above amounts includes transactions with the following related parties

(Amount in Lacs)

Particulars	Year / Period Ended					
	10 month	12 month	12 month	12 month	13 month	12 month
	28-02-10	30-04-09	30-04-08	30-04-07	30-04-06	31-03-05
Mars Entertainment	-	-	-	-	-	337.11
Dr. J. Murali Manohar	-	-	-	-	59.28	85.95
Camera Lights Action UK Limited	-	-	-	-	208.99	-
Total	-	-	-	-	268.27	423.06

Statement of Other Income
Annexure 18

(Amount in Lacs)

Particulars	Year/Period Ended					
	10 month	12 month	12 month	12 month	13 month	12 month
	28-02-10	30-04-09	30-04-08	30-04-07	30-04-06	31-03-05
Dividend Income	-	-	-	-	-	-
Interest Income	-	-	0.96	1.85	3.10	-
Bank Interest	-	-	-	-	0.83	-
Excess Provision Written Back	-	-	-	-	0.35	-
Miscellaneous Income	0.52	5.59	0.96	0.64	0.42	9.09
Total	0.52	5.59	1.92	2.49	4.70	9.09

Statement of Related Parties and Transactions
Annexure 19
Relationship Chart - May 1, 2009 to February 28, 2010

Name of the Related Party	Relationship
Unigold Pacific Limited	Company with common Director
Kiara Enigma Sdn Bhd	Company with common Director
Global Motion Pictures and Ventures Pte Ltd	Company with common Director
Global International Ventures Group Limited	Company with common Director
Datuk K. Ketheeswaran	Non Executive Chairman

Related party transaction for the period ended February 28, 2010 NIL
Relationship chart – May 1, 2008 to April 30, 2009

Name of the Related Party	Relationship
Unigold Pacific Limited	Company with common Director
Kiara Enigma Sdn Bhd	Company with common Director
Global Motion Pictures and Ventures Pte Ltd	Company with common Director
Global International Ventures Group Limited	Company with common Director
Datuk K. Ketheeswaran	Whole Time Director
R. Chandrasegaran	Whole Time Director

Related Party transactions for the year ended 30th April 2009
(Amount in Lacs)

Nature of Transaction	Unigold Pacific Limited - Company with common Director	Kiara Enigma Sdn Bhd - Company with common Director	Global Motion Pictures and Ventures Pte Ltd - Company with common Director	Global International Ventures Group Limited	Datuk K. Ketheeswaran - Whole Time Director	R. Chandrasegaran - Whole Time Director
Managerial Remuneration	-	-	-		12.00	8.40

Relationship chart – May 1, 2007 to April 30, 2008

Name of the Related Party	Relationship
Unigold Pacific Limited	Company with common Director
Kiara Enigma Sdn Bhd	Company with common Director
Global Motion Pictures and Ventures Pte Ltd	Company with common Director
Global International Ventures Group Limited	Company with common Director
Datuk K. Ketheeswaran	Whole Time Director
R. Chandrasegaran	Whole Time Director

Related Party transactions for the year ended 30th April 2008
(Amount in Lacs)

Nature of Transaction	Unigold Pacific Limited - Company with common Director	Kiara Enigma Sdn Bhd - Company with common Director	Global Motion Pictures and Ventures Pte Ltd - Company with common Director	Global International Ventures Group Limited	Datuk K. Ketheeswaran - Whole Time Director	R. Chandrasegaran - Whole Time Director
Managerial Remuneration	-	-	-		12.00	8.40

Relationship Chart – May 1, 2006 to April 30, 2007

Name of the Related Party	Relationship
Unigold Pacific Limited	Company with common Director
Kiara Enigma Sdn Bhd	Company with common Director
Global Motion Pictures and Ventures Pte Ltd	Company with common Director
Global International Ventures Group Limited	Company with common Director
MidValley Entertainments Limited (UK)	Subsidiary
Datuk K. Ketheeswaran	Whole Time Director
R. Chandrasegaran	Whole Time Director
Amir Ali	Director

Related Party transactions for the year ended 30th April 2007
(Amount in Lacs)

Nature of Transaction	Subsidiaries - Midvalley Entertainments Limited UK	Company with common Director - Global Motion Pictures and Ventures Pte Ltd	Company with Common Director - Kiara Enigma Sdn Bhd	Company with Common Director - Unigold Pacific Ltd	Global International Ventures Group Limited	Datuk K. Ketheeswaran - Whole Time Director	R. Chandrasegaran - Whole Time Director	Amir Ali - Director
Share Capital @	-	561.28	221.20	486.30	11.61	-	-	-
Invested by promoters in Share capital	-	321.68	-	71.09	-	-	-	-
Managerial Remuneration	-	-	-	-	-	3.00	8.40	1.80

Relationship Chart – May 1, 2005 to April 30, 2006

Name of the Related Party	Relationship
Mid Valley Entertainments Limited (U.K.)	Subsidiary
Private Moments Limited	Subsidiary
Camera Lights Action UK Limited	Subsidiary
Dr. J. Murali Manohar	Director
Mars Entertainment	Company with common Director
Cross over Partner	Company with common Director
Unigold Pacific Limited	Company with common Director
Motion Pictures Partners International Ltd	Company with common Director
Kiara Enigma Sdn Bhd	Company with common Director
Global Motion Pictures and Ventures Pte Ltd	Company with common Director
Global International Ventures Group Limited	Company with common Director
Metro film Private Limited	Company with common Director

Related Party transactions for the year ended 30th April 2006

(Amount in Lacs)

Nature of Transaction	Subsidiaries - Midvalley Entertainments Limited (UK)	Subsidiaries - Camera Lights Action UK Limited	Company with Common Director - Metro Films Pvt Ltd	Company with Common Director - Crossover Partner	Company with Common Director - Motion Pictures Partners International Ltd	Company with Common Director - Mars Entertainment	Director - Dr. J. Murali Manohar	Company with Common Director - Global Motion Pictures & Ventures Pte. Ltd	Global International Ventures Group Limited	Company with Common Director - Kiara Enigma Sdn Bhd	Company with Common Director - Unigold Pacific Ltd
Share Capital @	-	-	-	-	-	-	-	239.59	11.61	160.00	327.07
Unsecured Loan @	-	-	-	-	-	-	51.23	-	-	-	-
Investments @	0.85	-	-	-	-	-	-	-	-	-	-
Sundry Debtors @	-	-	-	259.68	-	-	-	-	-	-	-
Loans and Advances@	-	-	-	-	-	-	59.28	-	-	-	-
Loans and Advances@	-	208.99	-	-	-	-	-	-	-	-	-
Investment in Share Capital	-	-	-	-	-	-	-	239.59	11.61	150.00	327.07
Share Application	-	-	-	-	-	-	-	-	-	-	-

Money											
Sales & Services Income	-	-	340.18	82.74	244.75	222.17	207.68	-	-	-	-
Purchase of goods & services	-	-	8.31	-	-	-	-	-	-	-	-

Relationship Chart – May 1, 2004 to April 30, 2005

Name of the Related Party	Relationship
Dr. J. Murali Manohar	Director
Mr. K.V. Subramaniam	Director
Cross over Partner	Company with common Director
Mars Entertainment	Company with common Director
Motion Pictures Partners International Ltd	Company with common Director
Garuda Overseas Exports Private Limited	Company with common Director
Metro Films Private Limited	Company with common Director
Metro Corporation	Company with common Director

Related Party transactions for the year ended 30th April 2005

Nature of Transaction	(Amount in Lacs)							
	Company with Common Director - Mars entertainment	Company with Common Director - Crossover Partner	Company with Common Director - Motion Pictures Partners International Ltd	Company with Common Director - Metro Films Private Limited	Company with Common Director - T metro Corporation	Company with Common Director - Garuda Overseas Exports Private Limited	Director - K.V. Subramaniam	Director - Dr. Murali Manohar
Current Liabilities@	-	-	-	-	-	-	-	-
Unsecured Loan @	-	-	-	-	-	50.47	-	-
Sundry Debtors @	-	176.94	-	-	-	-	-	-
Loans and Advances@	337.11	-	-	-	-	-	-	85.95
Loans Given	-	-	-	-	-	-	-	-
Unsecured loans received	-	-	-	-	-	-	-	-
Loans Accepted	-	-	-	-	-	-	-	-
Investment in Share Capital	-	-	-	-	-	-	-	-
Share Application Money	-	-	-	-	-	-	-	-

Sales & Services Income	-	-	243.85	712.17	-	-	-	588.50
Purchase of goods & services	56.53	-	-	559.54	289.84	-	-	-
Recovery of Common Expenses	-	-	-	-	-	-	-	-
Rent Paid	-	-	-	-	-	-	-	-
Managerial Remuneration	-	-	-	-	-	-	6.00	-

Statement of Contingent Liabilities

Annexure 20

Particulars	(Amount in Lacs)					
	Year/Period Ended					
	10 month 28-Feb-10	12 month 30-Apr-09	12 month 30-Apr-08	12 month 30-Apr-07	13 month 30-Apr-06	12 month 31-Mar-05
Disputed compensation demanded by an EX-Employee	-	-	-	10.00	10.00	10.00
Commission payable on distribution contracts	-	-	-	10.00	10.00	10.00
Income Tax *	91.71	91.71	91.71	68.59	68.59	
Total	91.71	91.71	91.71	88.59	88.59	20.00

*Note - The Company has an amount of Tax payable to the tune of Rs. 91.71 lacs for more than 6 months since become due. Out of which company had paid Rs.30 lakhs under protest. However, the company has gone on an Appeal with the Commissioner of Income Tax and the matter is yet to be conclusively decided

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

The following discussion of our financial condition and results of operations should be read together with the audited financial statements, for each of the fiscal years ended March 31, 2005, April 30, 2006, 2007, 2008, 2009 and for 10 months period ended February 28, 2010 including the Annexures and Notes thereto and the Reports thereon, which appear in the section titled "Auditors Report" beginning on page 147 of this Draft Red Herring Prospectus. These financial statements are prepared in accordance with Indian GAAP, the Companies Act, and the SEBI Regulations as described in the Auditor's Report of M/s. Venkatesh & Co. Chartered Accountants dated August 14, 2010 in the chapter titled 'Auditors Report' beginning on page 147 of this Draft Red Herring Prospectus.

Our Financial Year (FY) ends on April 30 of each year, so all references to a particular FY are to the twelve month period ended April 30 of that year.

A. Business Overview

Our Company is one of the organized players in the media and entertainment industry in South India. We are engaged in the media and entertainment activity from concept to completion i.e. from script to screen. We produce, distribute and exhibit movies both in Indian and foreign languages. We hold the music, video and television rights of movies, television serials, for sales to television channels. We intend to emerge as one of the leading theatre chain in Southern India. We currently operate 46 theatres in distribution territories.

Media Industry is more prone towards current trends and fashion and the results of any film are solely dependent on the player's reputation. This industry cost is deterministic while revenues are totally un-deterministic. Industry success rate is generally 20% only and that too probabilistic distribution need not be uniform.

Significant developments:

The Directors of our Company confirm that in their opinion, there has not been any significant development after the date of last financial statements i.e. 28th February, 2010.

Capacity addition and utilization:

Since the Company is in the Entertainment Industry, the details of existing installed capacities and utilization are not applicable to our Company.

B. Key factors affecting the results of operation:

Our Company's future results of operations could be affected potentially by the following factors:

- General economic and business conditions.
- Company's ability to successfully implement their marketing, business and growth strategies.
- Prevailing trends in the Media and Entertainment Industry, to which most of the products of our Company are supplied.
- Increasing competition in the industry.
- Cyclical or seasonal fluctuations in the operating results.

- Changes in laws and regulations that apply to the industry.
- Changes in fiscal, economic or political conditions in India.
- Availability of films for exhibition Unit and general success rate of films which determines occupancy rate.
- Maintenance or increase of average spent per customer.

C. Discussion on Operating Results

The following discussion on results of operations should be read in conjunction with the audited financial results of our Company for the 10 months period ended February 28, 2010 and financial year ended April 30, 2009, 2008, 2007, 2006 and March 31, 2005.

Analysis on results of financial operations:

(Rs. in Lacs)

<u>Particulars</u>	10 month period ended 28.02.10	F.Y. Ended 30.04.09	F.Y. Ended 30.04.08	F.Y. Ended 30.04.07
INCOME				
Production	-	-	1,423.79	299.00
Distribution	250.00	583.18	1,197.21	939.54
Exhibition	593.75	1,527.66	4,740.01	3,641.42
Others	0.52	5.59	1.92	2.49
Total Income	844.27	2,116.43	7,362.93	4,882.45
Total Expenditure	402.94	1,100.79	5,438.21	3,680.97
PBDIT	441.33	1,015.64	1,924.72	1,201.48
Depreciation & Amortizations	338.54	891.53	546.42	150.08
Provision towards diminution in value of inventories	15.03	15.82	10.62	11.51
Preliminary Expenses Written off	48.86	12.36	29.62	12.22
PBIT	38.90	95.93	1,338.06	1,027.67
Interest	0.05	1.31	3.73	4.75
Profit before taxation and exceptional items	38.85	94.62	1,334.33	1,022.92
Exceptional Items	-	-	-	136.93
Profit after exceptional items and before taxation	38.85	94.62	1,334.33	1,159.85
Provision for Tax	8.15	141.68	447.73	432.60
Profit After Taxation	30.70	(47.06)	886.60	727.25

Review for the ten months period ended February 28, 2010

Income:

Ours sales for the ten months period ended February 28, 2010 was Rs. 250 lacs from distribution of films and Rs. 593.75 from theatre collection. Other income for said period was recorded at Rs. 0.52 lacs. There is a substantial decrease in the income from all the sources. This is mainly attributed to the reduced number of screens under operations.

Cost of Production:

The Distribution / films costs for the ten months period ended February 28, 2010 were Rs. 369.24 lacs. This mainly included the distributors share amounting to Rs. 356.25 lacs which was 96.48% of total Distribution / films cost and 42.22% of sales for the corresponding period. The screening charges were Rs. 12.98 lacs which amount to 3.52% of total Distribution / films cost.

Administrative expenses:

The administrative expenses for the ten months period ended February 28, 2010 was Rs. 33.70 lacs. As a proportion of sales, it was 3.99%.

PBDIT:

Our PBDIT for the ten months period ended February 28, 2010 was Rs. 441.33 lacs. Our PBDIT margin for the corresponding period was 52.31%.

Depreciation & Amortizations:

Depreciation & Amortizations for the ten months period ended February 28, 2010 was Rs.338.54 lacs. As a proportion of sales, it was 40.12%.

Provision towards Diminution in Value of Inventories:

The Provision towards Diminution in Value of Inventories for the ten months period ended February 28, 2010 was Rs. 15.03 lacs. As a proportion of sales, it was 1.78% & as a proportion of Inventories, it was 1.01%.

Preliminary Expenses Written off:

The preliminary expenses written off for the ten months period ended February 28, 2010 was Rs. 48.86 lacs. As a proportion of sales, it was 5.79%.

PBIT:

Our PBIT for the ten months period ended February 28, 2010 was Rs. 38.90 lacs. Our PBIT margin for the corresponding period was 4.61%.

Interest and Financial charges:

Interest and Financial Charges for the ten months period ended February 28, 2010 was 0.05 lacs. As a proportion of sales, our interest and financial charges was negligible. The bank charges constitute 100% of interest and financial charges.

Profit before Tax & Exception Items:

There were no exception items during the corresponding period. For the ten months period ended February 28, 2010, our profit before tax was 38.85 lacs. As a proportion of sales, our profit before tax margin for corresponding period was 4.60%.

Profit after tax:

For the ten months period ended February 28, 2010, our profit after tax was 30.70 lacs. As a proportion of sales, our profit after tax margin for corresponding period was 3.64%.

Comparison of performance for period ended February 28, 2010 and year ended April 30, 2009.**Revenue:**

Our gross revenue for the 10 month period ended February 28, 2010 was Rs. 844.27 Lacs as compared to Rs. 2116.43 Lacs during the year ended April 30, 2009 showing a decrease of 60.11%. This decrease was due to the changes in the business model of the company from Volume base to more focus on target locations. Further the Company also changed its operating procedure by de-risking content at local levels and getting content on revenue share, profit share rather than hiring content at minimum guarantee or fixed hire. Our theatre collections decreased to Rs. 593.75 Lacs for the 10 month period ended February 28, 2010 as compared to Rs. 1527.66 Lacs for the year ended April 30, 2009, showing a decrease of 61.13%. Revenue from Distribution of films stood at Rs. 250.00 Lacs for the 10 month period ended February 28, 2010 as compared to Rs. 583.18 Lacs for the year ended April 30, 2009, showing a decrease of 57.13%.

During the 10 month period ended February 28, 2010, we earned 29.61% from distribution, 70.33% from exhibition and 0.06% from Other Income. During the year ended April 30, 2009, these percentages stood at 27.55%, 72.18% & 0.26% respectively.

Operating Expenses:

Operating Expenses stood at Rs. 369.24 Lacs for the 10 month period ended February 28, 2010 compared to Rs. 963.59 Lacs for the year ended April 30, 2009 showing a decrease of 61.68%. Operating Expenses was 43.73% of gross income for the 10 month period ended February 28, 2010 as against that of 45.53% during the year ended April 30, 2009. Operating expenses include Cost of Production, Distribution and Purchase of Films.

During the 10 month period ended February 28, 2010 we witnessed decrease in the production expenses, acquisition of serials, programmes and movies, decrease in exhibitor's share and distributor's share. Production / Distribution expenses decreased by Rs. 594.35 Lacs. This decrease is basically due to above said decrease in top line change of business operations process and procedure.

Administrative expenses:

Administrative Expenses for the 10 month period ended February 28, 2010 was Rs. 33.70 Lacs compared to Rs. 137.20 Lacs for the year ended April 30, 2009. Administrative expenses for the 10 month period ended February 28, 2010 decreased by 75.44% as compared to year ended April 30, 2009.

PBDIT:

PBDIT decreased from Rs. 1,015.64 Lacs for the period ended April 30, 2009 to Rs. 441.33 Lacs showing the decrease of 56.55%. During 10 month period ended February 28, 2010, the Company recorded PBIDT of 52.27% of the gross income as against 47.99% during 2009.

Depreciation & Amortizations:

Depreciation & Amortizations for the ten months period ended February 28, 2010 was Rs. 338.54 lacs as compare to Rs. 891.53 Lacs for the year ended April 30, 2009. During 10 month period ended February 28, 2010, the Company recorded Depreciation & Amortizations of 40.10% of the gross income as against 42.12% during 2009.

Preliminary Expenses Written off:

The preliminary expenses written off have increased from Rs. 12.36 Lacs for the period ended April 30, 2009 to Rs. 48.86 Lacs showing the increase of 295.31%. During 10 month period ended February 28, 2010, the Company had written off of 5.79% of the gross income as against 0.58% during 2009.

PBIT:

The PBIT has decreased from Rs. 95.93 Lacs for the period ended April 30, 2009 to Rs. 38.90 Lacs showing the decrease of 59.45%. During 10 month period ended February 28, 2010, the Company recorded PBIT of 4.61% of the gross income as against 4.53% during 2009.

Interest and Financial charges:

Financial expenses decreased from Rs. 1.31 Lacs for the period ended April 30, 2009 to Rs. 0.05 Lacs for 10 month period ended February 28, 2010. We operate at a low cost of interest, since we are a debt free company.

Profit before Tax & Exception Items:

There were no exception items during the corresponding period. For the ten months period ended February 28, 2010, our profit before tax was Rs. 38.85 lacs as compare to Rs. 94.62 Lacs for the year ended April 30, 2009. During 10 month period ended February 28, 2010, the Company recorded this as 4.60% of the gross income as against 4.47% during 2009.

Profit after Tax:

PAT increased from a loss of Rs. 47.06 Lacs for the period ended April 30, 2009 to a profit of Rs. 30.70 Lacs for 10 month period ended February 28, 2010 showing an increase of Rs. 77.76 Lacs. During 2010, our Company

recorded PAT of 3.64% of the total income as against a negative of 2.22% during 2009. This increase in PAT is the reflection of benefits of risk mitigating model.

Comparison of performance for year ended April 30, 2009 with year ended April 30, 2008

Revenue:

Gross revenue for the year ended April 30, 2009 was Rs. 2,116.43 Lacs as compared to Rs. 7,362.93 Lacs during the year ended April 30, 2008 showing a decrease of 71.26%. This is due to the huge recession in the economy and also due to heavy increase in failure rate of films. Most of the films in South India failed and coupled with tight money condition forced lower spent by the customers on entertainment. The company is also relooking at its business model and is also moving towards more margin focus with less risk than volume. Further, our theatre collections also decreased to Rs. 1527.66 Lacs for the year ended April 30, 2009 as compared to Rs. 4,740.01 Lacs for the year ended April 30, 2008. Revenue from Distribution of films stood at Rs. 583.18 Lacs for the year ended April 30, 2009 as compared to Rs. 1,197.21 Lacs for the year ended April 30, 2008. Revenue from other income stood at Rs. 5.59 Lacs for the year ended April 30, 2009 as compared to Rs. 1.92 Lacs for the year ended April 30, 2008.

During the year ended April 30, 2009, we earned 0.00% of our income from production, 27.55% from distribution, 72.18% from exhibition and 0.26% from other income. During the year ended April 30, 2008, these percentages stood at 19.34%, 16.26%, 64.38% & 0.03% respectively.

Operating Expenses:

Operating Expenses stood at Rs. 963.59 Lacs for the year ended April 30, 2009 compared to Rs. 5,299.45 Lacs for the year ended April 30, 2008 showing a decrease of 81.82%. Operating Expenses was 45.53% of gross income for the year ended April 30, 2009 as against that of 71.97% during the year ended April 30, 2008. The company has moved from volume base focus to margin focus, the reflecting nature of the industry is fixed cost modeling. Operating expenses include Cost of Production, Distribution and Purchase of Films.

Administrative expenses:

Administrative Expenses decreased to Rs. 137.20 Lacs for the period ended April 30, 2009 from Rs. 138.76 Lacs for period ended April 30, 2008 showing a decrease of 1.12%. During 2009, the administrative expenses were 6.48% of gross income as against 1.88% during 2008. The increase in the administrative expense is due increase in salaries, wages & remuneration and rental expenditure.

PBDIT:

PBDIT decreased from Rs. 1,924.72 Lacs for the year ended April 30, 2008 to Rs. 1,015.64 Lacs for year ended April 30, 2009 showing the decrease of 47.23%. During 2009, the Company recorded PBIDT of 47.99% of the gross income as against 26.14% during 2008. The decrease in the PBDIT is mainly due to decrease in total income of the Company.

Depreciation & Amortizations:

Depreciation & Amortizations for the year ended April 30, 2009 was Rs. 891.53 lacs as compare to Rs. 546.42 Lacs for the year ended April 30, 2008. During the year ended April 30, 2009, the Company recorded Depreciation & Amortizations of 42.12% of the gross income as against 7.42% during 2008. This increase is mainly due to change in policies of Amortizations.

Preliminary Expenses Written off:

The preliminary expenses written off have decreased from Rs. 29.62 Lacs for the year ended April 30, 2008 to Rs. 12.36 Lacs showing a decrease of 58.27% in 2009. During the year ended April 30, 2009 the Company had written off of 0.58% of the gross income as against 0.40% during 2008.

PBIT:

The PBIT has decreased to Rs. 95.93 Lacs for the period ended April 30, 2009 from Rs. 1,338.06 Lacs showing the decrease of 92.83%. During the year ended April 30, 2009, the Company recorded PBIT of 4.53% of the gross income as against 18.17% during 2008.

Interest and Financial charges:

Financial expenses decreased from Rs. 3.73 Lacs for the year ended April 30, 2008 to Rs. 1.31 Lacs for the period ended April 30, 2009, showing the decrease of 64.88%. During the year ended April 30, 2009, the Company recorded Interest and Financial charges of 0.06% of the gross income as against 0.05% during 2008.

Profit before Tax & Exception Items:

There were no exception items during the corresponding period. For the year ended April 30, 2009, our profit before tax was Rs. 94.62 lacs as compare to Rs. 1,334.33 Lacs for the year ended April 30, 2008, showing the decrease of 92.91%. During the year ended April 30, 2009, the Company recorded this as 4.47% of the gross income as against 18.12% during 2008.

Profit after Tax:

PAT decreased from a profit of Rs. 886.60 Lacs for the year ended April 30, 2008 to a Loss of Rs. 47.06 Lacs for the year ended April 30, 2009. This is mainly due to drastic decreases in total income during these periods.

Comparison of performance for year ended April 30, 2008 with year ended April 30, 2007

Revenue:

Gross revenue for the year ended April 30, 2008 was Rs. 7,362.93 Lacs as compared to Rs. 4,882.45 Lacs during the year ended April 30, 2007 showing an increase of 50.80%. This increase was mainly due to increase in the revenue from sale of programs / feature films and theatre collections. Our revenue for the year ended April 30, 2008 from sale of programs / feature films was Rs. 1,423.79 Lacs as compared to Rs. 299 Lacs for the year ended April 30, 2007. Further, our theatre collections also increased to Rs. 4,740.01 Lacs for the year ended April 30, 2008 as compared to Rs. 3641.42 Lacs for the year ended April 30, 2007. Revenue from Distribution of films stood at Rs. 1,197.21 Lacs for the year ended April 30, 2008 as compared to Rs. 939.54 Lacs for the year ended

April 30, 2007. Revenue from other income stood at Rs. 1.92 Lacs for the year ended April 30, 2008 as compared to Rs. 2.49 Lacs for the year ended April 30, 2007.

During the year ended April 30, 2008, we earned 19.34% of our income from production business, 16.26% from distribution, 64.38% from exhibition & 0.03% from other income. During the year ended April 30, 2007, these percentages stood at 6.12%, 19.24%, 74.58% & 0.05 respectively.

Operating Expenses:

Operating Expenses stood at Rs. 3594.50 Lacs for the year ended April 30, 2007 compared to Rs. 5,299.45 Lacs for the year ended April 30, 2008 showing an increase of 47.43%. Operating Expenses was 71.97% of gross income for the year ended April 30, 2008 as against that of 73.62% during the year ended April 30, 2007. Operating expenses include Cost of Production, Distribution and Purchase of Films. This increase was due to increase in the operations of our Company and the resulting increase in the revenues.

During the year 2008 our Company witnessed increase in the production expenses, acquisition of serials, programmes and movies, increase in exhibitor's share and distributor's share. Production expenses increased by Rs 145.12 Lacs and distributor's Share increased by Rs. 430.60 Lacs. Further during the year we spent Rs. 806.30 Lacs on acquisition of content (serials/programmes/movies) for distribution.

Administrative expenses:

Administrative Expenses increased to Rs. 138.76 Lacs for the period ended April 30, 2008 from Rs. 86.47 Lacs for period ended April 30, 2007 showing the increase of 60.47%. During 2008, the administrative was 1.88% of gross income as against 1.77% during 2007.

PBDIT:

PBDIT increased from Rs. 1,201.48 Lacs for the period ended April 30, 2007 to Rs. 1,924.72 Lacs showing the increase of 60.20%. During 2008, our Company recorded PBIDT of 26.14% of the gross income as against 24.61% during 2007. This increase was mainly due to increase in the revenue from production (sale of programmes/feature films), distribution of films and increase in theatre collections.

Depreciation & Amortizations:

Depreciation & Amortizations for the year ended April 30, 2008, was Rs. 546.42 lacs as compare to Rs. 150.08 Lacs for the year ended April 30, 2007. During the year ended April 30, 2008, the Company recorded Depreciation & Amortizations of 7.42% of the gross income as against 3.07% during 2007.

Preliminary Expenses Written off:

The preliminary expenses written off have increased from Rs. 12.22 Lacs for the year ended April 30, 2007 to Rs. 29.62 Lacs showing an increase of 142.39% in 2009. During the year ended April 30, 2008 the Company had written off of 0.40% of the gross income as against 0.25% during 2007.

PBIT:

The PBIT has increased to Rs. 1,338.06 Lacs for the period ended April 30, 2008 from Rs. 1,027.67 Lacs for the period ended April 30, 2007 showing the increase of 30.20%. During the year ended April 30, 2008, the Company recorded PBIT of 18.17% of the gross income as against 21.05% during 2007.

Interest and Financial charges:

Financial expenses decreased from Rs. 4.75 Lacs for the period ended April 30, 2007 to Rs. 3.73 Lacs for the period ended April 30, 2008. During the year ended April 30, 2008, the Company recorded Interest and Financial charges of 0.05% of the gross income as against 0.10% during 2007. Our interest expenditure is very low since we are utilising nominal amount of loan funds.

Profit before Tax & Exception Items:

There were no exception items in 2008 as compare to Rs. 136.93 Lacs in 2007, which is due to profit on sale of subsidiary. For the year ended April 30, 2008, our profit before tax was Rs. 1,334.33 lacs as compare to Rs. 1,159.85 Lacs for the year ended April 30, 2007, showing an increase of 15.04%. During the year ended April 30, 2008, the Company recorded this as 18.12% of the gross income as against 20.95% during 2007.

Profit after Tax:

PAT increased from Rs. 727.25 Lacs for the period ended April 30, 2007 to Rs. 886.60 Lacs for the year ended April 30, 2008 showing an increase of 21.91%. During 2008, our Company recorded PAT of 12.04% of the total income as against 14.90% during 2007. This increase was mainly due to increase in the revenue from production (sale of programmes/feature films), distribution of films and increase in theatre collections.

D. LIQUIDITY AND CAPITAL RESOURCES

Particulars	10 months period ended Feb, 2010	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005
Net cash flow from operating activities	1552.87	(146.41)	178.13	(756.04)	(591.70)	132.75
Net cash flow from Investing Activities	(294.68)	1.57	66.39	0.02	11.72	(1550.00)
Net cash flow from Financing Activities	(2.89)	(44.34)	(347.52)	942.65	684.10	164.05
Net (decrease)/increase in cash and cash equivalent	0.12	93.97	253.00	(169.37)	(179.03)	(0.02)
Cash at the	2.38	2.50	96.47	349.47	180.10	1.07

beginning of the year						
Cash at the end of the year	2.50	96.47	349.47	180.10	1.07	1.05

Operating Activities

Net cash from operating activities for the Financial Year ended 2006 was negative at Rs 591.70 lacs as compared to the PBT of Rs. 422.40 lacs for the same period. This difference is primarily on account of increase in sundry debtors.

Net cash from operating activities for the Financial Year ended 2007 was negative at Rs 756.04 lacs as compared to the PBT of Rs. 1,159.85 lacs for the same period. This difference is primarily on account of increase in the loan and advances granted by the company.

Net cash from operating activities for the Financial Year ended 2009 was negative at Rs.146.41 lacs as compared to the PBT of Rs.94.62 lacs for the same period. This difference is primarily on account of increase in receivable levels and loans and advances.

Investing Activities

For the Financial Year ended March 31, 2005, the net cash invested in Investing Activities was Rs.294.68 lacs. This expenditure was on account of purchase of fixed asset.

For the period ended February 28, 2010, the net cash invested in Investing Activities was Rs. 1550.0 lacs. This expenditure was primarily on account of purchase of Satellite Right.

Financing Activities

Net cash from financing activities for the Financial Year ended March 30, 2005 was Rs. 162.05 lacs comprising primarily of increase in our share capital and share premium account.

Net cash from financing activities for the year ended April 30, 2006 was Rs. 684.10 comprising primarily of increase in our share capital and share premium account.

Net cash from financing activities for the Year ended April 30, 2007 was Rs. 942.65 lacs comprising primarily of subscription to our share capital, unsecured loan availed and repayment of loan granted to wholly owned subsidiary.

Net cash from financing activities for the Year ended April 30, 2008 was negative at Rs. 347.52 lacs primarily due to repayment of secured and unsecured loan.

Net cash from financing activities for the Year ended April 30, 2009 was negative at Rs.44.34 lacs primarily due to repayment of secured loan and increase in the miscellaneous expenses.

Net cash from financing activities for the ten months period ended February 28, 2010 was negative at Rs.2.89 lacs primarily due to repayment of secured loan.

E. SIGNIFICANT ACCOUNTING POLICIES

Basis for Preparation of Financial Statement:

The financial statements are prepared under the historical cost convention on an accrual basis and comply with the accounting standards issued by the Institute of Chartered Accountants of India referred to in section 211 (3C) of the Companies Act, 1956.

a. Fixed Assets and Depreciation:

- Fixed Assets are stated at Cost of Acquisition Less accumulated depreciation.
- Depreciation is provided from the date on which the assets have been installed and put to use, under the written down value method at the rates and in the manner specified under schedule XIV of the Companies Act, 1956 as amended by notification dated December 16, 1963.
- In respect of satellite rights of films, the cost of the asset is written off proportionately over the period of ten years.

b. Inventories

- Inventories are valued at cost or net realizable value whichever is lower. The Company Amortizes 60% of the cost of the right acquired or produced by it, on first theatrical release of the movie. Balance 40% is amortized over the balance license period or based on management estimate of future revenue potential, as the case may be.
- Work in progress is stated at cost. Cost comprises of movie production expenses incurred including artiste and other salaries, shooting expenses etc.
- Cost of Production of movies produced and not exploited are valued after considering a provision of 5% on the cost.

c. Taxation:

Provision for Income tax has been made at the current tax rates based on the assessable income under the provisions of the Income Tax Act, 1961.

d. Deferred Taxation:-

Deferred Tax Liability on timing differences of Book and IT depreciation and distribution rights is provided for.

e. Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

The cash flows from regular revenue generating investing and financing activities of the company are segregated.

f. Foreign currency transaction:-

Foreign currency transactions are recorded in the books by applying the exchange rate as on the transaction. Investments in foreign currency are reported using the exchange rate at the date of transaction. Our foreign currency transactions are converted at the exchange rate prevailing on the last working day of the accounting year. Fluctuations in the exchange rate transactions are charged to profit & loss account, wherever necessary. In respect of foreign currency transactions in fixed asset, the exchange gain or loss is adjusted in the carrying amount of fixed assets and accordingly depreciation is charged.

g. Retirement Benefits

Contribution to Provident Fund, Gratuity and Earned Leave Encashment are accounted on actual liability basis.

h. Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at the balance sheet date and adjusted to reflect the current best estimates.

i. Segment Reporting

The company is operating in a single segment and hence the segment reporting is not applicable to the company

j. Impairment of Fixed Assets

The company provides for impairment of assets in accordance with AS28 Issued by the ICAI. During the year, no provision for impairment is considered necessary after considering the amortization and depreciation provided for.

k. Revenue Recognition:-

k) Sale of Film Rights:

Revenues arising from sale of Distribution rights of the feature films produced by the company are recognized on accrual basis, based on specific distribution contracts. Income is recognized only upon completion of the project and obtaining a valid film Censorship Certificate.

l) Distribution of Films:

Income from own distribution of films are to the extent of the collections received from the distribution areas.

m) Sale of Satellite Rights:

Incomes from sale of Satellite rights are recognized based on contract of sale and the amounts received.

n) Sale of Programmes :

Incomes on sale of Programmes are recognized on accrual basis based on the Invoices raised.

o) Sale of Audio rights and Royalties:

Income from sale of Audio rights is accounted on cash basis based on specific contracts. Income from Royalties is accounted on accrual basis based on the contract with the music companies. Audio Rights and Royalties are recognized only upon completion and released of the audio albums.

p) Export of Serials and Films

Income recognized on accrual based on export invoices/contracts with overseas companies.

q) Theater Income:

Income recognized on receipt of Daily Collection report.

r) Earnings per share

Earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average numbers of equity shares outstanding during the year are adjusted for events of bonus issue to existing shareholders and share split

s) Miscellaneous Expenditure :-

Miscellaneous Expenditure represents expenses incurred in connection with the proposed public issue which would be written off over five years.

t) Dividend

For the period mentioned, above the company has not declared any dividend or any provision has been made.

F. INFORMATION AS PER SCHEDULE VIII PART A SECTION IX (E) (5) OF THE ICDR REGULATIONS

1. Unusual or infrequent events or transactions

Other than as stated in the section titled “*Auditors report*” beginning on page 147 of this Draft Red Herring Prospectus, there have been no unusual or infrequent transactions that have taken place during the last three years.

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

Other than as mentioned under section titled “*Risk Factors*” and “*Key factors affecting the results of operation*” in “*Management’s Discussion and Analysis of Financial Condition & Results of Operations as reflected in the Financial Statements*” and on pages 12 and 175 of this Draft Red Herring Prospectus, we do not believe that there are any other significant economic changes that materially affect or are likely to affect income from continuing operations.

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

Other than as described in this DRHP, particularly in “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*” on pages 12, 81 and 175, respectively of this Draft Red Herring Prospectus, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our income from continuing operations.

4. The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased prices

Changes in revenues during the last five fiscal years are explained in “*Management’s Discussion and Analysis of Financial Condition & Results of Operations*” under the subsections “*Comparison of the financial performance of FY 2009 with FY 2008*”, “*Comparison of the financial performance of FY 2008 with FY 2007*”, “*Comparison of the financial performance of FY 2007 with FY 2006*” and “*Comparison of the financial performance of FY 2006 with FY 2005*” under the respective paragraphs titled “*Net Sales*”.

5. Total turnover of each major industry segment in which the issuer company operates.

We currently focus on Distribution of movies, Exhibition of movies, Combined Entertainment Plexs (CEP), Drive In - Open Air Theatres and Production of movies. Relevant published data, as available, for the industry turnover has been included in the section entitled “*Industry Overview*” beginning on page 75 of this Draft Red Herring Prospectus.

6. Status of any publicly announced new products or business segment.

Please refer to the section titled “*Our Business*” beginning on page 81 of this Draft Red Herring Prospectus.

7. The extent to which the business is seasonal.

Our business is seasonal in nature. Our revenues are higher during April-June and October- December quarters. Our revenues increase in the third quarter of financial year (October-December quarter) i.e. during the festival season like, Durga Puja, Dussera, Diwali, Christmas, New Year etc, as well as during the summer vacation season (April-June quarter), during which time the film industry generally reports higher revenues. As a result of this, our quarter-to-quarter results may not be comparable or a meaningful indicator of its future performance. Also,

various factors like any political unrest, bandh, terrorist attacks, etc. may substantially decrease our revenues in these quarters which in turn could materially adversely impact our business and financial operations.

8. Competitive Conditions

We face substantial competition due to technological advances by competitors existing in the movie screening arena. We compete with other screeners on the basis of availability of arrangements, selection of movies, and other factors as well as based on price, reputation, customer service and convenience. Further, the introduction of multiplex culture and tax incentives have resulted in the entry of various multiplex chains into the exhibition industry, thus increasing the competition in the industry. Our major competitors are a host of other single screen theatre owners and operators. We anticipate that we will continue to face new and different competitive challenges.

SECTION VI: LEGAL AND OTHER REGULATORY INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our subsidiaries, our Directors, our Promoter and our Group Companies and there are no defaults, non-payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issued by the Company and its Subsidiary, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of the Company and its subsidiary and no disciplinary action has been taken by SEBI or any stock exchanges against the Company, its Subsidiary, its Promoters, Group Companies and Directors.

I. Legal Issues involving the Company

Civil Cases involving the Income Tax Department

1. Litigation with ACIT, Chennai.

The Assistant Commissioner of Income Tax, Circle 7(1) Bangalore, by its original assessment order dated February 14, 2006 stated that during the assessment proceedings for the assessment year 2000-2001 it was observed that our Company has not filed its returns of income for the assessment years 2001-02, 2002-2003 and subsequent years and levied a penalty of Rs.76,28,091/- upon our Company.

The ACIT, Circle 7(1), Bangalore, by its order of December 20, 2007 revised its earlier order and increased the levy of penalty to Rs. 91,71,246/-. Aggrieved by the same, Our Company filed an appeal dated April 23, 2007 before the Commissioner of Income Tax (Appeals) (7), Bangalore. Further, upon our request, the matter was transferred to ACIT, Circle 4(2), Nungambakkam, Chennai.

Thereafter, the ACIT, Chennai vide their letter dated June 04, 2008 sought for the following clarifications within seven days of receipt of the letter:

- (a) Acknowledgement receipts for filing of returns for the assessment year 2003-2004;
- (b) Tax deduction and remittance for the assessment year 2005-2006 towards the professional fees paid to an actor;
- (c) Evidence for the payment of tax arrears of Rs.71,71,246/- for the assessment year 2001-2002 and if the same is not paid, then to make the payment immediately.

We have not received any written correspondence from the department till date, nor have we sent any written correspondence to them. The matter is currently pending.

2. Non-payment of provided and undisputed income tax liability aggregating to Rs. 9.14 crore plus interest under Rule 5 of Income Tax Rules.

We have not paid Income Tax dues aggregating to Rs. 914.00 Lacs plus interest as per Rule 5 of the I.T. Rules, which were provided by us for Assessment Years 2001-02, 2006-07, 2007-08 and 2008-09 and which are

undisputed as on date.

On December 12, 2008 our banker M/s. Punjab National Bank received a notice under sec. 226(3) of the I.T. Act, 1961 for our non-payment of Income Tax dues aggregating to Rs. 6,32,11,611 + interest u/s. 220(2) of the I.T. Act, 1961 by our company. Subsequently this bank account was attached for the said arrears.

On April 08, 2009 we received an order of attachment under Rule 48 of the Second Schedule of the I.T. Act, 1961 prohibiting us from transferring or charging our immovable property i.e. our registered office located at Chennai.

On June 04, 2010 we were issued a summons by the Office of the Tax Recovery Officer – X, Media Range, Chennai to appear before them on June 11, 2010 in connection with the above mentioned issue.

On June 30, 2010 we have sent a letter to the Tax Recover Officer – X, Media Range, Chennai re-assuring them about our intentions to pay the outstanding dues and requesting them to accept our payments in a phased manner of Rs. 25 Lacs per month such that a immediate payment of Rs. 25 Lacs be made along with the letter and the remaining payments be gradually increased to Rs. 50 Lacs a month from the next year onwards. We have also provided post dated cheques to the Income Tax department as follows:

Cheque No.	Date	Amount (in Rs. Lacs)	Drawn On
234883	10-07-2010	25.00	The Laxmi Vilas Bank Ltd. 175, Valluvar Kottam High Road, Nungambakkam, Chennai - 34
234884	10-08-2010	25.00	
234885	10-09-2010	25.00	
234886	10-10-2010	25.00	
234887	10-11-2010	25.00	
234888	10-12-2010	25.00	
		150.00	

No written reply has been received till date to our letter.

Penalties Imposed Settlement Amounts paid in past cases

3. Settlement of dispute with ex-employee

Our Company had provided for a contingent liability of Rs. 10,00,000 in its financial statements for years 2005-06 and 2006-07. Such liability related to a dispute with an ex employee wherein the employee had filed a suit against our Company and the erstwhile promoter inter alia claiming unpaid compensation and our Company had in turn filed a criminal complaint against such employee alleging criminal breach of trust, cheating and theft. Our Company has settled the dispute by payment of Rs.5,00,000/- to the ex employee and hence the provision for such contingent liability has been removed from the financial statements for the period 2007-08.

Defaults

4. One time Settlement with City Union Bank

Our Company has entered into a One Time Settlement (OTS) with City Union Bank (as per the details mentioned hereunder) for the settlement of dues. An order dated April 12, 2006, issued by the Debt Recovery Tribunal, Chennai, confirms a full and final out of court settlement between our Company and City Union Bank Limited.

Particulars	<i>Rs. in lacs</i>
Amount	
Outstanding dues (including interest and costs as per City Union Bank Limited)	301.97
Amount paid to City Union Bank as part of OTS	160.00
Reduction on settlement	141.97

5. Defaults with respect to payment of Income Tax

For further details please refer to the Legal Issue no. 2 involving non-payment of income tax dues on page 190 of this Draft Red Herring Prospectus.

Other Disputes

6. Litigation with Mr. Rajkumar Sethupathy at Small Causes Court R.C.O.P No. 2548 of 2009

Our company has taken on lease/rent two premises bearing numbers 9C & 9D, 9th Floor, Gee Gee Building, Door No. 312, Valluvar Kottam High Road, Nungumbakkam, Chennai – 600034 along with two open car parkings vide agreement dated October 10, 2008 on a monthly rent of Rs. 1,35,000/- from Mr. Rajkumar Sethupathy (“Landlord”) for a period of lease of eleven months expiring on September 11, 2009. The period was not extended. The landlord has filed a petition at the Small Causes Court R.C.O.P No. 2548 of 2009, which came up for hearing on August 23, 2010 asking to pay the unpaid rent arrears of Rs. 28,29,195 from January, 2009 and a increase in the rent for further continuance of lease agreement, failing which we are to vacate the said premises. We have objected the same and the matter is sub-judice and posted for hearing on September 02, 2010.

II. Legal Issues involving the Directors of the Company

There are no legal issues involving any of the directors of our company.

III. Legal Issues involving the Promoters and Promoter Group Entities

There are no legal issues involving any of our Promoters and Promoter Group Entities.

IV. Outstanding dues of SSI units and other creditors

Amount owed to Small Scale Undertakings and other creditors is not determined.

V. Material Developments

Except as stated in “Management’s Discussions and Analysis of Financial Condition and Results of Operations as reflected in the financial statements” on page 175, in the opinion of our Board, there have not arisen, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, any circumstances which materially and adversely affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months

GOVERNMENT & OTHER KEY APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for our present business and except as mentioned below, no further approvals are required for carrying on our present business.

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to undertake its existing activities.

I. Incorporation Details

Certificate of Incorporation dated July 12, 1989 issued to CTV Entertainment Private Limited by the Registrar of Companies, Karnataka.

Fresh Certificate of Incorporation Consequent on Change of Name from CTV Entertainment Private Limited to CEE(I) TV Entertainment Private Limited dated January 28, 2000 issued by the Registrar of Companies, Karnataka.

Fresh Certificate of Incorporation Consequent on Change of Name from CEE(I) TV Entertainment Private Limited to Mid Valley Entertainment Limited. dated December 27, 2005 issued by the Registrar of Companies, Karnataka.

Fresh Certificate of registration dated February 07, 2007 of Company law Board for change of the registered office from the State of Karnataka to the State of Tamil Nadu, issued under Section 18(3) of the Companies Act bearing Corporate Identification Number: U85110TN1989PLC062297

II. Approvals in relation to the Issue

Corporate Approvals

The Issue has been authorized by a resolution of our Board dated April 22, 2010

The shareholders have authorized the Issue by a special resolution passed pursuant to Section 81(1A) of the Companies Act at the EGM of our Company held on May 15, 2010.

In-principle approvals from BSE

We have received in-principle approvals from BSE for the listing of our Equity Shares pursuant to their letter dated [●].

Investment Approvals

As per notification number FEMA/20/2000-RB dated May 3, 2000, as amended from time to time, under automatic route of the Reserve Bank, our Company is not required to make an application for Issue of Equity Shares to NRIs/FIIs with repatriation benefits. However, the allotment/transfer of the Equity shares to NRIs/FIIs shall be subject to the prevailing RBI Guidelines.

III. Approvals in relation to our Business Operations

Our Company is required to obtain various statutory and regulatory licenses / approvals from the Central and State authorities for the purposes of its business. The approvals obtained by our Company are arranged in the following order:

Sr. No	Act under which the license/approval is issued	Details of the Applicable Statute and Section	Issuing Authority	Details of the license / approval
A. Approval from Central and State Government Approvals				
1.	The Companies Act, 1956	Our Company is required to obtain prior approval of Central Government for the appointment of foreign nationals as Whole Time Directors/managing Directors in accordance with Section 269 read with Clause (e) of Part I of Schedule XIII	Ministry of Corporate Affairs	<p>(a) The Ministry of Corporate Affairs vide their letter dated July 10, 2007 have accorded their approval for the appointment of Mr. Datuk K. Ketheeswaran designated as Executive Chairman cum Director with effect from January 18, 2007 to April 16, 2009.</p> <p>The Ministry of Corporate Affairs vide their letter dated May 20, 2010 have accorded their approval for the appointment of Mr. Datuk K. Ketheeswaran designated as Executive Chairman cum Director with effect from April 17, 2009 to April 16, 2010.</p> <p>(b) The Ministry of Corporate Affairs vide their letter dated July 10, 2007 have accorded their approval for the appointment of Mr. R. Chandrasegaran Whole Time Director, designated as “Director cum Chief Executive Officer” with effect from January 18, 2007 to April 16, 2009.</p>
2.	Income Tax Act, 1961	Our Company is required to complete the assessments for the respective financial years and duly file the returns with the Income Tax Authorities.	Director of Income Tax	Permanent Account Number (PAN): AABCC3634J
3.	Income Tax Act, 1961	Our Company is required to obtain Tax Deduction Account Number (TAN) and	National Securities Depository Limited	Tax Deduction Number (TAN): CHEC02071G.

Sr. No	Act under which the license/approval is issued	Details of the Applicable Statute and Section	Issuing Authority	Details of the license / approval
		pay the tax deducted at source to the Central Government within the prescribed time		
4.	Customs Act, 1962	Our Company is required to obtain an IEC from the Joint Director General of Foreign Trade	Assistant Director General Of Foreign Trade	IEC Certificate 0498040356 Issued dated September 07, 1998
B. Labor related approvals				
5.	Employees Provident Funds and Miscellaneous Provisions Funds Act, 1952	As per the provisions of the Employees Provident Fund and Miscellaneous Provisions Act 1952, our Company is required to provide and formulate a scheme for the provision of Provident Fund, Pension and an Employees Deposit Linked Life Assurance Scheme.	Regional Provident Fund Commissioner	Registration Code number: TN/53014 Issued dated: October 08, 2007 Effective: March 01, 2007
6.	Employees State Insurance Act, 1948	As per the provisions of the Employees State Insurance Act 1948, the Company is required to provide and formulate a scheme for the benefit of its employees and to make contributions in terms of the said legislation and obtain the statutory registration.	E.S.I.C	Registration Code Number: 51-87767-101. Issued dated: October 19, 2007 With effect from: August 01, 2008
7	Tamil Nadu Tax On Professions, Trades, Calling And Employments Act, 1988	Registration as “Employer” required in order remitting the professional tax to the Government.	Professional Tax Officer	Registration number: 05-078-PE-0283

Sr. No	Act under which the license/approval is issued	Details of the Applicable Statute and Section	Issuing Authority	Details of the license / approval
C. Approvals under Intellectual Property Laws				
8	The Trademarks Act, 1999	Our Company has obtained trademark registration under various classes of the said Act.	Registry of Trademark.	<p>a) Certificate of Registration of Trade Mark bearing no. 1396804 dated November 02, 2005 issued in Form O-2 under class 9 in respect of scientific, natural, surveying, electric, photographic, cinematographic, transmission or reproduction of sound or images, magnetic, data carriers, recording discs automatic vending machines and mechanisms. The registration certificate dated March 26, 2007 is issued by the Trade Marks Registry, Mumbai.</p> <p>b) Certificate of Registration of Trade Mark bearing no. 1396802 dated November 02, 2005 issued in Form O-2 under class 38 in respect of telecommunications included in class 38. The registration certificate March 24, 2007 is issued by the Trade Marks Registry, Mumbai.</p> <p>c) Certificate of Registration of Trade Mark bearing no. 1396805 dated November 02, 2005 issued in Form O-2 under class 16 in respect of paper, cardboard and good made from these materials not included in other classes, printed matter book-binding materials, photographs, stationery adhesives for stationery or household purposes, artists, materials, paint brushes, office requisites(except furniture) instructional and teaching material(except apparatus), plastic materials for packaging(not included in other classes, playing cards printers type, printing block included in class 16. The registration certificate March 24, 2007 is issued by the Trade Marks Registry, Mumbai.</p>

Sr. No	Act under which the license/approval is issued	Details of the Applicable Statute and Section	Issuing Authority	Details of the license / approval
				d) Certificate of Registration of Trade Mark bearing no. 1396803 dated November 02, 2005 issued in Form O-2 under class 41 in respect of education, providing of training, entertainment, sporting and cultural activities included in class 41. The registration certificate dated March 23, 2007 is issued by the Trade Marks Registry, Mumbai

IV. Approvals / Certifications pending

Following approvals / certifications have been applied for and are pending as on the date of this Draft Red Herring Prospectus:

Sr. No.	Particulars	Status
1.	Filings pertaining to under Tamil Nadu Shop and Establishments Act, 1947	The company has not filed the relevant forms i.e. Form 1 and Form 2 with the concerned authorities required under the Tamil Nadu Shop and Establishment Act, 1947. The same once filed shall await approval via Form 3 from the Department. The company is in process of filing the same.

Reserve Bank of India (RBI) filings:

We had not filed the relevant FC-GPR forms within the time stipulated under the extent foreign exchange regulations. However, as per directions received from RBI, our Company made a application dated January 17, 2008 and March 17, 2008 for compounding of contravention of the provisions of the FEMA and the regulations issued there under for the following contraventions:

- Delay in reporting receipt of advance foreign inward remittance towards subscription to equity
- Delay in submission of Form FCGPR after issue of shares to person residents outside India in terms of provisions of para9 (1) (A) and para 9(1) (B) of Schedule 1 to FEMA (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000

RBI vide letter dated June 19, 2008 bearing ref no. FE.CO.PCD.30331/15.02.67/2007-08 has forwarded the Compounding Orders CA No. 214 and 238/ 2008 dated June 16, 2008. The compounding authority has imposed a penalty of Rs.1,00,000/- (Rupees One lakh only) and Rs.4,00,000/- (Rupees Four lakh only) on our Company. Our Company has vide letter dated June 23, 2008 have made the payment with the concerned authority for compounding of contravention.



The RBI vide their letter date August 02, 1995 bearing ref no.: EC.CO.FID(II)/860/10.02.40(5474)/95/96 have accorded their approval for issue of 12,05,050 equity shares of Rs.10/- each for cash at par amounting to Rs.1,20,50,050/- to Non Resident Indians as mentioned in the Board Resolution dated December 11, 1996.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorized by a resolution of our Board dated April 22, 2010

The shareholders have authorized the Issue by a special resolution passed pursuant to Section 81(1A) of the Companies Act at the EGM of our Company held on May 15, 2010.

Prohibition by SEBI

Our Company, our Directors, our Promoters, Promoter Group, Group Entities or the person(s) in control of our Company and companies in control of our Company, have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authorities.

Our Directors are not in any manner associated with the securities market and there has been no action taken by the SEBI against any of our Directors or any entity our Directors are involved in as promoters or directors.

The Listing of any securities of the Issuer has never been refused at anytime by any of the Stock Exchanges in India.

Prohibition by RBI

Neither the Company, nor the Promoters or their relatives (as defined in the Companies Act), Group Companies, nor our Directors, have been declared as willful defaulters by the RBI or any other authorities.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI Regulations, which states as follows:

26 (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 utilize 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 following table shows the net tangible assets, monetary assets, distributable profits and net worth for the past five financial years in accordance with Indian GAAP:

For the Financial year ending	Amount in lacs		
	As on 30.04.2009	As on 30.04.2008	As on 30.04.2007
Net tangible Asset	3756.26	3048.53	2584.97
Monetary Assets	1.07	180.10	349.47
% of Monetary Assets to Net Tangible Assets	0.028%	5.90%	13.52%
Distributable Profits (PAT Taken)	1892.78	1939.84	1053.24
Net worth	5382.40	5454.89	4583.48
5 Times of Networth	26912.00	27274.45	22917.40

Explanation: *For the purposes of this regulation:*

- (a) *“Net Tangible assets” mean the sum of all net assets excluding intangible assets (as specified by the AS-26 issued by ICAI)*
- (b) *“Monetary Assets” mean Cash on hand and Balances with Scheduled Banks and Fixed Deposits with Scheduled Banks.*

We are an unlisted company complying with the conditions specified in Regulation 26(1) of the SEBI (ICDR) Regulations, 2009 as shown above and are hence eligible for the issue.

Further, in accordance with regulation 26(4) of the SEBI Regulations, we shall ensure that the number of Allottees, i.e. persons to whom the Equity Shares will be allotted under the Offer shall be not less than 1,000; otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days after our Company became liable to repay it (i.e., from the date of refusal or within 8 days from the date of Bid/Offer Closing Date, whichever is earlier), then our 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.

SEBI DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (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 OFFER DOCUMENT. THE LEAD MERCHANT BANKER, ARYAMAN FINANCIAL SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT 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 ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER ARYAMAN FINANCIAL SERVICES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED AUGUST 26, 2010 WHICH READS AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:
 - a) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THIS ISSUE;
 - b) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, REGULATIONS, INSTRUCTIONS, ETC. ISSUED BY THE BOARD, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - c) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE (AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SEBI (ICDR) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS).
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.

4. WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. – NOTED FOR COMPLIANCE
5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.
6. WE CERTIFY THAT CLAUSE 33 OF THE SEBI (ICDR) REGULATIONS, 2009 WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.
7. WE CERTIFY THAT THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION AS DESCRIBED IN SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SEBI (ICDR) REGULATIONS, 2009 IS NOT APPLICABLE TO THE ISSUER.
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 SUB-SECTION (3) OF SECTION 73 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/ LETTER OF OFFER. 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 ALLOTTED SHARES IN THE DEMAT OR PHYSICAL MODE. – NOT APPLICABLE
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 OF 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.**

All legal requirements pertaining to the issue will be complied with at the time of filing of the prospectus with the roc in terms of section 60B of the Companies act, 1956. 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 sections 60 and 60B of the Companies act.

The filing of the offer document does not, however, absolve the issuer from any liabilities under section 63 or section 68 of the companies act, 1956 or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the proposed issue. SEBI further reserves the right to take up, at any point of time, with the lead merchant banker any irregularities or lapses in offer document."

Disclaimer from the Company and the BRLM

Our Company, our Directors and the BRLM accept no responsibility for statements made otherwise than in this Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our web site, would be doing so at his or her own risk.

The BRLM accept no responsibility, save to the limited extent as provided in the MoU entered into between the BRLM and us and the Underwriting Agreement to be entered into between the Underwriters and our Company.

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

Neither us nor the Syndicate is liable for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to the Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not Issue, sell, pledge, or transfer the Equity Shares of the Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

Disclaimer in respect of jurisdiction

This Issue is made in India to persons resident in India (including Indian nationals resident in India who are majors, Hindu Undivided Families, Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks and regional rural banks, co-operative banks (subject to RBI permission), Trusts (registered under Societies Registration Act, 1860, or any other Trust law and are authorized under their constitution to hold and invest in shares) and to NRIs and FIIs as defined under the Indian Laws and other eligible foreign investors. This Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform him about and to observe any such restrictions.

Any disputes arising out of this Issue will be subject to the jurisdiction of courts in Chennai, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been submitted to the SEBI for its observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act). 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.

Disclaimer Clause of the Bombay Stock Exchange Limited (BSE)

As required, a copy of the Draft Red Herring Prospectus has been submitted to BSE. The BSE has given vide its letter dated [●], permission to the Issuer to use the Exchange's name in this Draft Red Herring Prospectus as one of the stock exchange on which this Company's securities are proposed to be listed. The BSE has scrutinized the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- i. Warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; or
- ii. Warrant that this Company's securities will be listed or will continue to be listed on the BSE; or
- iii. Take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company; and it should not for any reason be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by the BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever".

Filing

A copy of this Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Plot No. C4-A, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400 051.

Also the Draft Red Herring Prospectus is filed with the designated Stock Exchange i.e.

Bombay Stock Exchange Limited,

P. J. Towers,
Dalal Street,
Fort, Mumbai – 400 001.

Listing

The Equity Shares issued through this Draft Red Herring Prospectus are proposed to be listed on the BSE. Initial listing Bids have been made to the BSE for permission to list the Equity Shares and for an official quotation of the Equity Shares of the Company. BSE shall be the Designated Stock Exchanges.

In case the permission for listing of the Equity Shares is not granted by the above mentioned Stock Exchanges, the Company shall forthwith repay, without interest, all moneys received from the Bidders in pursuance of the Red Herring Prospectus. If such money is not repaid within 8 days after the day from which the Issuer becomes liable to repay it then the Company and every director of the Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay that money with interest, at 15% per annum on the application monies as prescribed under Section 73 of the Companies Act.

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

Consents

The written consents of the Promoters, the Directors, the Company Secretary and Compliance Officer, the Auditor, the Legal Advisor, the Book Running Lead Managers to the Issue, the Registrar to the Issue, the Bankers to the Company to act in their respective capacities, have been obtained and will be filed along with a copy of the Red Herring Prospectus for registration with the RoC as is required under Section 60 and 60B of the Companies Act.

M/s. Venkatesh & Co., Statutory Auditors, have given their written consent to the report on possible tax benefits accruing to our Company and its members in the form and context in which it appears in this Prospectus and has not withdrawn such consent up to the time of filing of this Prospectus with the RoC.

[●], the IPO Grading Agency engaged by us for the purpose of IPO Grading have given their consent as experts, pursuant to their letter dated [●] for the inclusion of their report in the form and content in which it will appear in the Prospectus and such consents and reports will not be withdrawn up to the time of delivery of the Prospectus and the Draft Red Herring Prospectus with the Registrar of Companies and Designated Stock Exchange respectively.

Expert Opinion

Except as disclosed in the sections titled “General Information”, “Auditors report” and “Other Regulatory and Statutory Disclosures” beginning on page 36, 147 and 199 respectively of this Draft Red Herring Prospectus, our Company has not obtained any expert opinion.

Impersonation

Attention of the Bidders 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.”**

Expenses of the Issue

The expenses of the Issue payable by our Company inclusive of brokerage, fees payable to the Book Running Lead Manager to the Issue, Registrar to the Issue, Legal Advisor, stamp duty, printing, publication, advertising and distribution expenses, bank charges, listing fees and other miscellaneous expenses are estimated as follows:

Details of fees payable:

Activity	(Rs. in lacs)	% of Issue Expenses	% of Issue Size
Management Fees, Underwriting Commission and Brokerage	[●]	[●]	[●]
Marketing, Advertisement & Publicity Expenses	[●]	[●]	[●]
Printing & Stationery, Postage & Dispatch	[●]	[●]	[●]
Total	[●]	[●]	[●]

Will be completed after the finalization of the Issue Price

Fees payable to the Book Running Lead Managers

The total fees payable to the Book Running Lead Managers will be as per the MoU signed between the Company and the Book Running Lead Managers, a copy of which is available for inspection at the Registered Office of our Company.

Fees payable to the Registrar to the Issue

The total fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding signed with between the Company and the Registrar to the Issue, a copy of which is available for inspection at our Registered Office.

The Registrar to the Issue will also be reimbursed with all relevant out-of-pocket expenses such as cost of stationery, postage, stamp duty, communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to make refunds to unsuccessful applicants.

Others

The total fees payable to the Legal Advisor, Auditor and tax auditor will be as per the terms of their respective engagement letters.

Underwriting Commission, Brokerage and Selling Commission

The expenses on underwriting, selling, brokerage etc shall be determined later.

Previous public or rights issues

Our Company has not made any public or rights issue since its inception.

Previous issues of shares otherwise than for cash

Except as stated in the section titled “Capital Structure” on page 44 of this Draft Red Herring Prospectus, we have not made any previous issues of shares for consideration otherwise than for cash.

Commission or brokerage on previous issues

Our Company has not made any public or rights issue since its inception.

Companies under the same management

No company under the same management (within the meaning of section 370(1) (B) of the Companies Act) as us has made any capital issue during the last three years.

Outstanding debentures or bond issues

As on the date of filing this Draft Red Herring Prospectus, our Company does not have any outstanding debentures or has made any bond issue.

Outstanding Preference Shares

As on the date of filing this Draft Red Herring Prospectus, our Company does not have any outstanding preference shares.

Particulars in regard to the Company and other listed companies under the same management within the meaning of Section 370(1) (b) of the Companies Act which made any capital issue during the last three years

There are no listed companies under the same management within the meaning of Section 370(1) (B) of the Companies Act that made any capital issue during the last three years.

Promises Vs Performance

Our Company has not made any public issue since its inception. None of our group companies have made any public issue since their respective dates of inception.

Option to Subscribe

Equity Shares being offered through this Draft Red Herring Prospectus can be applied for in dematerialized form only.

Stock Market Data

This being the first public issue by our Company, no stock market data is available.

Disclosure on Investor Grievances and Redressal System

The MoU between the Registrar to this Issue and our Company entered on July 15, 2010 will provide for retention of records with the Registrar to this Issue for a period of at least one year from the last date of dispatch of the letters of allotment, demat credit and making refunds as per the modes disclosed to enable the investors to approach the Registrar to this Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to this Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection center where the application was submitted.

We estimate that the average time required by us or the Registrar to this Issue for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Mr. S.N. Madhavan as Company Secretary and Compliance Officer and he may be contacted at Midvalley Entertainment Limited, 9th Floor, Gee Gee Emerald, 312, Valluvar Kottam High Road , Nungambakkam, Chennai – 600 034 Tel No: +91-44-30632454/55, Fax No: +91-44-30632453 for redressal of any complaints.

Disposal of investor grievance by listed companies under the same management

There is no listed company under the same management as the Company.

Tax Implications

Investors that are allotted Equity Shares in the Issue will be subject to capital gains tax on any resale of the Equity Shares at applicable rates, depending on the duration for which the investors have held the Equity Shares prior to such resale and whether the Equity Shares are sold on the stock exchanges. For details, please refer to the section titled “Statement of Tax Benefits” beginning on page 65 of the Draft Red Herring Prospectus.

Changes in the Auditors during last three years and reasons thereof

There have been no changes in the Statutory Auditors of our Company in the last three years.

Capitalization of Reserves or Profits

Our Company has not capitalized our reserves or profits during the last three years, except as stated in the section titled “Capital Structure” on page 44 of this Draft Red Herring Prospectus.

Revaluation of Assets

We have not revalued our assets in the last three years.

Purchase of Property

Other than as disclosed in this Prospectus there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Prospectus, other than property, in respect of which:

- The contract for the purchase or acquisition was entered into in the ordinary course of business, or the contract was entered into in contemplation of the Issue, or that the Issue was contemplated in consequence of the contract; or



- The amount of the purchase money is not material.

Except as stated elsewhere in this Prospectus, the Company has not purchased any property in which any of its Promoter and/or Directors, have any direct or indirect interest in any payment made there under.

Servicing Behavior

There has been no default in payment of statutory dues or of interest or principal in respect of our borrowings or deposits.

Payment or benefit to officers of Our Company

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company or superannuation.

None of the beneficiaries of loans and advances and sundry debtors are related to the Directors of the Company.

SECTION VII: ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, SEBI (ICDR) Regulations, our Memorandum and Articles of Association, the terms of this Draft Red Herring Prospectus, and the Prospectus, Application Form, including the ASBA form, the Revision Form, the Confirmation of Allocation Note (“CAN”) and other terms and conditions as may be incorporated in the Allotment Advice and other documents/certificates that may be executed in respect of the Issue. In addition the Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, Registrar of Companies, FIPB and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The Issue has been authorized by a resolution of our Board dated April 22, 2010 and by special resolution adopted pursuant to Section 81(1A) of the Companies Act, at an extraordinary general meeting of the shareholders of our Company held on May 15, 2010.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles of Association and shall rank pari-passu with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by the Company after the date of Allotment. For further details, please see “Main Provisions of the Articles of Association of our Company” on page 256 of this Draft Red Herring Prospectus. There is no uniformity in some places it is prospectus in some places it is prospectus

Mode of Payment of Dividend

We shall pay dividends to our shareholders in accordance with the provisions of the Companies Act.

Face Value and Issue Price

The face value of the Equity Shares is Rs. 10 each and the Issue Price at the lower end of the Price Band is Rs. [●] per Equity Share and at the higher end of the Price Band is Rs. [●] per Equity Share. The Anchor Investor Issue Price is Rs. [●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI Regulations

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

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- ✓ Right to receive dividend, if declared;

- ✓ Right to attend general meetings and exercise voting powers, unless prohibited by law;
- ✓ Right to vote on a poll either in person or by proxy;
- ✓ Right to receive offers for rights shares and be allotted bonus shares, if announced;
- ✓ Right to receive surplus on liquidation.
- ✓ Right of free transferability; and
- ✓ Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreement executed with the Stock Exchanges, and our Company's Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to the section titled "Main Provisions of the Articles of Association of the Company" on page 256 of this Draft Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. As per the SEBI Regulations, the trading of our Equity Shares shall only be in dematerialized form. Since trading of our Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of one (1) Equity Share subject to a minimum Allotment of [●] Equity Shares.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Chennai.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office/ Corporate Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- ✓ To register himself or herself as the holder of the Equity Shares; 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 be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the

Board may thereafter withhold payment of all dividends, bonuses or other moneys 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 our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the offer through this offer document on the date of closure of the Issue, or if the subscription level falls below 90% after the closure of the issue on account of cheques having returned unpaid or withdrawal of Bids, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act

Arrangement for disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on transfer of shares

There are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting except as provided in our Articles. See “Main Provisions of our Articles of Association of our Company” on page 256 of this Draft Red Herring Prospectus.

New Financial Instruments

The Issuer Company is not issuing any new financial instruments through this Issue.

ISSUE STRUCTURE

PUBLIC ISSUE OF [●] EQUITY SHARES OF RS.10/- EACH (THE “EQUITY SHARES”) FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS. [●] PER EQUITY SHARE) AGGREGATING TO RS. 6000 LACS (“HEREIN AFTER REFERRED TO AS “THE ISSUE”) BY MIDVALLEY ENTERTAINMENT LIMITED (HEREINAFTER REFERRED TO AS “MVEL” OR THE “COMPANY” OF THE “ISSUER”).

THE ISSUE SHALL CONSTITUTE [●] % OF THE POST ISSUE SHARE CAPITAL OF OUR COMPANY.

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

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

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

The Issue is being made through the 100% Book Building Process.

Particulars	QIB's	Non-Institutional Bidders	Retail individual Bidders
Number of Equity Shares*	Not more than [●] Equity Shares or Net Issue less allocation to Non Institutional Bidders and Retail Individual Bidders.	Minimum of [●] Equity Shares or Net Issue less allocation to QIB Bidders and Retails Individual Bidders.	Minimum of [●] Equity Shares or Ne Issue less allocation to QIB Bidders and Non- Institutional Bidders
Percentage of Issue Size Available for Allocation**	Not more than 50% of the Net Issue or Net Issue less allocation to Non Institutional Bidders and Retail Individual Bidders with 5% compulsory allocation to mutual funds.	Not less than 15% of Net Issue or Net Issue less allocation to QIB Bidders and Retail Individual Bidders	Not less than 35% of Net Issue or Net Issue less allocation to QIB Bidders and Non-Institutional Bidders
Basis of Allocation if respective category is oversubscribed	Proportionate	Proportionate	Proportionate
Minimum Bid#	Such number of Equity Shares that the Bid Amount exceeds Rs. 1, 00,000 and in multiples of [●] Equity Shares	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of [●] Equity Shares	[●] Equity shares and in multiples of [●] Equity Share thereafter

	thereafter.	thereafter	
Maximum Bid	Such number of Equity Shares not exceeding the Net Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Net Issue, subject to applicable limits.	Such number of Equity Shares whereby the Bid amount does not exceed Rs. 1,00,000
Mode of Allotment	Compulsorily in dematerialized mode	Compulsorily in dematerialized mode	Compulsorily in dematerialized mode
Trading Lot	One	One	One
Who can apply***	<p>(i) a mutual fund, venture capital fund registered with the Board; (ii) a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the Board; (iii) a public financial institution as defined in section 4A of the Companies Act, 1956; (iv) a scheduled commercial bank; (v) a state industrial development corporation; (vi) an insurance company registered with the Insurance Regulatory and Development Authority; (vii) a provident fund with minimum corpus of twenty five crore rupees; (viii) a pension fund with minimum corpus of twenty five crore rupees; (ix) 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; (x) insurance funds set up and managed by army, navy or air force of the Union of India;</p>		
		Resident Indian individuals, Eligible NRIs, HUF (in the name of Karta), companies, Corporate bodies, scientific institutions societies and trusts and any FII sub-account registered with SEBI which is a foreign corporate or foreign individual.	Resident Indian individuals, Eligible NRIs, HUF (in the name of Karta) applying for Equity Shares such that the Bid Amount does not exceed Rs.100,000 in value.
Terms of Payment	Margin Money applicable to QIB's at the time of submission of Bid cum	Margin Money applicable to Non institutional Bidders at the time of submission of Bid	Margin Money applicable to Retail Individual Bidders at the time of submission of

	Application Form to the Syndicate Members.	cum Application Form to the Syndicate Members.	Bid cum Application Form to the Syndicate Members.
Margin Amount	Full Bid amount on Bidding including that of anchor investor#	Full Bid amount on Bidding	Full Bid amount on Bidding

* Subject to valid bids being received at or above the Issue Price.

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

*** In case the bid cum application form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the bid cum application form.

Our Company may allocate upto 30% of the QIB Portion to Anchor Investors at the Anchor Investor Issue Price in accordance with the SEBI (ICDR) Regulations, 2009. At least one-third of the Anchor Investor Portion shall be available for allocation to Domestic Mutual Funds only. Allocation to Anchor Investors shall be on a discretionary basis subject to minimum number of two Anchor Investors. Further, Anchor Investors shall pay the Anchor Investor Margin Amount at the time of submission of Bid-cum-Application Form to the BRLM and the balance within the Pay-in Date which shall be a date no later than two days of the Bid Closing Date.

Under subscription, if any, in any Category would be met with spill-over from other categories or a combination of categories. Investors may note that in case of over-subscription in the Issue, allotment to Bidders in all categories (except Anchor Investor Portion) shall be on a proportionate basis.

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made under sub-regulation (1) of Regulation 26 of the SEBI (ICDR) Regulations, 2009 and through the 100% Book Building Process wherein upto 50% of the Issue will be available for allocation to Qualified Institutional Buyers (“QIB”) on a proportionate basis, subject to valid bids being received at or above the Issue Price. Provided that our Company may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis out of which one-third shall be reserved for domestic Mutual Funds. Further at least 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 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 issue price.

THE ASBA PROCESS

Supplementary process of applying in public issues through Bid cum Applications Supported by Blocked Amount for certain eligible Investors, who qualify as ASBA Investors

Who can Bid as an ASBA Investor?

Any Investor who is:

- is bidding at cut-off, with single option as to the number of shares bid for;
- is applying through blocking of funds in a bank account with the SCSB;
- has agreed not to revise his/her bid;
- is not bidding under any of the reserved categories

Bid-cum-ASBA Form

- An ASBA Investor shall only use a Physical Bid-cum-Application form Supported by Blocked Amounts (“Physical Bid Cum ASBA Form”) or Electronic Bid-cum-Application form Supported by Blocked Amounts (“Electronic Bid Cum ASBA Form”) and collectively (“Bid Cum ASBA Form”) available with the SCSB which shall be submitted either physically or electronically as the case may be through the internet banking facility, to the Designated Branches (“DB”) of the SCSB with whom the bank account to be blocked, is maintained by such ASBA Investor.
- SCSB is a bank, registered under the SEBI (Bankers to the Issue) Regulations 1996, which offers the facility of applying through the ASBA process and has its name included in the SEBI’s list of SCSBs displayed on its website at www.sebi.gov.in . Bid-cum-ASBA forms can be accepted only by SCSBs.
- A SCSB shall identify its DB’s at which an ASBA investor shall submit the bid-cum-ASBA forms and shall also identify the CB which shall act as a coordinating branch for the Registrar to the Issue, Stock Exchanges and BRLM. The SCSB may identify new DBs for the purpose of ASBA process and intimate details of the same to SEBI, after which SEBI will add the DB to the list of SCSBs maintained by it. The ASBA investor should ensure that it has a Savings Account with the DB, to be eligible for making an application through ASBA. The Investor should check the SEBI website, www.sebi.gov.in, for details of the DBs. A soft copy of the Abridged Prospectus would also be made available on the website of the SCSB , along with the Electronic Bid Cum ASBA Form , so as to enable an ASBA Investor to confirm

that he/she has read and understood the terms and conditions of the Abridged Prospectus, before applying in the Issue. Bid-cum-ASBA Form

- The prescribed colour of Physical Bid-cum-ASBA Form is Green. The BRLM shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and Bid cum ASBA Form to the SCSBs and the SCSBs will then make available such copies to investors applying under the ASBA process. Additionally, the BRLM shall ensure that the SCSBs are provided with soft copies of the abridged prospectus and the Bid cum ASBA Form and that the same are made available on the websites of the SCSBs, Stock Exchange(s), BRLM and Syndicate Members. ASBA Bidders, under the ASBA process, who would like to obtain the Red Herring Prospectus and/or the Bid cum ASBA Form can obtain the same from the Designated Branches of the SCSBs or the BRLM. ASBA Bidders can also obtain a copy of the abridged prospectus and/or the Bid-cum- ASBA Form in electronic form on the websites of the SCSBs. An ASBA Investor shall only use the Bid-cum-ASBA Form for making a Bid in terms of the Red Herring Prospectus which shall be submitted either electronically or physically to the SCSB with whom the bank account to be blocked is maintained.
- The ASBA Investor shall have only one option as to the number of Equity Shares Bid for. The SCSB shall give an acknowledgement specifying the application number to the ASBA Investor as proof of having accepted the Bid in physical or electronic form. The SCSB shall then block the application money in the bank account of such ASBA. Investor held with the SCSB specified in the Bid-cum-ASBA Form, on the basis of an authorization to this effect given by the ASBA Investor and thereafter upload the Bid Cum ASBA in the electronic bidding system of the Stock Exchange. In case sufficient funds are not available in the account of the ASBA Investor, SCSB shall reject the Bid cum ASBA and shall not upload such Bids with the Stock Exchanges. Upon completing and submitting the Bid-cum-ASBA Form to a SCSB, either electronically or physically, as has been elaborated herein below, the ASBA Investor is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus and the Bid-cum-ASBA Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the ASBA Investor.

Method and Process of Bidding for ASBA Investors

- An ASBA Investor, shall submit a completed Bid –cum- ASBA Form to a SCSB, with whom the bank account to be blocked, is maintained, by either submitting the Bid-cum-ASBA Form physically with the Designated Branches of the SCSB or submit the Bid-cum-ASBA Form electronically through the internet banking facility offered by the SCSB. In case of an electronic upload of the Bid-cum-ASBA Form, the ASBA Investor himself shall fill in all the above mentioned details, except the application number which shall be system generated.
- The SCSB shall give an acknowledgement specifying the application number to the ASBA investor, as a proof of having accepted his/ her ASBA in a physical or electronic mode.
- After accepting an ASBA, the SCSB shall block funds available in the bank account specified in the physical & electronic ASBA, to the extent of the application money specified in the ASBA; only thereafter the SCSB shall capture/upload the following details in the electronic bidding system provided by the Stock Exchanges:
 - Name of the Bidder(s);
 - Application Number;
 - Permanent Account Number;
 - Number of Equity Shares Bid for;
 - Depository Participant identification No.; and

- Client identification No. of the Bidder's beneficiary account.
- In case of an electronic upload of the Bid-cum-ASBA Form, the SCSB shall thereafter upload all the Above mentioned details in the electronic bidding system provided by the Stock Exchange(s). The SCSB shall generate a Transaction Registration Slip/ order number, confirming upload of ASBA details in the electronic bidding system of the Stock Exchanges. The Transaction Registration Slip number shall be given to the ASBA investor as a proof of uploading the details of ASBA, only on demand.
- The SCSB shall also ensure that the amount blocked by it in the bank accounts specified in the Bid-cum-ASBA form shall be available at all times for giving to the Issuer at the time of finalization of allotment.

Mode of Payment

Upon submission of an Bid cum ASBA 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 bank account maintained with the SCSB. Bid Amounts paid in cash, by money order or by postal order or by stockinvest, or Bid cum ASBA 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 Bid cum ASBA Form till the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Account, in terms of the SEBI Regulations, into the ASBA Public Issue Account. The balance amount, if any against the said 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.

The entire Bid Amount, as per the Bid cum Application Form submitted by the respective ASBA Bidders, would be required to be blocked in the respective ASBA Accounts from the time of the submission of the Bid-cum-ASBA Form, whether in physical or electronic mode, until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or withdrawal of bids by ASBA Investor or until rejection of the ASBA Bid, as the case may be.

Electronic registration of Bids by SCSBs

In case of Bid-cum-ASBA Form, whether in physical or electronic mode, the Designated Branch of the SCSBs will register the Bids using the online facilities of the Stock Exchanges. SCSB shall not upload any ASBA Application Form in the electronic bidding system of the Stock Exchange(s) unless

- it has received the ASBA in a physical or electronic form; and
- it has blocked the application money in the bank account specified in the ASBA or has systems to ensure that Electronic ASBAs are accepted in the system only after blocking of application money in the relevant bank account opened with it.

The Stock Exchanges offer a screen-based facility for registering Bids for the Issue which will be available on the terminals of Designated Branches during the Bid/Issue Period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for book building on a regular basis. On the Bid/Issue Closing Date, the

Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges.

ASBA Bidders are cautioned that high inflow of bids typically received on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that are not uploaded may not be considered for allocation.

The aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges will be displayed online on the websites of the Stock Exchanges. A graphical representation of consolidated demand and price would be made available on the websites of the Stock Exchanges during the Bidding Period.

At the time of registering each Bid, the Designated Branches of the SCSBs shall enter the information pertaining to the investor into the online system, including the following details:

- Name of the Bidder(s);
- Application Number;
- Permanent Account Number;
- Number of Equity Shares Bid for;
- Depository Participant identification No.; and
- Client identification No. of the Bidder's beneficiary account.

In case of electronic ASBA, the ASBA Bidder shall himself fill in all the above mentioned details, except the application number which shall be system generated. The SCSBs shall thereafter upload all the above mentioned details in the electronic bidding system provided by the Stock Exchange(s).

A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. It is the ASBA Bidder's responsibility to obtain the TRS from the Designated Branches of the SCSBs. The registration of the Bid by the Designated Branch of the SCSB does not guarantee that the Equity Shares bid for shall be allocated to the ASBA Bidders.

Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

It is to be distinctly understood that the permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or the BRLM or the Designated Branches of the SCSBs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements; nor does it take any responsibility for the financial or other soundness of our Company, our management or any scheme or project of our Company.

The SCSB may reject the ASBA Bid upon receipt of Bid-cum-ASBA Form, if the ASBA Account maintained with the SCSB as mentioned in the Bid-cum-ASBA Form does not have sufficient funds equivalent to the Bid Amount. Subsequent to the acceptance of the Bid by the Designated Branch, our Company would have a right to reject the Bids only on technical grounds.

Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. In case of discrepancy of data between the BSE or NSE and the Designated Branches of

the SCSBs, the decision of the Registrar, in consultation with the BRLM, the Company and the Designated Stock Exchange, based on the physical records of the Bid-cum-ASBA Form shall be final and binding on all concerned.

Issuance of Confirmation of Allocation Note

The dispatch of the CAN to an ASBA Investor shall be deemed to be a valid, binding and irrevocable contract for the ASBA Investor, whose funds shall thereafter be unblocked by the SCSB and shall be transferred to the ASBA Public Issue Account for the payment of the entire Issue Price for allocation for all the Equity Shares transferred to such ASBA Investor.

Terms of Payment and Payment into the Public Issue Account by the SCSB

Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar shall provide the following details to the SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the ASBA Public Issue Account on a date falling within 8 days from the Bid/Issue Closing Date as informed by the Book Running Lead Manager.

- Number of shares to be allotted against each valid ASBA
- Amount to be transferred from the relevant bank account to the ASBA Public Issue Account, for each valid ASBA
- The date by which the funds referred to in sub-para (2) above, shall be transferred to the ASBA Public Issue Account
- Details of rejected ASBAs, if any, along with reasons for rejection and details of withdrawn/ unsuccessful ASBAs, if any, to enable SCSBs to unblock the respective bank accounts.

General Instructions

Do's:

- Check if you are eligible to Bid under ASBA process.
- Ensure that you use the Bid-cum-ASBA Form specified for the purposes of ASBA process.
- Read all the instructions carefully and complete the Bid-cum-ASBA Form (if the Bid is submitted in physical mode, the prescribed Bid-cum-ASBA Form is green in colour).
- Ensure that your Bid is at the Cut-off Price.
- Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be allotted in dematerialised form only.
- 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/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or Registrar or BRLM to the Issue.
- Ensure that Bid-cum-ASBA Form is signed by the account holder in case the applicant is not the account holder.
- Ensure that you have mentioned the correct bank account No. in the Bid-cum-ASBA Form.
- Ensure that you have funds equal to the number of Equity Shares Bid for at Cut-off Price available in your bank account maintained with the SCSB before submitting the Bid-cum- ASBA Form to the respective Designated Branch of the SCSB.

- Ensure that you have correctly checked the authorisation box in the Bid-cum-ASBA Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the Bid-cum-ASBA Form in your ASBA Account maintained with a branch of the concerned SCSB.
- Ensure that you receive an acknowledgement from the Designated Branch of the concerned SCSB for the submission of your Bid-cum-ASBA Form.
- Ensure that you have mentioned your Permanent Account Number (“PAN”) allotted under the I.T. Act.
- Ensure that the name(s) given in the Bid-cum-ASBA Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Bid is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid-cum-ASBA Form.
- Ensure that the Demographic Details are updated, true and correct, in all respects

Don'ts:

- Do not submit an ASBA Bid if you are applying under any reserved category.
- Do not revise your Bid.
- Do not Bid for lower than the minimum Bid size.
- Do not Bid on another ASBA or Non- Bid-cum-ASBA Form after you have submitted a Bid to a Designated Branch of the SCSB.
- Payment of Bid Amounts in any mode other than blocked amounts in the bank accounts maintained by SCSBs, shall not be accepted under the ASBA process.
- Do not send your physical Bid-cum-ASBA Form by post; instead submit the same to a Designated Branch of the SCSB only.
- Do not fill up the Bid-cum-ASBA Form such that the bid amount against the number of Equity Shares Bid for exceeds Rs. 1,00,000.
- Do not submit the GIR number instead of the PAN Number.
- Do not instruct your respective banks to release the funds blocked in the bank account under the ASBA process.

Specific Instructions for ASBA Investors and grounds for rejection of Bids:

- Check whether you are eligible to apply as an ASBA Investor. If you are not covered by the definition of an “ASBA Investor”, the Bid shall be rejected
- Check all the details entered into the Bid-cum-ASBA Form are correct. If the DP ID, Client ID or PAN furnished by the ASBA Investor in his Bid-cum-ASBA Form is incorrect or incomplete, the ASBA shall be rejected and the Issuer or the SCSB shall not be liable for losses, if any. The Registrar to the Issue shall inform each SCSB about errors, if any, in the bid details, along with an advice to send the rectified data within the time as specified by the Registrar.
- The Registrar shall match the reconciled data with the depository’s database for correctness of DP ID, Client ID and PAN. In case any DP ID, Client ID or PAN mentioned in the bid file for ASBAs does not match with the one available in the depository’s database, such Bid-cum-ASBA Form shall be rejected by the Registrar.
- Multiple applications by ASBA applicant with common PAN.

- Use of Bid-cum-application form other than Bid-cum-ASBA Forms (green in colour), meant only for ASBA Investor.
- Bids at any price levels other than “cut-off”.
- Bid for lower number of Equity Shares than minimum bid size.
- Bid-cum-ASBA Form not signed by the account holder in case the ASBA Bidder is not the account holder
- Insufficient funds in the bank account specified in the Bid-cum-ASBA Form
- Submission of Bid-cum-ASBA Form after the issue closure timing.
- Ensure that you have authorised the SCSB to do all acts as are necessary to make an application in this Issue, including uploading of his Bid, blocking or unblocking of funds in the bank account maintained with the SCSB specified in the ASBA, transfer of funds to the ASBA Public Issue Account on receipt of instruction from the Registrar to the Issue after finalisation of the basis of allotment entitling yourselves to receive shares on such transfer of funds, etc, failing which the Bid-cum-ASBA Form shall be rejected.
- Bid-cum-ASBA forms should bear the stamp of the Syndicate Member and / or Designated branch of SCSB. Bid-cum-ASBA forms which do not bear the stamp will be rejected.
- Ensure that you have authorised the Registrar to the Issue to issue instructions to the SCSB to remove the block on the funds in the bank account specified in the ASBA, upon finalisation of the basis of allotment and to transfer the requisite money to the ASBA Public Issue Account failing which the Bid-cum-ASBA Form shall be rejected.

Revision of Price Band

SCSB shall ensure that information about revision in the Bidding Period or price band, as and when received, is communicated and effected to in its systems promptly, for information of ASBA Investors.

Withdrawal of Bids

In case an ASBA investor wants to withdraw his / her Bid-cum-ASBA Form during the bidding period, he / she shall submit his withdrawal request to the SCSB, which shall do the necessary, including deletion of details of the withdrawn ASBA from the electronic bidding system of the Stock Exchanges and unblocking of funds in the relevant bank account.

In case an ASBA Investor wants to withdraw his / her Bid-cum-ASBA Form after the Bid/ Issue Closing Date, he / she shall submit the withdrawal request to the Registrar. The Registrar shall delete the withdrawn Bid from the bid file.

Other Information

- In case of failure or withdrawal of the Issue, on receipt of appropriate instruction from the Book Running Lead Manager, the SCSB shall unblock the bank accounts latest by the next day of receipt of such instruction.
- The SCSB shall not accept any Bid-cum-ASBA Form after the closing time of acceptance of Bids on the last day of the Bidding period.

Unblocking of Funds

Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar shall provide the following details to the Controlling Branch of each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the ASBA Public Issue account within the timelines specified in the ASBA process:

- Number of shares to be allotted against each valid ASBA
- Amount to be transferred from the relevant bank account to the ASBA Public Issue account, for each valid ASBA
- The date by which the funds referred to in sub-para (ii) above, shall be transferred to the ASBA Public Issue account
- Details of rejected Bid Cum ASBA, if any, along with reasons for rejection and details of withdrawn/ unsuccessful ASBAs, if any, to enable SCSBs to unblock the respective bank accounts.
- SCSB shall thereafter unblock the amounts blocked in the account of the ASBA Investor.

Joint ASBA Bids

ASBA Bids may be made in single or joint names (not more than three). In case of joint ASBA Bids, all communication will be addressed to the first Bidder and will be dispatched to his/her address.

Multiple ASBA Bids

An ASBA Bidder should submit only one Bid for the total number of Equity Shares desired. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications is described in “Issue Procedure- Multiple Bids” on page 245 of this Draft Red Herring Prospectus.

Right to Reject ASBA Bids

The Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder’s bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder’s bank account maintained with the SCSB.

Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

Further, in case any DP ID, Client ID or PAN mentioned in the Bid-cum-ASBA Form does not match with one available in the depository’s database, such ASBA Bid shall be rejected by the Registrar to the Issue.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY IN INSTRUCTIONS TO SCSBs BY THE REGISTRAR TO THE ISSUE

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Regulations, we undertake that:

- Allotment and transfer shall be made only in dematerialised form within 8 days from the Bid/Issue Closing Date;
- Instructions for unblocking of the ASBA Bidder's Bank Account shall be made within 8 days from the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum for any delay beyond the 8 day period mentioned above, if Allotment is not made, instructions for unblocking of ASBA Bidder's Bank Account are not dispatched and/or demat credits are not made to investors within the 15 day period prescribed above.

Basis of Allocation

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 and non-ASBA Bidders will be that applicable to Retail Individual Bidders. For details, see section "Issue Procedure- Price Discovery and Allocation" on page 239 of this Draft Red Herring Prospectus.

Undertaking by our Company

In addition to our undertakings described under "Issue Procedure- Undertaking by our Company", with respect to the ASBA Bidders, we undertake that adequate arrangement shall be made to consider ASBA Bidders similar to other Bidders while finalizing the basis of allocation.

ISSUE PROCEDURE (OTHER THAN ASBA BIDDERS)

Current process of applying through a Bid-cum-Application Form wherein a cheque is used as a mode of payment Bidders are required to submit their Bids through the Syndicate Members only. In case of QIB Bidders, our Company in consultation with BRLM may reject Bid procured by any or all members of the syndicate at the time of acceptance of Bid cum Application Form provided that the reasons for rejecting the same are provided to such Bidders in writing. In case of Non-Institutional Bidders, and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialized form. Bidders will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Bid-cum-Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Draft Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the ROC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorized our Company to make the necessary changes in the Draft Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the ROC and as would be required by ROC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories is as follows:

Category	Colour of Bid-cum-Application Form
Indian Nationals or NRIs applying on a non-repatriation basis	White
NRIs or FIIs or Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue
Anchor Investors*	Yellow

* Bid-cum-Application Forms for Anchor Investors shall be available at the Registered Office of our Company and BRLM. In accordance with SEBI ICDR Regulations, 2009, only QIBs can participate in the Anchor Investor Portion.

Who Can Bid?

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
- Indian nationals resident in India who are majors, in single or joint names (not more than three) or in the names of their minor children as natural/legal guardians in single or joint names (not more than three);
- HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ"

Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;

- Companies and corporate bodies registered under the applicable laws in India and authorized to invest in Equity shares;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorized under their constitution to hold and invest in equity shares;
- Indian Mutual funds registered with SEBI;
- Indian financial institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and SEBI Guidelines and Regulations, as applicable);
- FIIs and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual;
- Venture capital funds registered with SEBI;
- Foreign venture capital investors registered with SEBI, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the issue;
- State Industrial Development Corporations;
- Insurance companies registered with the Insurance Regulatory and Development Authority;
- As permitted by the applicable laws, Provident funds with minimum corpus of Rs. 2500 Lakhs and who are authorized under their constitution to invest in Equity Shares;
- Pension funds with minimum corpus of Rs. 2500 Lakhs and who are authorized under their constitution to invest in Equity Shares;
- Multilateral and bilateral development financial institutions;
- Eligible Non-residents including NRIs and FIIs on a repatriation basis or a non- repatriation basis subject to applicable local laws; and
- Scientific and/or industrial research organizations in India authorized under their constitution to invest in equity shares.
- National Investment Fund set up by resolution F.No. 2/3/2005-DD-11 dated November 23, 2005 of Government of India.

As per existing regulations, OCBs are prohibited from investing in this Issue.

Note: The BRLM and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations if any. However, associates and affiliates of the BRLM and Syndicate Member are entitled to bid and subscribe to Equity Shares in the Issue either in the QIB Portion or in Non Institutional Portion as may be applicable to such investors, where the allotment will be on a proportionate basis. 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.

Bids by Mutual Funds

An eligible Bid shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than [●] Equity Shares, allocation shall be made to Mutual Funds on proportionate basis to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

As per the current regulations, the following restrictions are applicable for investments by Mutual Funds in Equity Shares:

- 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

Eligible NRI Bidders to comply with the following:

- Individual NRI Bidders can obtain the Bid cum Application Forms from Registered Office of our Company, members of the Syndicate or the Registrar to the Issue.
- Eligible NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. Eligible NRIs who intend to make payment through Non Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for resident Indians (White in color).
- All instruments accompanying bids shall be payable in Mumbai only.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

- No single FII can hold more than 10% of post-issue paid-up capital of our Company (i.e., 10% of [●] Equity Shares).
- In respect of an FII investing in Equity Shares of our Company on behalf of its sub-accounts other than a sub-account which is a foreign corporate or foreign individual, the investment on behalf of each sub account shall not exceed 10% of total issued capital. In accordance with the foreign investment limits applicable to us, the total FII investment can go upto 100% of the Company's total paid-up capital.
- Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended, an FII may issue, deal or hold, off shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in 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 shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Bids by SEBI registered VCF and FVCI

The SEBI (Venture Capital) Regulations, 1996, and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, prescribe investment restrictions on foreign venture capital funds and foreign venture capital investors

registered with SEBI. Accordingly, the investment by any VCF or FVCI should not exceed the prescribed investment limit as the case may be.

The SEBI has issued a press release on 26 June, 2006 stating that the shareholding of SEBI registered Venture Capital Funds and Foreign Venture Capital Investors 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 year prior to the time of filing this Draft Red Herring Prospectus with the SEBI.

Bids and revision of Bids by non-residents including Eligible NRIs, FIIs and Foreign Venture capital Funds registered with SEBI on a repatriation basis

Bids and revision of Bids by non-residents including Eligible NRIs, FIIs and Foreign Venture capital Funds registered with SEBI on a repatriation basis must be made:

- On the prescribed Bid cum Application Form or Revision Form, as applicable (blue in colour) and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single name or joint names (not more than three and in the same order as their Depository Participant details);
- Eligible NRIs for a Bid Amount of up to Rs. 1,00,000 would be considered under the Retail Bidders portion for the purposes of allocation and Bids for a Bid amount of more than Rs. 1,00,000 would be considered under the Non-Institutional Bidders portion for the purposes of allocation; Other Non Resident Bidders must bid for a minimum of such number of Equity Shares and in multiples of [•] Equity Shares thereafter that the Bid amount exceeds Rs. 1,00,000; for further details see "Maximum and Minimum Bid Size" at page 230 of this Draft Red Herring Prospectus.
- In the names of individuals, or in the names of FIIs or in the names of Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees. Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their Non-Resident External (NRE) accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation.

The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modifications or changes in the applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid size

For Retail Bidders:

- The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares and it must be ensured that the Bid Amount payable by the Bidder does not exceed Rs. 1,00,000.
- Bidders may note that the total Bid amount will be used to determine if a Bid is in the retail category or not, and not just the amount payable on Application.
- In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid amount does not exceed Rs. 1,00,000.
- In case the Bid amount is over Rs. 1,00,000 due to revision of the Bid or revision of the Price Band or on exercise of option to Bid at Cut-off price, the Bid would be considered for allocation under the Non Institutional Portion. The option to Bid at Cut-off price is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase Equity Shares at the final Issue Price as determined at the end of the Book Building Process.

For Non-Institutional Bidders and QIBs Bidders:

- The Bid must be for a minimum of such number of Equity Shares in multiples of [●] Equity Shares such that the Bid Amount payable by the Bidder exceeds Rs. 1,00,000 and in multiples of [●] Equity Shares thereafter.
- A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under the existing SEBI Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the QIB margin amount upon submission of the Bid.
- In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 1,00,000, for being considered for allocation in the Non-Institutional Portion.
- In case the Bid Amount reduces to Rs. 1,00,000 or less due to a revision in Bids or revision of the Price Band, the same would be considered for allocation under the Retail Portion in respect of the Bids by Non Institutional Bidders who are otherwise eligible for allocation under the Retail Portion. Non Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'. 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 Draft Red Herring Prospectus.

Anchor Investor Portion

The Company may consider participation by Anchor Investor in the Net Issue for up to [●] Equity Shares in accordance with the applicable SEBI (ICDR) Regulations, 2009. The Anchor Investor Bid/Issue Period shall be one working day prior to the Bid/Issue Opening Date. The QIB Portion shall be reduced in proportion to the allocation under the Anchor Investor category.

Anchor Investors shall be QIBs as defined in the SEBI (ICDR) Regulations, 2009. The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds Rs. 10 Crores and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than 30% of the QIB Portion. One-third of the Anchor Investor Portion shall be reserved for allocation to domestic mutual funds.

The Bidding for Anchor Investors shall open one day before the Bid/Issue Opening Date and shall be completed on the same day

Information for the Bidders

- Our Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.
- Our Company and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with RoC and also publish the same in two widely circulated national newspapers (one each in English and Hindi) and a regional language (Tamil) newspaper of wide circulation in the place where our Registered Office is situated. This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XX–A of the SEBI (ICDR) Regulations, as amended vide SEBI Circular No. SEBI/CFD/DIL/DIP/14/2005/25/1 dated January 25, 2005. The members of the syndicate shall accept bids from the Bidders during the bidding/ issue period in accordance with the terms of the syndicate agreement.
- The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum-Application Form to their potential investors. Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining a copy of the Red Herring Prospectus along with the Bid-cum- Application Form can obtain the same from the registered office of our Company or from the BRLM, or from a member of the Syndicate.
- Eligible investors who are interested in subscribing for the Equity Shares should approach the BRLM or Syndicate Member or their authorized agent(s) to register their Bids.
- The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of a member of the Syndicate. The Bid-cum-Application Forms, which do not bear the stamp of a member of the Syndicate, will be rejected.
- The Bidding/Issue Period shall be a minimum of three working days and shall not exceed seven working days. The members of the Syndicate shall accept Bids from the Bidders during the Bidding/Issue Period in accordance with the terms of the Syndicate Agreement.
- In case the Price Band is revised, the Bidding/ Issue Period may be extended, if required, by an additional three days, subject to the total Bidding/ Issue Period not exceeding 10 working days. The revised Price Band and Bidding/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, and by issuing details published in two national newspapers (one each in English and Hindi) and a regional language (Tamil) newspaper of wide circulation in the place where our Registered Office is situated and also by indicating the change on the websites of the Book Runner and at the terminals of the members of the Syndicate.
- We, in consultation with the BRLM, can finalise the Issue Price within the Price Band, without the prior approval of, or intimation to, the Bidders.

Method and Process of bidding

- The Price Band has been fixed at Rs. [•] to Rs. [•] per Equity Share. The Bidders can bid at any price within the Price Band, in multiples of Rs. 1 (One). Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph titled "Bids at Different Price Levels" on page 232 of this Draft Red Herring Prospectus) within the Price Band and specify the demand (i.e., the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the

Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.

- The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph "Build up of the Book and Revision of Bids" on page 238 of this Draft Red Herring Prospectus.
- 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.
- During the Bidding Period, the Bidders may approach the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.
- Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment and Payment into the Escrow Collection Account" on page 235 of this Draft Red Herring Prospectus.

Bids at different price levels and revision of Bids

- The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share of Rs. 10/- each, Rs. [●] being the lower end of the Price Band and Rs. [●] being the higher end of the Price Band. The Bidders can bid at any price within the Price Band, in multiples of Re. 1 (One).
- Our Company, in consultation with the BRLM, can revise the Price Band during the Bid/Issue Period in accordance with the SEBI Regulations, in which case the Bidding Period shall be extended further for a period of three additional days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the Floor of the Price-band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the Floor Price disclosed in this Draft Red Herring Prospectus.
- Any revision in the Price Band and the revised Bid /Issue Period, if applicable, will be widely disseminated by informing the stock exchanges, by issuing a public notice in two widely circulated national newspapers (one each in English and Hindi) and in regional language newspaper (Tamil) with a wide circulation and also indicating the change on the relevant website of the BRLM, Company and the terminals of the members of the Syndicate.
- The Company, in consultation with the BRLM, can finalise the Issue Price within the Price Band, in accordance with this clause, without the prior approval of, or intimation to, the Bidders.
- The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 1,00,000 may bid at "Cut-off". However, bidding at "Cut-off" is not permitted for QIB or Non Institutional Bidders who bid for and such Bids from QIBs and Non Institutional Bidders shall be rejected.
- Retail Individual Bidders who bid at the Cut-off agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders at Cut-off shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription

amount payable by the Retail Individual Bidders who bid at the Cut-off Price, such Bidders shall receive the refund of the excess amounts from the respective Refund Account.

- In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-Off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 1,00,000 if the bidder wants to continue to bid at Cut-off Price), with the member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 1,00,000, the Bid by retail Individual Bidder will be considered for allocation under the Non-Institutional portion in terms of this Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downward for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidders is deemed to have approved such revised Bid at Cut-off Price.
- In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the respective Refund Account.
- In the event of any revision in the Price Band, whether upwards or downwards, the Minimum Application Size shall be within the range of Rs. 5,000 to Rs. 7,000. The Company in consultation with the BRLM shall accordingly stipulate the minimum application size (in terms of number of shares) falling within the aforesaid range.
- During the Bidding/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band during the Bidding/Issue Period using the printed Revision Form, which is a part of the Bid cum Application Form.
- Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- The Bidder can make revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid.
- Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Draft Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
- When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

Instructions for completing the Bid-cum-Application Form

- Application shall be made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and non-residents applying on a non-repatriation basis; blue colour for the Eligible NRIs, FIIs applying on a repatriation basis).
- In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form.
- The 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. 100,000.
- For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares in multiples of [•] Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of [•] Equity Shares. Bids cannot be made for more than the Issue size.
- Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.
- Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
- Application in the Issue Equity Shares being issued through this Draft Red Herring Prospectus can be applied for in the dematerialized form only.

PAYMENT INSTRUCTIONS

Escrow Mechanism

- Our Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the bid.
- Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for the Issue.
- The Escrow Collection Banks will act in terms of this Draft Red Herring Prospectus and an Escrow Agreement.
- The monies in the Escrow Account of our Company shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders.
- The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders.
- On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account with the Bankers to the Issue and to the Refund Account as per the terms of the Escrow Agreement.
- Payment of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and this Draft Red Herring Prospectus.

The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and the same has been established as an arrangement between our Company, the Syndicate, Escrow Collection Bank(s) and the Registrars to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Collection Account

Each Bidder, shall provide the applicable Margin Amount, with the submission of the Bid-cum- Application Form by drawing a cheque, demand draft in favour of the Escrow Account of the Escrow Collection Bank(s) as per the below terms:

- The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds whose bids have been accepted from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held in the Refund Account for the benefit of the Bidders who are entitled to refunds.
- Each category of Bidders (i.e. QIBs, Non Institutional Bidders and Retail Individual Bidders) would be required to pay their applicable Margin Amount at the time of the submission of the Bid-cum-Application Form by way of a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) and submit the same to the member of the Syndicate to whom the Bid is being submitted. (For details please see the section titled “Issue Procedure – Payment Instructions” beginning on page 234 of this Draft Red Herring Prospectus. The Margin Amount payable by each category of Bidders is mentioned in the section titled “Terms of the Issue” beginning on page 211 of this Draft Red Herring Prospectus. Bid cum Application Forms accompanied by cash shall not be accepted. The maximum Bid Price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.
- Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM for QIB Bidders. If the payment is not made favoring the Escrow account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid-cum-Application Form.
- Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 8 days from the Bid Closing Date/Issue Closing Date, failing which our Company shall pay interest @15% per annum for any delay beyond the periods mentioned above.
- The Bidders for whom the applicable Margin Amount is equal to 100% shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account of our Company and submit the same to the member of the Syndicate.
- In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account of our Company within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM.
- The payment instruments for payment into the Escrow Account of our Company should be drawn in favour of:
 - In case of resident QIB Bidders - “Escrow Account–MVEL – Public Issue - QIB-R”
 - In case of Resident Retail and Non-Institutional Bidders- “Escrow Account– MVEL – Public Issue - R”

- In case of Non-Resident QIB Bidders - “Escrow Account– MVEL –Public Issue-QIB–NR”
- In case of Non –Resident Retail and Non-Institutional Bidders – “Escrow Account – MVEL – Public Issue - NR”
- In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary Account of a Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.
- In case of Bids by NRIs applying on non repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of an NRO account of a Nonresident Bidder bidding on non repatriation basis Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account or an NRO account.
- In case of Bids by FIIs, FVCI’s registered with SEBI the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
- Where a Bidder has been allocated a lesser number of equity shares then the Bidder has bid for, the excess amount, if any, paid on bidding, after adjusting towards the balance payable on equity shares allocated, will be refunded to the Bidder from the refund amount.
- The monies deposited in the Escrow Account of our Company will be held for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of our Company as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
- On the Designated Date and no later than 8 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall refund all amounts payable to unsuccessful Bidders and the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.
- Payments should be made by cheque, or demand drafts drawn on any Bank (including a Cooperative Bank), which is situated at, and is a member of or sub-member of the bankers’ clearing house located at the center where the Bid cum Application Form is submitted. Outstation cheque/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/ Money Orders/ Postal Orders will not be accepted.
- Bidders are advised to mention the number of the Bid Cum Application Form on the reverse of the cheques or demand draft to avoid misuse of the instrument submitted along with the Bid cum application Form.

For Anchor Investors, the payment instruments for payment into the Escrow Account should be drawn in favour of:

i.	In case of Resident Anchor	:	Escrow Account– Midvalley Public Issue–Anchor–
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Investors	R
ii. In case of Non-Resident Anchor Investor	: Escrow Account–Midvalley Public Issue–Anchor-NR

Payment by Stock-invest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-2004 dated November 5,2003, the option to use the stock-invest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stock-invest would not be accepted in this Issue.

Electronic Registration of Bids

- The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one NSE/ BSE on-line connectivity to each city where a Stock Exchange is located in India and the Bids are accepted.
- The NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding Period. The members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid Closing Date, the Syndicate Member shall upload the Bids till such time as may be permitted by the Stock Exchanges.
- The aggregate demand and price for bids registered on the electronic facilities of NSE and BSE will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centres and the websites of NSE and BSE i.e. www.nseindia.com and www.bseindia.com respectively.
- A graphical representation of consolidated demand and price would be made available at the bidding centres during the bidding period.
- At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - **Name of the Bidder(s):** Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid-cum-Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid-cum-Application Form;
 - **Investor Category** – Individual, Corporate, QIB, NRI, FII, Mutual Fund etc.;
 - **Numbers of Equity Shares bid for;**
 - **Bid price;**
 - **Bid-cum-Application Form number;**
 - Whether **Margin Amount**, as applicable, has been paid upon submission of Bid-cum-Application Form; and
 - **Depository Participant Identification Number and Client Identification Number** of the demat Account of the Bidder.
- A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the members of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.
- Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

- The BRLM/ member of the Syndicate have the right to accept the Bid or reject it, however, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids should not be rejected except on the technical grounds listed on page 246 of this Draft Red Herring Prospectus.
- It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or BRLM are cleared or approved by BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.
- It is also to be distinctly understood that the approval given by BSE and/or NSE should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.
- Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ allotment. In case of discrepancy of data between BSE or NSE and members of the Syndicate, the decision of the BRLM based on the physical records of Bid-cum-Application Form shall be final and binding to all concerned.

Build Up of the Book and Revision of Bids

- Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.
- The book gets build up at various price levels. This information will be available with the BRLM on a regular basis.
- During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
- Revisions can be made in both the desired numbers of Equity Shares and the bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Draft Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or electronic transfer of funds through RTGS for the incremental amount in the QIB Margin 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 QIB Bidders.
- The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate

through whom he or she has placed the original Bid. Bidders are advised to retain copies of the blank Revision Forms and the revised Bid must be made only in such Revision Form or copies thereof.

- When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.
- Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/allotment. In case of discrepancy of data between BSE or NSE and members of the Syndicate, the decision of the BRLM based on the physical records of Bid-cum-Application Form shall be final and binding to all concerned.

Price Discovery and Allocation

- After the Bid/Issue Closing Date, the BRLM shall analyze the demand generated at various price levels under various categories.
- Our Company, in consultation with the BRLM shall finalise the “Issue Price” and the number of Equity Shares to be allotted in each category to Bidders.
- The allocation for QIBs would up to 50% of the Issue and to Non-Institutional Bidders and Retail Individual Bidders will be at least 15% and 35% of the Issue, respectively, subject to valid bids being received at or above the Issue Price. The allocation shall be done on a proportionate basis in the manner specified in the SEBI Regulations and this Draft Red Herring Prospectus and in consultation with the Designated Stock Exchange.
- Under-subscription, if any, in any category of the Issue, would be allowed to be met with spill over from any of the other categories at the discretion of our Company, in consultation with the BRLM. However, if the aggregate demand by Mutual Funds is less than [•] 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. In the event that the aggregate demand in the Non-Institutional and Retail portion has been met, under-subscription, if any, would be allowed to be met with spillover from any other category or combination of categories at the discretion of Company, in consultation with the BRLM and the Designated Stock Exchange
- Allocation to Eligible NRIs, FIIs, foreign venture capital funds, multi-lateral and bilateral development financial institutions registered with SEBI applying on repatriation basis will be subject to the applicable laws, rules, regulations, guidelines and approvals.
- The BRLM, in consultation with our Company shall notify the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- Our Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning reasons whatsoever but before the Board meeting for(to check) allotment.
- In terms of SEBI (ICDR) Regulations, QIB Bidders shall not be allowed to withdraw their bid after the bid / issue closing date.
- The allotment details shall be put on the website of the Registrar to the Issue at www.adroitcorporate.com.

Signing of Underwriting Agreement and ROC Filing

- Our Company, the BRLM, and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.

- After signing the Underwriting Agreement, our Company will update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects. Filing of the Prospectus with ROC
- The Company will file a copy of the Prospectus with the Registrar of Companies, Chennai at Tamil Nadu in terms of Section 56, Section 60 and Section 60B of the Companies Act, 1956.

Announcement of Pre-Issue Advertisement

Subject to section 66 of the Companies Act, our Company shall after receiving final observation, if any, on the Draft Red Herring Prospectus with SEBI, and filing of the Red Herring Prospectus with RoC, publish an advertisement, in the form prescribed by the SEBI (ICDR) Regulations in two widely circulated national newspapers (one each in English & Hindi) and a Tamil newspaper (Regional) with a wide circulation.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by our Company in two widely circulated national newspapers (one each in English & Hindi) and a Tamil newspaper with a wide circulation, after filing of the Prospectus with the RoC. This advertisement in addition to the information that has to be set out in the statutory advertisement shall indicate the Issue Price. Any material updates between the date of the Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note

- Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLM or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. Investor should note that our Company shall ensure that the demat credit of the Equity Shares pursuant to allotment shall be made on the same date to all investors in this Issue;
- The BRLM or the members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the full Bid Amount into the Escrow Account on or prior to the time of bidding shall pay in full amount into the Escrow Account on or prior to the Pay-in Date specified in the CAN;
- Such Bidders who have been allocated Equity Shares and who have already paid the full Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrars to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder.
- The Issuance of CAN is subject to "Notice to QIBs: Allotment Reconciliation and Revised CANs" as set forth below in this Draft Red Herring Prospectus.

Notice to QIBs: Allotment Reconciliation and Revised CANs

- After the Bid/Issue Closing Date, an electronic book will be prepared, by the Registrar, on the basis of, Bids uploaded on the BSE/NSE system.
- Based on the electronic book, QIBs will be sent a CAN, indicating the number of Equity Shares that may be allocated to them.
- This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar.
- Subject to SEBI Regulations, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheques bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange.
- As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares.
- The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

- Our Company will ensure that the allotment of Equity Shares is done within 8 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account and Refund Account on the Designated Date, our Company would ensure the credit to the successful Bidders depository account of the allotted Equity Shares to the allottees within two working days of the date of finalization of the basis of allotment.
- As per the SEBI (ICDR) Regulations, Equity Shares will be issued and allotment shall be made only in the dematerialised form to the allottees. Allottees will have the option to rematerialize the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.
- Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

General Instructions

Do's:

- Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of this Draft Red Herring Prospectus;
- Read all the instructions carefully and complete the Bid-cum-Application Form (white or blue in colour) as the case may be;
- Ensure that the details about Depository Participant and Beneficiary Account are correct and the beneficiary account is activated, as allotment of Equity Shares will be in the dematerialised form only.
- Ensure that the Bids are submitted at the Bidding Centers only on forms bearing stamp of the Syndicate Member;
- Investors must ensure that the name given in the Bid-cum-Application form is exactly the same as the name in which the Depository account is held. In case the Bid-cum-Application Form is submitted in

Joint names, it should be ensured that the Depository account is also held in the same Joint names and are in the same sequence in which they appear in the Bid cum Application Form.

- Ensure that you have been given a TRS for all your Bid options;
- Submit Revised Bids to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS;
- Ensure that the Bid is within the Price Band.
- Each Bidder should mention his or her Permanent Account Number (PAN) allotted under the I.T. Act.
- Ensure that demographic details (as defined herein below) are updated true and correct in all respects.

Don'ts:

- Do not Bid if you are prohibited from doing so under the law of your local jurisdiction;
- Do not Bid for lower than minimum Bid size;
- Do not Bid or revise the Bid to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- Do not pay Bid amount in cash, money order, postal order or by stockinvest;
- Do not Bid at cut off price (for QIB Bidders, Non-Institutional Bidders)
- Do not bid where bid amount exceeds Rs. 1,00,000 (for Retail Individual Bidders)
- Do not fill up the Bid-cum-Application Form for an amount that exceeds the Issue size and / or investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable laws / regulations or maximum amount permissible under the applicable regulations.
- Do not send Bid-cum-Application Form by post; instead submit the same to a member of the Syndicate only.
- Do not provide your GIR number instead of your PAN as bid is liable to be rejected on those ground.
- Do not submit the Bid without the QIB Margin Amount, in case of a Bid by QIB.

Bidder's Bank Details

- Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant- Identification number and Beneficiary Account Number provided by them in the Bid-cum Application Form, the Registrar to the Issue will obtain, from the Depositories, the Bidders bank account details, including the nine digit MICR code as appearing on a cheque leaf..
- These bank account details would be printed on the refund order, if any, to be sent to Bidders or used for sending the refund through Direct Credit to or ECS. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and such delay shall be at the Bidders sole risk and neither our Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor BRLM shall be liable to compensate for the losses caused to the Bidders due to any such delay or liable to pay any interest for such delay.

Bidder's Depository Account Details

- IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN THE DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT'S IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD.
- IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID-CUM APPLICATION FORM.
- Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid-cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders or giving credit through ECS, Direct Credit , RTGS or NEFT and occupation (hereinafter referred to as "Demographic Details"). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.
- These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of Bank particulars on the refund order or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid-cum-Application Form would not be used any other purposes by the Registrars to the Issue. Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.
- By signing the Bid-cum-Application Form, Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic details as available on its records.
- Refund Orders/ Allocation Advice/ CANs would be mailed at the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidders in the Bid-cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk. Please note that any such delay shall be at the Bidders sole risk and neither the Company, the Registrar, Escrow Collection Bank(s) nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in this Draft Red Herring Prospectus, bidders may note that refunds may get delayed if bank particulars obtained from the depository participants are incorrect.
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository
- Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.
- Our Company in its absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Bid-cum-Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum-Application Form instead of those obtained from the depositories.

- Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. The Company and/or the Book Runners will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids under Power of Attorney

- In case of bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered Societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Article of Association and/or Bye Laws must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any bid in whole or in part, in either case, without assigning any reason thereof.
- In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.
- In case of Bids made by insurance companies registered with Insurance Regulatory and Development Authority, a certified copy of the certificate of registration issued by Insurance Regulatory and Development Authority must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.
- In case of Bids made by provident fund with the minimum corpus of Rs. 2500 Lakhs (subject to applicable law) and pension fund with the minimum corpus of Rs. 2500 Lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.
- In case of Bids made pursuant to Power of Attorney by Mutual Fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.
- In case of Bids made pursuant to Power of Attorney by National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India, a certified copy of the relevant resolution or authority, as the case may be must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.
- Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions as 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 refund order/CANs/ allocation advice, the Demographic details given on the Bid-cum-Application form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar to the Issue shall use Demographic details as given on the Bid cum application form instead of those obtained from the Depositories.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by Account Payee cheques or drafts equivalent to the margin amount shall be submitted to the Members of the Syndicate at the time of submitting the Bid-cum-Application Form.

No separate receipts shall be issued for the money payable on submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the Members of the Syndicate will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Individuals may make bid in single or joint names (not more than three). In the case of joint Bids, all refunds will be made out in favour of the Bidder whose name appears first in the Bid-cum- Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, illustrations of certain procedures, which may be followed by the Registrar to the Issue to detect multiple applications, are provided below:

- All applications with the same name and age will be accumulated and taken to a separate process file, which would serve as a multiple master.
- In this master, a check will be carried out for the same PAN. In cases where the PAN numbers are different, the same will be deleted from this master.
- The Registrar will obtain, from depositories, details of the applicants' address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master.
- The addresses of all the applicants in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and nonnumeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of addresses and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the application processed. A print-out of the addresses will be taken to check for common names. The application with same name and same address will be treated as multiple applications.

- The applications will be scrutinized for their DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
- Subsequent to the aforesaid procedures, a print out of multiple master will be taken and applications physically verified to tally signatures as also father's/husband's names. On completion of this, the applications will be identified as multiple applications.
- In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.
- The Company reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number (PAN)

The Bidders or in the case of Bids made in joint names, each of the Bidder, should mention his or her Permanent Account Number (PAN) allotted under the I.T. Act. SEBI has issued a Circular No. MRD/DoP/Cir-05/2007 dated April 27, 2007 requiring that with effect from July 2, 2007 the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. Applications without this information 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 Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids should not be rejected except on the technical grounds listed on page 246 of this Draft Red Herring Prospectus

Grounds for technical rejections

Bidders are advised to note that Bids are liable to be rejected on, inter alia, on the following technical grounds:

- Amount paid doesn't tally with the amount payable for the highest value of Equity Shares bid for;
- Age of First Bidder not given;
- In case of Partnership firms, the shares may be registered in the name of individual partners and no such partnership firm shall be entitled to apply.
- Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;
- PAN not stated;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than the lower end of the Price Band;
- Bids at a price more than the higher end of the Price Band;
- Bids for number of Equity Shares, which are not in multiples of [•];

- Category not ticked;
- Multiple bids as defined in this Draft Red Herring Prospectus;
- In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stock invest/money order/ postal order/ cash;
- Signature of sole and/or joint Bidders missing;
- Bid-cum-Application Form does not have the stamp of the BRLM or the Syndicate Member;
- Bid-cum-Application Form does not have Bidder's depository account details;
- Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid cum-Application Form and this Draft Red Herring Prospectus and as per the instructions in this Draft Red Herring Prospectus and the Bid-cum-Application Form;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's account number;
- Bids by OCBs;
- Bids by US persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the Securities Act or other than in reliance Regulation under the Securities Act;
- Bids by QIBs not submitted through BRLM or members of the syndicate;
- Bids by NRIs not disclosing their residential status;
- If GIR number is mentioned instead of PAN number;
- Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority; and
- Bids by any person resident outside India, if not in compliance with applicable foreign and Indian laws, or by any persons who are not eligible to acquire Equity Shares of the Company, in terms of all applicable laws, rules, regulations, guidelines and approvals.
- Bids at cut-off price by Non-Institutional and QIB Bidders whose maximum Bid exceeds Rs. 100,000.

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among the Company, the Depositories and the Registrar,

1. An Agreement dated June 12, 2007 among NSDL, our Company and Registrars to the Issue.
2. An Agreement dated September 09, 2006 among CDSL, our Company and Registrars to the Issue.

All Bidders can seek allotment only in Dematerialized mode. Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

- A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
- The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid-cum-Application Form or Revision Form.
- 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.
- Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account details of the Bidder(s) with the Depository.
- Non Transferable allotment advice or refund orders will be directly sent to the Bidders by the registrar to the Issue.
- If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
- The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
- It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. All the stock exchanges where Equity Shares are proposed to be listed are connected to NSDL and CDSL.
- The trading of Equity Shares of the Company would only be in dematerialized form for all investors in the demat segment of the respective Stock exchanges.

COMMUNICATIONS

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

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

Procedure and Time Schedule for Allotment

The Issue will be conducted through a “100% book building process” pursuant to which the Underwriters will accept bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on [•] and expire on [•].

Following the expiration of the Bidding Period, our Company, in consultation with the BRLM, will determine the issue price, and, in consultation with the BRLM, the basis of allotment and entitlement to allotment based on the bids received and subject to the confirmation by the BSE/NSE.

Successful bidders will be provided with a confirmation of their allocation and will be required to pay any unpaid amount for the Equity Shares within a prescribed time.

The Prospectus will be filed with SEBI and the Registrar of Companies and will be made available to investors. SEBI Regulations require our Company to complete the allotment to successful bidders within 8 days of the expiration of the Bidding Period.

The Equity Shares will then be credited and allotted to the investors' demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence.

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.”**

BASIS OF ALLOTMENT

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Net Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate basis of Allotment, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidder will be made at the Issue Price.
- The Net Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

- In case the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate basis of allotment, refer below.

C. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for Allotment to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
 - (-) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
 - (-) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.
 - (-) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
 - b) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
 - (-) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
 - (-) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
 - (-) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
- The aggregate Allotment to QIB Bidders shall be upto [●] Equity Shares.

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

A. For Anchor Investors

- Our Company, in consultation with the BRLM, shall finalise Allocation to the Anchor Investors on a discretionary basis, subject to compliance with requirements regarding minimum number of 2 allottees.

- 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.
- Anchor Investors shall pay Anchor Investor Margin Amount representing 25% of the Bid Amount at the time of submission of the Bid. Any difference between the amount payable by the Anchor Investor for Equity Shares Allocated and the Anchor Investor Margin Amount paid at the time of Bidding, shall be payable by the Anchor Investor within two days of the Bid/ Issue Closing Date.
- In case the Issue Price is greater than the price at which Equity Shares are allocated to Anchor Investors, the additional amount being the difference between the Issue Price and the price at which Equity Shares were allocated to the Anchor Investors shall be paid by the Anchor Investors. In the event the Issue Price is lower than the price at which Equity Shares are allocated to Anchor Investors, the allotment to Anchor Investors shall be at the higher price i.e. the price at which Equity Shares were allocated under the Anchor Investor Portion.
- Allocation to Anchor Investors shall be completed on the day of bidding by Anchor Investors
- 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.
- The BRLM or any person related to the BRLM / Promoters/Promoter Group shall not participate in the Anchor Investor Portion.
- Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.

Method of Proportionate Basis of Allotment in the Issue

In the event the Issue is over-subscribed, the basis of Allotment shall be finalized by the Company in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that basis of allotment is finalized in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

- A) Bidders will be categorized according to the number of Equity Shares applied for 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) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

- D) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:
- The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above; and
 - Each successful Bidder shall be allotted a minimum of [●] Equity Shares.
- E) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.
- F) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

DISPATCH OF REFUND ORDERS

The payment of refund, if any, would be done through various modes in the following order of preference:

1) *ECS- Electronic Credit Service*

- Payment of refund would be done through ECS for applicants having an account at any of the following 68 centers - Ahmedabad, Bangalore, Bhubneshwar, Kolkatta, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvanthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur).
- This mode of payment of refunds would be subject to availability of complete bank account details including the MICR Code as appearing on a cheques leaf from the Depositories.
- The payment of refunds is mandatory through this mode for applicants having a bank account at any of the above-mentioned 68 centers, except where the applicant, being eligible, opts to receive refund

through direct credit or RTGS or NEFT. Refunds through ECS may also be done at other locations based on operational efficiency and in terms of demographic details obtained by the Registrar from the Depository participant.

2) Direct Credit

Applicants having bank accounts with the Refund Bankers, shall be eligible to receive funds through direct credit. Charges, if any, levied by the Refund Bankers for the same would be borne by the Company.

3) RTGS

- Applicants having a bank account at any of the above-mentioned 68 centers, have also the option to receive refund through RTGS.
- Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Bid cum-Application form.
- In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the refund banks for the same would be borne by the Company.
- Charges, if any, levied by the applicants' bank receiving the credit would be borne by the applicant.

4) NEFT

- Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the IFSC, which can be linked to a MICR, if any, available to that particular bank branch. IFSC will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers.
- Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC of that particular bank branch and the payment of refund will be made to the applicants through this method.
- The process flow in respect of refunds by way of NEFT is at an evolving stage hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

5) Refund Orders

- For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received.
- Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.
- Please note that only applicants having a bank account at any of the 68 centres where clearing houses for ECS are managed by the RBI, State Bank of India, Punjab National Bank, State Bank of Indore, Union Bank of India, Andhra Bank, Corporation Bank, Bank of Baroda, State Bank of Travancore, Central Bank of India, Canara Bank, Oriental Bank of Commerce, United Bank of India, State Bank of Hyderabad and State Bank of Bikaner and Jaipur are eligible to receive refunds through the modes

detailed in 1, 2, 3 & 4 hereinabove. For all the other applicants, including applicants who have not updated their bank particulars along with the nine digit MICR code, the refund orders would be dispatched “Under Certificate of Posting” for refund orders of value upto Rs. 1,500 and through Speed Post / Registered Post for refund orders of Rs. 1,500 and above.

UNDERTAKING BY THE COMPANY

Our Company undertake as follows:

- that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allotment;
- that the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed under the heading “Dispatch of Refund Orders” on page 252 of this Draft Red Herring Prospectus shall be made available to the Registrar to the Issue by our Company;
- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 8 days of closure of Issue, giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of refund;
- that the refund orders or allotment advice to the Eligible NRIs or FIIs shall be dispatched within specified time; and
- that no further Issue of Equity Shares shall be made until the Equity Shares Issued through this Draft Red Herring Prospectus are listed or until the Bid Money is refunded on account of non-listing, under-subscription etc.
- that adequate arrangements shall be made to collect all Applications Supported by Blocked Amount (ASBA) and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

UTILISATION OF ISSUE PROCEEDS

Our Board of Directors of the Company certifies that:

- all monies received out of the Issue shall be credited / transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act, 1956;
- details of all monies utilized out of the Issue referred above shall be disclosed under an appropriate separate head in its balance sheet indicating the purpose for which such monies have been utilized;
- details of all unutilized monies out of the Issue, if any, shall be disclosed under the appropriate separate head in its balance sheet indicating the form in which such unutilised monies have been invested;

Our Company shall comply with the requirements of Clause 49 of the Listing Agreement in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.

Our Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the GoI and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy of the Government of India, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment.

Subscription by Non-Residents

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or the requirements of the Investment Company Act.

Accordingly, the Equity Shares are only being offered and sold (i) in the United States to entities that are both “qualified institutional buyers”, as defined in Rule 144A of the Securities Act and “qualified purchasers” as defined under the Investment Company Act and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

As per the current regulations, OCBs cannot participate in this Issue.

The above information is given for the benefit of the Bidders. The Company, the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations. However we shall update this Draft Red Herring Prospectus and keep the public informed of any material changes in matters concerning our business and operations till the listing and commencement of trading of the Equity Shares.

SECTION-VIII- MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

The authorized Capital of our Company is Rs. 45,00,00,000 divided into 4,50,00,000 Equity Shares of Rs. 10/- each.

3. The Authorized Share Capital of the Company shall be as per paragraph V of the Memorandum of Association of the Company with rights to alter the same in whatever way as deemed fit by the Company. The Company may increase the Authorized Capital which may consist of Equity and/or Preference Shares as the Company in General Meeting may determine in accordance with the law for the time being in force relating to Companies with power to increase or reduce such capital from time to time, in accordance with the Regulations of the Company and the legislative provisions for the time being in force in this behalf and with power to divide the shares in the Capital for the time being into Equity Share Capital or Preference Share Capital and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions and to vary, modify and abrogate the same in such manner as may be determined by or in accordance with these presents.

4. Increase of Capital by the Company at how carried into effect

The Company may in General Meeting, from time to time by ordinary resolution, increase its capital by creation of new shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new shares shall be issued upon such terms and conditions 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 asset of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87 and 88 of Act. Whenever the Capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act.

9. Consolidation division, sub-division and cancellation of Shares

Subject to the provisions of Section 94 of the Act, the Company in General Meeting may from time to time by an ordinary resolution after the conditions of its Memorandum as follows:

- a) Consolidate and divide all or any of its share capital in to shares of large amount than its existing shares
- b) Sub-divide its shares or any of them into shares of smaller amount than fixed by the Memorandum, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on such reduce share shall be the same it was in the case of the share from which the reduced share is derived.
- c) Cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled. A cancellation of shares in pursuance of this sub-clause shall not be deemed to be reduction of share capital within the meaning of the Act.

Whenever the Company shall do any one or more of the things provided for in the foregoing sub-clauses (a), (b) and (c), the Company shall within thirty days thereafter give notice thereof to the Registrar as required by Section 95 of the Act, specifying, as the case may be, the shares consolidated, divided, sub-divided or cancelled.

SHARES AND CERTIFICATES

11. Restriction on allotment and return of allotment

The Board of Directors shall observe the restrictions to allotment of shares to the public contained in Sections 69 and 70 of the Act and shall cause to be made the returns as to allotment provided for in Sections 75 of the Act.

12. Further issue of shares

[1] Where at the time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares either out of the unissued capital or out of the increased share capital then :

- a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.
- b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.
- c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favor of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right, PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.
- d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner and to such person(s) as they may think, in their sole discretion, fit.

[2] Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever.

- a) If a special resolution to that effect is passed by the company in General Meeting , or
- b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favor of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the company.

[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 a second time on the ground that person in whose favor the renunciation was first made has declined to take the shares comprised in the renunciation.

[4] Nothing in this Articles shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company :

- i) To convert such debentures or loans into shares in the Company; or
- ii) To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise).

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the 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 Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or the raising of the loans.

13. Shares at the Disposal of the Directors

Subject to the provisions of section 81 of the Act and these Articles, the shares (including any shares forming part of any increased 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 in (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 the 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 as fully paid up shares and if so issued, shall be deemed to be fully paid shares. 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.

15. Power also to Company in General Meeting to issue shares

In addition to and without derogating from the powers for that purpose conferred on the Board under these Articles, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, by Special Resolution other than Bonus Share Issue, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to any person (whether a Member or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, as such General Meeting shall determine and with full powers to give any person (whether a Member or not) the option to call for or be allotted shares of any class of the Company either (subject to compliance with the provisions of Sections 78

and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such considerations as may be directed by such General Meeting of the Company and General Meeting may make any other provisions whatsoever for the issue, allotment or disposal of any shares.

18. The Board may issue shares as fully paid-up

Subject to the provisions of the Act and these Articles, the Board may allot and issue shares in the Capital of the Company as payment of any property sold or transferred or for services rendered to the Company in the conduct of its business or in satisfaction of any shares, which may be so issued shall be deemed to be fully paid-up or partly paid-up shares.

22. Limitation of time for Issue of Certificates.

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 may from time to time 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 one month 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 issued under the seal of the company and shall be signed in conformity with the provisions of the Companies (Issue of Share Certificates) Rules, 1960 or any statutory modification or reenactment thereof for the time being in force and shall specify the number and distinctive number 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 or approve. Such certificate shall be issued only in pursuance of a resolution passed by the Board including any committee thereof and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issue against letters of acceptance or of renunciation or in cases of issue of bonus shares PROVIDED THAT if the letter of allotment is lost or destroyed, the Board may impose such reasonable terms, if any, as it thinks fit, as to evidence and indemnity and the payment of out of pocket expenses incurred by the Company in investigating the evidence. If any member shall require additional certificates he shall pay for each additional certificate (not being in the marketable lot) such sum not exceeding One Rupee as the Directors shall determine.

In respect of a share or shares held jointly by several persons, the company shall not be borne to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder.

22-A. Dematerialization of securities.

Beneficial owner means a persons or persons whose name is recorded as such with a depository.

Depository means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992.

SEBI means Securities and Exchange Board of India.

Security means such security as may be specified by SEBI from time to time.

- a) Dematerialization: Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize, its existing Securities, rematerialize its Securities held in the Depositories and/or to offer its fresh Securities in a dematerialized form pursuant to the Depositories Act, and the rules framed there under, if any.
- b) Options for Investors: Subject to Section 68B of the Act, every Person subscribing to Securities offered by the Company shall have the option to receive security certificates or to hold the Securities with a Depository. Such a Person who is the Beneficial Owner of the Securities can at any time opt out of a Depository, if permitted by law, in respect of any Securities in a manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the Beneficial Owner the required Certificate of Securities.
If a Person opts to hold his Securities with a Depository, the Company shall intimate such Depository the details of allotment of the Securities and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the Securities.
- c) Securities in Depositories to be in fungible form: All Securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.
- d) Rights of Depositories & Beneficial Owners:
 - i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the Registered Owner for the purposes of effecting transfer of ownership of Securities on behalf of the Beneficial Owner.
 - ii) Save as otherwise provided in (i) above, the Depository as the Registered Owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.
 - iii) Every person holding Shares of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a Member of the Company.
 - iv) The Beneficial Owner of Securities shall, in accordance with the provisions of these Articles and the Act, be entitled to all the rights and subject to all the liabilities in respect of his Securities, which are held by a Depository.
- e) Service of Documents: Notwithstanding anything contained in the Act or these Articles to the contrary, where Securities are held in a Depository, the records of the Beneficial Ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.
- f) Transfer of Securities:
 - i) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of Securities affected by transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.
 - ii) In the case of transfer or transmission of Shares or other marketable Securities where the Company has not issued any certificates and where such Shares or Securities are being held in any electronic or fungible form in a Depository, the provisions of the Depositories Act shall apply.
- g) Allotment of Securities dealt with in a Depository: Notwithstanding anything in the Act or these Articles, where Securities are dealt with by a Depository, the Company shall intimate the details of allotment of relevant Securities thereof to the Depository immediately on allotment of such Securities.
- h) Certificate No. Etc. of Securities in Depository: Nothing contained in the Act or these Articles regarding the necessity of having certificate number/distinctive numbers for Securities issued by the Company shall apply to Securities held with a Depository.

- i) Register and Index of Beneficial Owners: The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act, shall be deemed to be the Register and Index (if applicable) of Members and Security holders for the purposes of these Articles.

23. Issue of New Certificate in place of one defaced, lost or destroyed.

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, and a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the 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 of regulation or requirements of any stock Exchange or the rules made under the Act or the rules made under Securities contracts (Regulation) Act, 1956 or any other Act or rules applicable in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the company.

INTEREST OUT OF CAPITAL

31. Interest out of Capital

Where any shares are issued for the purposes of raising money to defray the expenses of the construction of any works or buildings or the provisions of any plant, which cannot be made profitable for lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building or the provision of the plant.

CALLS

33. Directors may make call

Subject to the provisions of Section 91 of the Act the Board of Directors may, from time to time by a Resolution passed at a meeting of a Board (and not by a circular resolution), make such calls as it think fit upon the members in respect of all moneys unpaid on the shares whether on account of the nominal value of the shares or by way of premium, held by them respectively and not by conditions of allotment thereof made payable at fixed time and each member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board of Directors. A call may be made payable by installments. A call may be postponed or revoked as the Board may determine.

40. Payment in anticipation of call may carry interest.

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 money due upon the shares held by

him beyond the sums actually called for and upon the amount so paid or satisfied in advance, or 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 not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

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.

The provisions of these Articles shall mutatis apply to the calls on debentures of the company.

41. Company's lien on shares/debentures.

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 wholly or in part to be exempt from the provisions of this clause.

42. As to enforcing lien by sale

The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien for the purpose of enforcing the same PROVIDED THAT no sale shall be made:

- a) Unless a sum in respect of which the lien exists is presently payable or
- b) Until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency. For the purpose of such sale, the Board 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 members.
- c) The purchaser shall not be bound to see the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

FORFEITURE OF SHARES

44. If money payable on share not paid notice to be given

If any member fails to pay the whole or any part of any call or any installment of a call on or before the day appointed for the payment of the same or any such extension thereof, the Board of Directors may, at any time thereafter, during such time as the call for installment remains unpaid, give notice to him requiring him to

pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

45. Sum payable on allotment to be deemed a call

For the purposes of the provisions of these presents relating to forfeiture of shares the sum payable upon allotment in respect of a share shall be deemed to be a call payable upon such share on the day of allotment.

47. In default of payment shares to be forfeited

If the requirements of any such notice as aforesaid are not complied with any share or shares in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interests and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited shares and not actually paid before the forfeiture.

48. Notice of forfeiture to a member

When any share shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

49. Forfeited share to be the property of the Company and may be sold etc.

Any share so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed off, either to the original holder or to any other person, upon such terms and in such manner as the Board of Directors shall think fit.

51. Effect of forfeiture

The forfeiture of a share shall involve the extinction at the time of the forfeiture of all interest in and all claims and demand against the Company in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

52. Power to annul forfeiture

The Board of Directors may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed off, annul the forfeiture thereof upon such conditions as it thinks fit.

54. Provisions of these Articles as to forfeiture to apply in case of non-payment of any sum

The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a share becomes payable at a fixed time, whether on account of the nominal value of a share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

55. Cancellation of share certificate in respect of forfeited shares

Upon sale, re-allotment or other disposal, under the provisions of these Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of 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.

56. Surrender of Shares

The Directors may, subject to the provisions of the Act, accept a surrender of any share from any member desirous of surrendering on such terms and conditions as they think fit.

TRANSFER AND TRANSMISSION OF SHARES

57. No transfer to minor etc.

The Board shall not issue or register a transfer of any shares for a minor (except in case when they are fully paid) or insolvent or person of unsound mind.

58. Instrument of transfer.

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.

59. Application for transfer

- (a) An application for registration of a transfer of the shares in the Company may be either by the transferor or the transferee.
- (b) Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.
- (c) For the purpose of clause (b) above notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

60. Execution of transfer

The instrument of transfer of any share shall be duly stamped and executed by or on behalf of both the transferor and the transferee and shall be attested. The transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of Members in respect thereof.

PROVIDED THAT 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.

62. Register of Members when closed

The Board of Directors shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situated to close the Register of Members and/or 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 each year as it may seem expedient to the Board.

63. Directors may refuse to register transfers.

Subject to the provisions of section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Director may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of 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 when the company has a lien on the shares. Transfer of shares / debentures in whatever lot shall not be refused.

64. Directors may refuse any application for split or consolidation of Certificate(s)

Subject to the power of the Directors stated in Article 63 and the provisions of this clause, transfer of Shares/Debentures, in whatever lot should not be refused. However, the Company may refuse to split a Share Certificate/Debenture Certificate into several scrips of very small denominations or to consider a proposal for transfer of Shares/Debentures comprised in a Share Certificate/Debenture Certificate to several parties, involving such splitting if on the face of its such splitting/transfer appears to be unreasonable or without a genuine need or a marketable lot.

71. No fee on transfer or transmission.

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.

72. Transfer to be presented with evidence of title

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 generally under and subject to such conditions and regulations as the Board may, from time to time, prescribe and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.

BORROWING POWERS

82. Power of Borrow

Subject to the provisions of Sections 58A, 292 and 293 of the Act and of these Articles the Board of Directors may, from time to time at its discretion by a resolution passed at a meeting of the Board, borrow, accept, deposits from members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any such sum or sums of money for the purpose of the Company from any source. PROVIDED THAT, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceeds the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the Company in general meeting. No debt incurred by the Company in excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.

83. The payment or repayment of money borrowed

The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respect as the Board of Directors may think fit and in particular in pursuance of a resolution passed at a meeting of the Board (and not by Circular Resolution) by the issue of bonds, debentures or debenture-stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its uncalled capital for the time being and the debentures and the debenture-stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

MEETING OF MEMBERS

86. Statutory Meeting

The Statutory Meeting shall be held in accordance with the provisions of Section 165 of the Act within a period of not less than one month and not more than six months from the date on which the Company shall be entitled to commence business.

87. Annual General Meeting and the persons entitled to attend

- (i) The Company shall in each year held, in addition to any other meeting a General Meeting as its Annual General Meeting in accordance with the provisions of Sections 166 and 210 of the Act and shall specify the meeting as such in the notice calling it, except in the case where the Registrar, has given an extension of time for holding any Annual General Meeting, of the Company and that of the next.

PROVIDED THAT if the Registrar shall have for special reason, extended the time within which any Annual General Meeting shall be held such Annual General Meeting may be held within the additional time.

- (ii) Every Annual General Meeting shall be called for any time during business hours, on a day that is not a public and shall be held either at the registered office of the Company or at some other place within the city or town or village in which the registered office of the Company is situated for the time being.
- (iii) Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor.

89. Extra-ordinary General Meeting

All General Meetings other than Annual General Meetings shall be called Extra-ordinary General Meetings.

93. Length of notice of meeting

- (a) A General Meeting of the Company may be called by giving not less than twenty-one days notice in writing.
- (b) A General Meeting may be called after giving shorter notice than that specified in clause (1) hereof; if consent is accorded thereto:
 - a. in the case of Annual General Meeting by all the members entitled to vote thereat and
 - b. in the case of any other meeting, by members of the Company holding not less than ninety-five per cent of such part of the paid up share capital of the Company as gives a right to vote at the meeting.

PROVIDED THAT where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at a meeting and not on the others, those members shall be taken into account for the purpose of this clause in respect of the former resolution or resolutions and not in respect of the later.

98. Quorum

Five members entitled to vote and present in person shall be quorum for General Meeting and no business shall be transacted at the general meeting unless the quorum requisite be present at the commencement of the meeting. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act. The President of India or the Governor of a State being a member of the Company shall be deemed to be personally present if he is presented in accordance with Section 187A of the Act.

100. Resolutions passed at adjourned meeting

Where a resolution is passed at an adjourned meeting of the Company, the resolution for all purposes is treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.

101. Chairman of general meeting

The Chairman of the Board of Directors shall be entitled to take the chair at every general meeting or if there be no such Chairman or if any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting or shall decline to take the Chair, the Vice-Chairman, if any, shall be entitled to take the chair. If the Vice-Chairman is also not present or is unwilling to take the chair, the Directors present shall elect one of them as Chairman and if no Director be present or if the Directors present decline to take the chair, then the members present shall elect one of the members to be a Chairman. If a poll is demanded on the election of the Chairman, it shall be taken forthwith in accordance with the provisions of the Act and the Chairman elected on show of hands shall exercise all the powers of

the Chairman under the under the said provision. If some other person is elected Chairman as a result of the poll he shall be the Chairman for the rest of the meeting.

103. Chairman may adjourn, meeting

- (a) 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 meeting from time to time and from place to place.
- (b) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which, the adjournment took place.
- (c) When a meeting is adjourned for thirty days or more notice of the adjourned meeting shall be given as in the case of an original meeting.
- (d) Save as aforesaid, it shall not be necessary to give any notice of an adjournment of or of the business to be transacted at any adjourned meeting.

111. Special notice

Where, by any provision contained in the Act or these Articles, special notice is required for any resolution, notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the meeting at which it is to be moved, exclusive of the day on which the notice is served or deemed to be served and the day of the meeting. The Company shall immediately after the notice of the intention to move any such resolution has been received by it, give its members notice of the resolution in the same manner as it gives notice of the meeting or if that is not practicable shall give them notice thereof, either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by these presents not less than seven days before the meeting.

VOTES OF MEMBERS

113. Restriction on exercise of voting rights of members who have not paid calls

No member shall exercise any voting rights 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 exercised any right of lien.

114. Number of votes to which member entitled

Subject to the provisions of Article 112 every member of the Company, holding any equity share capital and otherwise entitled to vote shall, on a show of hands when present in person (or being a body corporate present by a representative duly authorized) have one vote and on a poll, when present in person (including a body corporate by a duly authorized representative) or by an agent duly authorized under a Power of Attorney or by proxy, his voting right shall be in proportion to his share of the paid-up equity share capital of the Company. Provided however, if any preference share-holder be present at any meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 87, he shall have a right to vote only on resolutions before the meeting which directly affect the rights attached to his preference shares. A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the Company for any specified period preceding the date on which the vote is taken.

115. Votes of members of unsound mind

A member of unsound mind or in respect of whom order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian and any such committee or guardian may, on a poll vote by proxy.

116. Votes of joint members

If there be joint registered holders of any shares one of such persons may vote at any meeting personally or by an agent duly authorized under a Power of Attorney or by proxy in respect of such shares as if he were solely, entitled thereto but the proxy so appointed shall not have any right to speak at the meeting and if more than one of such joint holders be present at any meeting either personally or by agent or by proxy, that one of the said persons so present who stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the holders shall be entitled to vote in preference to a person present by an agent duly authorized under a Power of Attorney or by proxy although the name of such person present by agent or proxy stands first or higher in the register in respect of such shares Several executors or administrators of a deceased member in whose name shares stand shall for the purpose of these Articles be deemed joint holders thereof.

DIRECTORS

130. Number of Directors

Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three and not more than twelve.

134. Appointment of Alternate Director

The Board may appoint an Alternate Director recommended for such appointment by the Director (hereinafter in this Article called "the Original Director") to act for him during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. Every such Alternate Director shall, subject to his giving to the Company an address in India at which notice may be served on him, be entitled to notice of meetings of Directors and to attend and vote as a Director and be counted for the purposes of a quorum and generally at such meetings to have and exercise all the powers and duties and authorities of the Original Director. The Alternate Director appointed under this Article shall vacate office as and when the Original Director returns to the State in which the meetings of the Board are ordinarily held if the terms of office of the Original Director is determined before he returns to as aforesaid. Any provision in the Act or in these Articles for automatic re-appointment of retiring Director in default of another appointment shall apply to the Original Director and the Alternate Director.

136. Additional Directors

The Directors shall also have power to at any time and from time to time appoint any other person to be a Director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum fixed. Any person so appointed as an addition to the Board shall hold his office only upto the date of the next Annual General Meeting but shall be eligible for election at such meeting.

137. Qualification shares

A Director need not hold any qualification shares.

138. Remuneration of Directors

The remuneration of a Director for his service shall be such sum as may be fixed by the Board of Directors subject to a ceiling as may be prescribed by the Central Government from time to time for each meeting of the Board or a Committee thereof attended by him. The Directors subject to the sanction of the Central Government (if any required) may be paid such further remuneration as the Company in General Meeting shall, from time to time, determined and such further remuneration shall be divided among the Directors in such proportion and manner as the Board may from time to time determine and in default of such determination shall be divided among the Directors equally.

Subject to the provisions of the Act, a Director who is either in the whole time employment of the Company or a Managing Director may be paid remuneration as provided in Sections 198, 309, 310 and 311 of the Act and Schedule XIII of the Act either by way of monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.

Subject to the provisions of the Act, a Directors who is neither in the Whole-time employment of the Company nor a Managing Director may be paid remuneration as provided in Sections 198, 309, 310 and 311 of the Act and Schedule XIII of the Act either:

- i. by way of a monthly, quarterly or annual payment with the approval of the Central Government; or
- ii. by way of commission if the Company by special resolution authorize such payment.

A Director may receive remuneration by way of a fee for each meeting of the Board or a committee thereof attended by him as prescribed by Central Government.

143. Disclosure to the Members of Director's interest in contract in appointing Manager, Managing Director or Whole-time Director

When the Company:

- a) enters into a contract for the appointment of a Managing Director or Whole-time Director in which contract any Director of the Company is, whether directly or indirectly, concerned or interested; or
- b) varies any such contract already in existence and in which a Director is concerned or interested as aforesaid, the provision of Section 302 of the Act shall be complied with.

144. Disqualification of Director

A person shall not be capable of being appointed Director of the Company if:

- a) he has been found to be of unsound mind by a Court of competent jurisdiction and the finding is in force;
- b) he is an un-discharged insolvent;

- c) he has applied to be adjudged an insolvent and his application is pending;
- d) he has been convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not been elapsed from the date of expiry of the sentence;
- e) he has not paid any call in respect of shares of the Company held by him whether alone or jointly with others and six months have elapsed from the last day fixed for the payment of the call; or
- f) as order disqualifying him for appointment as Director has been passed by a Court in pursuance of Section 203 of the Act and is in force; unless the leave of the Court has been obtained for his appointment in pursuance of that section.

146. Disclosure of interest by Director

- [1] Every Director of the Company who is in any way whether directly or indirectly concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into, by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board of the Directors in the manner provided in Section 299(2) of the Act.
- [2]
 - (a) In the case of proposed contract or the arrangement, the disclosure required to be made by a Director under clause (1) shall be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration or if the Director was not at the date of that meeting concerned or interested in the proposed contract or arrangement at the first meeting of the Board held after he be so concerned or interested.
 - (b) In case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangement.
- [3]
 - (a) For the purpose of clauses (1) and (2) a general notice given to the Board by a Director to the effect that he is a Director or a member of a specified body corporate or is a member of a specified firm and is to be regarded as interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be sufficient disclosure of concern or interest in relation to any contract or arrangement so made.
 - (b) Any such general notice shall expire at the end of the financial year in which it is given, but may be renewed for further period of one financial year at a time by a fresh notice given in which it would otherwise expires.
 - (c) No such general notice and no renewal thereof, shall be of effect unless either it is given at a meeting of the Board or the Directors concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given. Nothing in this Article shall apply to any contract or arrangement entered into or to be entered into between the Company and any other company where any one or more of the Directors of the Company together holds or hold not more than two percent of the paid up share capital in the other company.

ROTATION AND APPOINTMENT OF DIRECTORS

148. Rotation of Directors

Not less than two thirds of the total number of Directors shall (a) be persons whose period of the office is liable to termination by retirement of Directors by rotation and (b) Directors be appointed by the Company in General Meeting.

149. Retirement of Directors

Subject to the provisions of Section 256 of the Act and Articles 135, 136 to 143 at every 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 the number nearest to one-third shall retire from office. The Debenture Directors, Nominee Directors, Corporation Directors, subject to Article 159 Managing Directors, if any, shall not be subject to retirement under this Article and shall not be taken into account in determining the number of Directors to retire by rotation. In these Articles, a "Retiring Director" means a Director retiring by rotation.

154. Company may increase or reduce the number of Directors or remove any Director

Subject to the provisions of Sections, 252, 255 and 259 of the Act, the Company may, by ordinary resolution from time to time, increase or reduce the number of Directors and may alter qualifications.

157. Disclosure by Directors of their holdings of shares and debentures of the Company

Every Director and every person deemed to be a Director of the Company by virtue of sub-section (10) of Section 307 of the Act shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that section. Any such notice shall be given in writing and if it is not given at a meeting of the Board, the person giving the notice shall take all reasonable steps to secure that it is brought up and read at the first meeting of the Board next after it is given.

MANAGING DIRECTOR, WHOLE-TIME DIRECTOR

158. Board may appoint Managing Director or Managing Directors and or Whole-time Directors

Subject to the provisions of the Act and these Articles, the Directors shall have power to appoint from time to time one or more of their body to be Managing Director or Managing Directors and or Whole-time Director or Whole-time Directors of the Company for such term not exceeding five years at a time as they may think fit to manage the affairs and business of the Company 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.

160. Remuneration of Managing or Whole-time Director(s)

The remuneration of the Managing Director and or Whole-time Director shall (subject to such sanction by the Central Government as by law required and subject to Section 309 and other applicable provisions of the Act, including Schedule XIII of the Act and of these Articles and of any contract between him and the Company) be fixed by the Directors, from time to time and may be by way of fixed salary and/or perquisites

or commission on profits of the Company or by participation in such profits or by any other mode not expressly prohibited by the Act.

161. Powers and duties of Managing and/or Whole-time Director(s)

Subject to the superintendence, control and direction of the Board the day to day management of the Company shall be in the hands of the Managing Director(s) or Whole-time Director(s) appointed under Article 159 with power to the Board to distribute such day to day management functions among such Director(s) in any manner as deemed fit by the Board and subject to the provisions of the Act and these Articles the Board may by resolution vest any such Managing Director or Managing Directors or Whole-time Director or Whole-time Directors with such of the power hereby vested in the Board generally as it thinks fit and such powers may be made exercisable for such periods and upon such conditions and subject to the such restrictions as it may determine and they may subject to the provisions of the Act and these Articles confer such power either collaterally with or to the exclusion of or in substitution for all or any of the powers of the Director in that behalf and may from time to time revoke withdraw, alter or vary all or any of such powers.

PROCEEDINGS OF THE BOARD OF DIRECTORS

162. Meeting of the Directors

The Directors may meet together as a Board for the dispatch of business from time to time unless the Central Government by virtue of the proviso to Section 285 of the Act otherwise directs, shall so meet at least once in every three months and at least four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings as they think fit. The provision of this Article shall not be deemed to have been contravened merely by reason of the fact that the meeting of the Board which had been called in compliance with the terms of this Article could not be held for want of a quorum.

163. Notice of meeting

[1] Notice of every meeting of the Board of Directors shall be given in writing to every Director for the time being in India and at his usual address in India to every other Director. At least seven days notice in writing shall be given to Directors specifying the time and place of the meeting.

164. Quorum

- [a] Subject to Section 287 of the Act, the quorum for a meeting of the Board of Directors shall be one third of its total strength (excluding Directors, if any, whose place may be vacant at the time and 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 at any meeting exceeds or is equal to two-third of the total strength, the number of the remaining Directors (that is to say, the number of remaining who are not interested) present at the meeting being not less than two shall be the quorum during such time.
- [b] For the purpose of clause (a)
 - (i) 'Total strength', means total strength of the Board of Directors of the Company determined in pursuance of the Act, after deducting there from number of the Directors, if any, whose places may be vacant at the time; and

- (ii) "Interested Directors" means any Director whose presence cannot by reason of any provisions in the Act, count for the purpose of forming a quorum at a meeting of the Board, at the time of the discussion or vote on any matter.

166. Chairman

The Directors from among their number may elect a Chairman of the Board of Directors. If at any meeting the Chairman is not present at the time appointed for holding the same, the Directors present shall choose one of their numbers to be the Chairman of such meeting.

POWERS OF THE BOARD

173. General Powers of Management vested in Directors

The business of the Company shall be managed by the Directors who may exercise all such powers of the Company and do all such acts and things as are not by the Act or any other Act or by the Memorandum or by the Articles of Company required to be exercised by the Company in General Meeting. Subject nevertheless to any regulation of these Articles or the provisions of the Act or any other Act and to such regulation being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in General Meeting but no regulations made by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made, provided that the Board of Directors shall not except with the consent of the Company in General Meeting;

[a] sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking;

[b] remit or give time for the payment of any debt due by a Director.

[c] invest, otherwise than in trust securities, the amount of compensation received by the Company in respect of the compulsory acquisition, of any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;

[d] borrow moneys, where moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose; or

[e] contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees any amount the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years immediately proceeding, whichever is greater, provided that the Company in General Meeting or the Board of Directors shall not contribute any amounts to any political party or for any political purpose to any individual or body :

(i) Provided that in respect of the matter referred to in clauses (d) and (e) such consent shall be obtained by a resolution of the Company which shall specify the total amount upto which moneys may be borrowed by the Board under clause (d) or as the case may be, total amount which may be contributed to charitable or other funds in any financial year under clause

(ii) Provided further that the expression “temporary loans” in clause (d) above shall means loans repayable on demand or within six months from the date of the loan such as short term cash credit arrangements, the discounting of bills and the issue of other short term of a seasonal character, but does not include loans raised for the purpose of financing expenditure of a capital nature.

MINUTES

176. Minutes to be made

- [1] The Company shall cause minutes of all proceedings of General Meetings and of all proceedings of every meeting of the Board of Directors or of every committee thereof within thirty days of the conclusion of every such meeting concerned by making entries thereof in books kept for that purpose with their pages consecutively numbered.
- [2] Each page of every such books shall be initialed or signed and the last page of the record of proceedings of each meeting in such books shall be dated and signed.
 - (a) in the case of minutes of proceedings of a meeting of Board or of a committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting.
 - (b) in the case of minutes of proceedings of the General Meeting, by the Chairman of the said meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman, within that period by a Director duly authorized by the Board for the purpose.
- [3] In no case minutes of proceedings of a meeting shall be attached to any such book as aforesaid by passing or otherwise.
- [4] The minutes of each meeting shall contain a fair and correct summary of the proceedings thereof.
- [5] All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.
- [6] In case of a meeting of the Board of Directors or a committee of the Board the minutes shall contain:
 - (a) the names of the Directors present at the meeting;
 - (b) in the case of each resolution passed at meeting the names of the Directors, if any, dissenting from or not concurring in the resolution.
- [7] Nothing contained in clauses (1) to (6) hereof shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting:
 - (a) is or could reasonably be regarded as defamatory of any person;
 - (b) is irrelevant or immaterial to the proceeding; or

(c) is detrimental to the interest of the Company.

The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the ground specified in this sub-clause.

177. Minutes to be evidence of the proceedings

The minutes of proceedings of every General Meeting and of the proceedings of every meeting of the Board or of every committee kept in accordance with the provisions of Section 193 of the Act shall be evidence of the proceedings recorded therein.

THE SECRETARY

179. Secretary

The Directors may from time to time appoint and at their discretion, remove any individual (hereinafter called "The Secretary") to perform any functions, which by the Act are 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 registers required to be kept by the Company. The appointment of Secretary shall be made according to the provisions of the Companies (Secretary's Qualification) Rules, 1975.

COMMON SEAL

180. The Seal, its custody and use

- [a] The Board of Directors shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof and the Board shall provide for the safe custody of the Seal for the time being, under such regulations as the Board may prescribe.
- [b] The Seal shall not be affixed to any instrument except by the authority of the Board of Directors or a Committee of the Board previously given and in the presence of at least two Directors of the Company or at least one Director and Secretary or any other person duly authorized by the Board, both of whom shall sign every instrument to which the seal is affixed. Provided further that the certificates of shares or debentures shall be sealed in the manner and in conformity with the provisions of the Companies (Issue of Share Certificates) Rules, 1960 and their statutory modifications for the time being in force.

DIVIDEND

181. Division of profits

- [a] Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid but if and so long as nothing is paid upon any shares in the Company, dividends may be declared and paid according to the amounts of the shares.
- [b] No amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of this regulation as paid on the shares.

182. The Company in General Meeting may declare dividends

The Company in General Meeting may declare dividends, to be paid to members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors but the Company may declare a smaller dividend in General Meeting.

183. Dividend out of profits only

No dividend shall be payable except out of profits of the Company arrived at in the manner provided for in Section 205 of the Act.

184. Interim Dividend

The Board of Directors may from time to time pay to the members such interim dividends as in their judgment the position of the Company justifies.

185. Debts may be deducted

- [a] The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Company may retain dividends

- [b] The Board of Directors may retain the dividend payable upon shares in respect of which any person is under the transmission Article entitled to become a member or which any person under that Article is entitled to transfer until such person shall become a member or shall duly transfer the same.

187. Dividends in proportion to amount paid up

All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any shares is issued on terms, providing that it shall rank for dividends as from a particular date, such share shall rank for dividend accordingly.

188. No member to receive dividend whilst indebted to the Company and the Company's right of reimbursement thereof

No member shall be entitled to receive payment of any interest or dividend or bonus in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares (or otherwise however either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend to any member, all such sums of money so due from him to the Company.

189. Effect of Transfer of shares

A transfer of shares shall not pass the right to any dividend declared therein before the registration of the transfer.

190. Dividend to joint holders

Any one of several persons who are registered as joint holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of shares.

191. Dividend how remitted

The dividend payable in cash may be paid by cheque or warrant sent through post direct to registered address of the shareholder entitled to the payment of the dividend or in case of joint holders, to the registered address of that one of the joint holders which is first named on the register of members or to such person and to such address as the holders or the joint holder may in writing direct. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transit or for any dividend lost to the member or person entitled thereto by forged endorsement of any cheque or warrant or forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other means.

192. Notice of dividend

Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holders of share in the manner mentioned in the Act.

193. Reserves

The Directors may, before recommending or declaring any dividend set aside out of the profits of the Company such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors be applicable for meeting contingencies or for any other purpose to which the profits of the Company may be properly applied and pending such application may, at the like discretion either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Directors may from time to time think fit.

194. Dividend to be paid within forty two days

The Company shall pay the dividend or send the warrant in respect thereof to shareholders entitled to the payment of dividend, within forty-two days from the date of the declaration unless :

- a) When the dividend could not be paid by reason of the operation of any law.
- b) Where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied.
- c) Where there is a dispute regarding the right to receive the dividend.
- d) Where the dividend has been lawfully adjusted by the Company against any sum due to it from shareholder; or
- e) Where for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.

195. Unpaid or unclaimed dividend

Where the company has declare dividend but which has not been paid or claimed within thirty days from the date of declaration, to any shareholder entitled to the payment of the dividend, the company shall within



seven days from the date of expiry of the said period of thirty days transfer the total amount of dividend which remains unpaid or unclaimed within the said period of thirty days to a special account opened by the company in that behalf in any scheduled bank, to be called “Unpaid Dividend Account of MIDVALLEY ENTERTAINMENT LIMITED”

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 established under subsection (1) of section 205C of the companies Act, 1956.

No unclaimed or unpaid dividend shall be forfeited by the Board.

197. Dividend in cash

No dividend shall be payable except in cash, provided that nothing in this Article shall be deemed to prohibit the capitalization of the profits or reserves of the Company for the purpose of issuing duly paid up bonus shares or paying up any amount for the time being unpaid on any shares held by members of the Company.

CAPITALIZATION

200. Fractional certificates

1. Whenever such a resolution as aforesaid shall have been passed, the Board shall
 - a. make all appropriations and Bids of the undivided profits resolved to be capitalized thereby and all allotments and issues of fully paid shares and
 - b. Generally do all acts and things required to give effect thereto.
2. The Board shall have full power:
 - c. to make such provision, by the issue of fractional cash certificate or by payment in cash or otherwise as it thinks fit, in the case of shares becoming distributable in fractions, also
 - d. to authorize any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively credited as fully paid up, of any further shares to which they may be entitled upon such capitalization or (as the case may require) for the payment by the Company on their behalf, by the application thereof of either respective proportions of the profits resolved to be capitalized of the amounts remaining unpaid on their existing shares.
3. Any agreement made under such authority shall be effective and binding on all such members.
4. That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any question or difficulties that may arise in regard to any issue including distribution of new equity shares and fractional certificates as they think fit.

ACCOUNTS

201. Books to be kept

The Company shall keep at its registered office proper books of account as would give a true and fair view of the state of affairs of the Company or its transaction with respect to:

- 1) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure take place;
- 2) all sales and purchases of goods by the Company;
- 3) the assets and liabilities of the Company; and
- 4) if so required by the Central Government, such particulars relating to utilization of material or labor or to other items of cost as may be prescribed by that Government.

Provided that all or any of the books of account aforesaid may be kept at such other place in India as the Board of Directors may decide and when the Board of Directors so decides, the Company shall, within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place.

203. Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with the provisions of clause (1) if proper books of account relating to the transactions effected at the branch are kept at that office and proper summarized returns, made up to date at intervals of not more than three months, are sent by the branch office to the Company at its registered office or the place referred to in clause 202. The books of account and other books and papers shall be open to inspection by any Director during business hours.

204. Inspection by members

- 1) The Directors shall from time to time determine whether and to what extent and at what time and places and under what conditions or regulations the accounts and works of the Company or any of them shall be open to the inspection of members not being Directors.
- 2) No member (not being a Director) shall have any right of inspecting any account books or documents of the Company except as allowed by law or authorized by the Board.

206. Right of member to copies of Balance Sheet and Auditors' Report

A copy of every balance sheet (including the profit and loss account, the Auditors' Report and every other document required by law to be annexed or attached as the case may be, to the balance sheet) which is to be laid before a Company in general meeting shall not, less than twenty-one days before the date of the 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 it will not be required to send a copy of the documents aforesaid:

- a) to a member or holder of debentures, of the Company, who is not entitled to have notices of general meetings of the Company sent to him and of whose address the Company is unaware;
- b) to more than one of the joint holders of any shares or debentures none of whom is entitled to have such notices sent to him;
- c) in the case of joint holders of any shares or debentures, some of whom are and some of whom are not entitled to have such notices sent to them, to those who are not so entitled;

- d) in the case of a Company whose shares are listed on a recognized stock exchange, if the copies of the documents aforesaid are made available for inspection at its registered office during working hours for a period of twenty one days before the date of the meeting and a statement containing the salient features of such documents in the prescribed form or copies of the documents aforesaid, as the Company may deem fit, is sent to every member of the Company 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.

AUDIT

207. Accounts to be audited

Once at least in every year the accounts of the Company shall be examined, balance and audited and the correctness of the Profit and Loss Account and Balance Sheet ascertained by one or more Auditor or Auditors.

208. Appointment of Auditors

- [1] Auditors shall be appointed and their qualifications, rights and duties regulated in accordance with Sections 224 to 229 and 231 of the Act.
- [2] The Company shall at each Annual General Meeting appoint at Auditor or Auditors to hold office from conclusion of that meeting until the conclusion of the next Annual General Meeting and shall within seven days of the appointment give intimation thereof to the Auditor so appointed unless he is a retiring Auditor.
- [3] At any Annual General Meeting a Retiring Auditor, by whatsoever authority appointed, shall be re-appointed unless;
 - i. he is not qualified for re-appointment;
 - ii. he has given to the Company notice in writing of his unwillingness to be re-appointed;
 - iii. a resolution has been passed at that meeting appointing somebody instead of him or providing expressly that he shall not be re-appointed; or
 - iv. where notice has been given of an intended resolution to appoint some person or persons in the place of Retiring Auditor and by reason of the death, incapacity or disqualification of that person or of all those persons as the case may be, the resolution cannot be proceeded with.
- [4] Where at Annual General Meeting, no Auditors are appointed or re-appointed the Central Government may appoint a person to fill the vacancy.
- [5] The Company shall within seven days of the Central Government's power under sub-clause (4) becoming exercisable give notice of that fact to that Government.
- [6] The Directors may fill any casual vacancy in the office of Auditors, but while any such vacancy continues, the surviving or continuing Auditor or Auditors (if any) may act but where such vacancy is

caused by the resignation of an Auditor, the vacancy shall only be filled by the Company in General Meeting.

- [7] A person, other than a Retiring Auditor, shall not be capable of being appointed at an Annual General Meeting unless a special notice of a resolution for appointment of that person to the office of Auditor has been given by a member to the Company, not less than fourteen days before the meeting in accordance with Section 190 of the Act and the Company shall send a copy of any such notice to Retiring Auditor and shall give notice thereof to the members in accordance with Section 190 of the Act and all the other provisions of Section 225 of the Act shall apply in the matter. The provisions of this sub-clause shall also apply to a resolution that Retiring Auditor shall not be re-appointed.

DOCUMENTS AND NOTICES

210. To whom documents must be served or given

Document or notice of every meeting shall be served or given on or to (a) every member, (b) every person entitled to a share in consequence of the death or insolvency of a member and (c) the Auditor or Auditors for the time being of the Company. PROVIDED that when the notice of the meeting is given by advertising the same in newspaper circulating in the neighborhood of the office of the Company under Article 99, a statement of material facts referred to in Article 100 need not be annexed to the notice, as is required by that Article, but it shall merely be mentioned in the advertisement that the statement has been forwarded to the members of the Company.

REGISTER AND DOCUMENTS

214. Registers and documents to be maintained by the Company

The Company shall keep and maintain Registers, Books and Documents required by the Act or these Articles, including the following:

- a) Register of Investments made by the Company but not held in its own name as required by Section 49(7) of the Act.
- b) Register of Mortgages and Charges as required by Section 143 of the Act and copies of instruments creating any charge requiring registration according to Section 136 of the Act.
- c) Register and Index of Members and Debenture holder as required by Sections 150, 151 and 152 of the Act.
- d) Foreign Register, if so thought fit, as required by Section 157 of the Act.
- e) Register of Contracts with Companies and Firms in which Directors are interested as required by Section 301 of the Act.
- f) Register of Directors and Secretary as required by Section 303 of the Act.
- g) Register as to holdings by Directors of shares and/or debentures in the Company as required by Section 307 of the Act.

- h) Register of Investments made by the Company in Shares and Debentures of the bodies corporate in the same group as required by Section 372(2) of the Act.
- i) Copies of Annual Returns prepared under Section 159 of the Act together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act.
- j) Register of loans, guarantees or securities given to other companies under the same management as required by Section 370 of the Act.
- k) Register of renewed and duplicate certificates and required under Rule 7(2) of the Companies Issue of Share Certificates Rules, 1960.

215. Inspection of Registers

The Registers mentioned in clauses (f) and (i) of the foregoing Article and the minutes of all proceedings of general meetings shall be open to inspection and extracts may be taken there from and copies thereof may be required by any member of the Company in the same manner, to the same extent and on payment of the same fees as in case of the Register of Members of the Company provided for in clause (c) thereof. Copies of entries in the Registers mentioned in the foregoing Article shall be furnished to the persons entitled to the same on such days and during such business hours as may be consistent with the provisions of the Act in that behalf as determined by the Company in General Meeting.

WINDING UP

216. Distribution of Assets

If the Company shall be wound up and the assets available for distributing among the 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 the proportion to the capital paid up or which ought to have been paid up at the commencement of winding up, on the shares held by them respectively and if in the winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

217. Distribution in specie or kind

- a) If the Company shall be wound up, whether voluntarily or otherwise, the liquidator may, with the sanction of a special resolution, divide amongst the contributories in specie or kind, any part of the assets of the Company and may with the like sanction vest any part of the assets of the Company in Trustees upon such trusts for the benefit of the contributories or any of them as the Liquidator, with the like sanction, shall think fit.
- b) If thought expedient any such division may subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given preferential or special rights or

may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories, shall be determined on any contributory who would be prejudicial thereby shall have a right to dissent and ancillary rights as if such determination were a special resolution passed pursuant to Section 494 of the Act.

- c) In case any shares to be divided as aforesaid involve a liability to calls or otherwise, any person entitled under such division to any of the said shares may within ten days after the passing of the special resolution by notice in writing direct the liquidator to sell his proportion and pay him the net proceeds and the liquidator shall, if practicable, act accordingly.

SECRECY CLAUSE

221. Secrecy Clause

Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall, if so required by the Director, before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matter 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 to do so by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of provisions in these presents contained.

222. No member to enter the premises of the Company without permission

No member or other person (not being a Director) shall be entitled to visit or inspect any property or premises of the Company without the permission of the Board of Directors or Managing Director or to inquire discovery of or any information respecting any details of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process or any other matter which relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.

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 our Company or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Draft Red Herring Prospectus, delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of our Company situated at 9th Floor, Gee Gee Emerald, 312, Valluvar Kottam High Road, Nungambakkam, Chennai – 600 034, Tamil Nadu, India from 11.00 hours to 15.00 hours on any working day, excluding Saturday and Sunday from the date of this Draft Red Herring Prospectus until the Offer closing date.

MATERIAL CONTRACTS

- Engagement letter dated May 25, 2010 issued by our company to the Aryaman Financial Services Limited.
- Memorandum of Understanding dated August 16, 2010 among our Company and Aryaman Financial Services Limited, appointing them as Book Running Lead Manager to the Issue.
- Memorandum of Understanding dated July 15, 2010 between the Company and Cameo Corporate Services Limited appointing them as Registrar to the Issue.
- Tripartite Agreement dated June 12, 2007 among our Company, NSDL and Cameo Corporate Services Limited.
- Tripartite Agreement dated September 09, 2006 among our Company, CDSL and Cameo Corporate Services Limited.
- Escrow agreement dated [●] between our Company, the BRLM, Escrow Collection Banks, and the Registrar to the Issue.
- Syndicate agreement dated [●] between our Company, the BRLM and the Syndicate Members.

DOCUMENTS FOR INSPECTION

- Certified True Copy of the Memorandum and Articles of Association of our Company, as amended from time to time.
- Certified True Copy of the Certificate of Incorporation dated July 12, 1989 issued by Registrar of Companies, Karnataka, Bangalore under the name and style of CTV Entertainment Private Limited and fresh certificates of registration issued by the Registrar of Companies, Karnataka, Bangalore dated January 28, 2000, February 04, 2000 and February 07, 2005 for changes in name and constitution of the company.

- Certified True Copy of the Certificate of Registration of Company Law Board order for change of state dated February 7, 2007 for the change of registered office from the state of Karnataka to the state of Tamil Nadu, issued by the Assistant Registrar of Companies, Tamil Nadu.
- Copy of the resolution passed by our shareholders at the Extra Ordinary general meeting of our Company held on May 15, 2010, approving this Issue.
- Copy of the resolution passed by the Board of Directors of our Company dated April 22, 2010, approving this Issue.
- Copy of Board resolution dated April 1, 2010 for appointing Mr. Murugavel designated as 'Executive Director'.
- Due Diligence Certificate dated August 26, 2010 to SEBI from Aryaman Financial Services Limited, the Book Running Lead Manager.
- Consent from the Directors, Compliance Officer, Auditor, Book Running Lead Manager, Registrar to the Issue, Legal Advisor and Bankers to our Company, to act in their respective capacities.
- Certificate dated August 14, 2010 from the statutory auditors, M/s. Venkatesh & Company, Chartered Accountants, detailing the tax benefits.
- Audit report by the statutory auditor, M/s. Venkatesh & Company, Chartered Accountants dated August 14, 2010 included in the Draft Red Herring Prospectus and copies of the Balance Sheet referred in the said report.
- Copy of the Certificate from the statutory auditors, M/s. Venkatesh & Company, Chartered Accountants, dated August 13, 2010 regarding the sources and deployment of funds as on July 31, 2010.
- Copies of Initial Listing Application made to the Bombay Stock Exchange Limited dated [●]
- IPO Grading Report dated [●] by [●].

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 our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act, 1956 and other relevant statutes.

DECLARATION

We, the Directors of the Company, certify that all relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the Regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made there under or Regulations issued, as the case may be. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Board of Directors, Compliance Officer and Manager (Accounts and Finance) of the Company:

**S. N. Madhavan, POA holder for
Datuk K. Ketheeswaran**
(Director and Non-Executive Chairman)

**S. N. Madhavan, POA holder for
R. Chandrasegaran**
(Non-Executive Director)

Sudhir Kumar Jena
(Non-Executive Independent Director)

K. Murugavel
(Executive Director cum COO)

Mr. C. Vasan
(Non-Executive Independent Director)

Mr. K. Ramadasan
(Non-Executive Independent Director)

M. Pandiyan
(Manager, Accounts and Finance)

S. N. Madhavan
(Company Secretary and Compliance Officer)

Place: Chennai
Date: August 26, 2010