DRAFT RED HERRING PROSPECTUS

Dated 11th July. 2011

updated upon ROC filing) 100% Book Building Issue



(Our Company was originally incorporated in Maharashtra as "Automark Traffic Systems Private Limited" on February 12, 1988 under the Companies Act, 1956 vide Certificate of Incorporation issued by the Registrar of Companies, Maharashtra. The status of our Company was changed to a public limited company accordingly the name was changed to "Automark Traffic Systems Limited" pursuant to a fresh certificate of incorporation issued by the RoC, Maharashtra on April 04, 1996. Thereafter name of our Company was changed to "Automark Industries (India) Limited", vide a fresh certificate of incorporation issued by the RoC, Maharashtra on April 04, 1996. Thereafter name of our Company was changed to "Automark Industries (India) Limited", vide a fresh certificate of incorporation issued by the RoC, Maharashtra on January 23, 2009. The status of our Company was changed to "Automark Industries (India) Limited" pursuant to a fresh certificate of incorporation issued by the RoC, Maharashtra on January 23, 2009. The status of our Company was changed to "Automark Industries (India) Limited" pursuant to a fresh certificate of incorporation issued by the RoC, Maharashtra on January 23, 2009. The status of our Company was changed to a fuel company and our name was changed to "Automark Industries (India) Limited" pursuant to a fresh certificate of incorporation issued by the RoC, Maharashtra, Mumbai on July 05, 2011. For further details in relation to the change of a watcomark Industries (India) Limited" (Pursuant to a fresh certificate of incorporation issued by the RoC, Maharashtra, Mumbai on July 05, 2011. For further details in relation to the change of a watcomark Industries (India) Limited" (Pursuant to a fresh certificate of incorporation issued by the RoC, Maharashtra, Mumbai on July 05, 2011. For further details in relation to the change of a watcomark Industries (India) Limited" (Pursuant to a fresh certificate of Incorporation issued by the RoC, Maharashtra, Mumbai on July 05, 2011. For further details in relation to the c changes to the name of our Company, please refer to the section titled "Our History and Corporate Structure" beginning on page 117 of this Draft Red Herring Prospectus

Registered Office: 'Gurukripa', Datta Square, Yavatmal, Maharashtra, India - 445001 Tel: +91-7232-244134; Fax: +91-7232-245430

Corporate Office: 1st Floor, "Saraf Court" Opp. Yashwant Stadium, Dhantoli, Nagpur, Maharashtra, India - 440012, Tel: +91-712-6603671, Fax: +91-712-6603679 Website: www.automark-india.com; E-Mail: cs@automark-india.com

Contact Person & Compliance Officer: Mr. Abhijit Pashine, Compliance Officer/Company Secretary; Email: cs@automark-india.com

PROMOTERS OF THE COMPANY: MR. ARUN D. KHARA, MR. MAYUR A. KHARA & MR. AMIT A. KHARA

INITIAL PUBLIC OFFERING OF UPTO 1,25,00,000 EQUITY SHARES OF RS. 10 EACH AT A PRICE OF RS [•] PER EQUITY SHARE FOR CASH (INCLUDING SHARE PREMIUM OF RS. [•] PER SHARE) AGGREGATING RS. [•] LACS (HEREIN REFERRED TO AS THE ISSUE). THE ISSUE SHALL CONSTITUTE 42.60 % OF THE FULLY DILUTED POST ISSUE CAPITAL OF OUR COMPANY.

*Our Company is considering a Pre-IPO Placement of upto 25,00,000 Equity Shares ("Pre-IPO Placement"). Our Company will complete the Pre-IPO Placement of such Equity Shares, if any, prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size would be reduced by the extent of such Pre-IPO Placement, subject to a minimum Issue size of 25% of the post Issue paid-up equity capital being offered to the public.

PRICE BAND: RS. [•] TO RS. [•] PER EQUITY SHARE OF FACE VALUE RS. 10 THE FLOOR PRICE IS [•] TIMES OF THE FACE VALUE AND THE CAP PRICE IS [•] TIMES OF THE FACE VALUE

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three (3) additional working days after revision of the Price Band subject to the Bidding/Issue Period not exceeding ten (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 Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"), by issuing a press release, and also by indicating the change on the website of the Book Running Lead Manager and at the terminals of the Syndicate Members.

This Issue is being made through a 100% Book Building Process wherein upto 50% of the Issue shall be allotted on a proportionate basis to eligible Qualified Institutional Buyers ("QIBs"), provided that our Company in consultation with the BRLM may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis, out of which at least one third will be available for allocation to domestic mutual funds only ("Anchor Investor Portion"). For details, see "Issue Procedure" on page 233. Further 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB portion shall be available for allocation on a proportionate basis to all eligible Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue shall be made available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall made available for allocation on a proportionate busis to valid Bids being received at or above the Issue Price.

RISK IN RELATION TO THE FIRST ISSUE TO THE PUBLIC

This being the first issue of the Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is Rs. 10 per Equity Share and the Issue Price is [•] times of the face value. The Issue Price (as determined by the Company in consultation with the Book Running Lead Manager, on the basis of assessment of market demand for the Equity Shares offered by way of Book Building), 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 Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" beginning on page 13 of this Draft Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

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

IPO GRADING

Our Company has appointed CRISIL for IPO Grading. CRISIL has assigned [•] Grade to the Initial Public Offering of our Company. The rationale furnished by the grading agency for its grading will be updated at the time of filing of the Red Herring Prospectus with RoC.

BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
COMFORT SECURITIES LIMITED A-301, Hetal Arch, Opp. Natraj Market, S. V.Road, Malad (West), Mumbai - 400 064 Tel : +91 - 22 - 2849765 Fax: +91 - 22 - 2849765 Fax: +91 - 22 - 28892527 Email: mbdivision@comfortsecurities.co.in Website: www.comfortsecurities.co.in Contact Person: Mr. Sarthak Vijlani /Mr. Deepak Mor SEBI Regn. No: INM 000011328	SHAREPRO SERVICES (INDIA) PRIVATE LIMITED 13 AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Mumbai - 400 072 Tel: 022 6772 0300 Fax: 022 2859 1568 E-mail: <u>sharepro@shareproservices.com</u> Website: <u>www.shareproservices.com</u> Contact Person: Mr. Subhash Dhingreja SEBI Regn. No: INR000001476
BID/ISSUE PROGRAMME*	

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.

BID/ISSUE CLOSES ON : [•1

BID/ISSUE OPENS ON : [•]

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SECTION I: GENERAL DEFINITIONS AND ABBREVIATIONS

DEFINITIONS

Term	Description
"our Company", "the Company", "AIL" or "the	Automark Industries (India) Limited, a public limited
Issuer"	company incorporated under the Companies Act, 1956
"Subsidiary"	The Subsidiary of the Company i.e. Automark Technologies
	(India) Private Limited or "ATPL" or "ATIPL"
"We", "us", "our" or "Automark"	Unless the context otherwise requires, means the Company
	and its Subsidiary.

CONVENTIONAL/GENERAL TERMS

Terms	Description
AOA/Articles/ Articles of	Articles of Association of Automark Industries (India) Limited
Association	
Auditors	The statutory auditors of Automark Industries (India) Limited being M/s. Agrawal & Kedia, Chartered Accountants
Bankers to our Company	Bank of India
Board of Directors / Board	The Board of Directors of Automark Industries (India) Limited
BSE	Bombay Stock Exchange Limited (the designated stock exchange)
Companies Act	The Companies Act, 1956
CRISIL	Credit Rating Information Services of India Limited
Depositories Act	The Depositories Act, 1996
CENVAT	Central Value Added Tax
CESTAT	Central Excise and Service Tax Appellate Tribunal
CIN	Corporate Identity Number
DIN	Directors Identification Number
Depositories	NSDL and CDSL
EPS	Unless otherwise specified, Earnings Per Share, i.e., profit after tax for a fiscal year less preference dividend and tax thereon divided by the weighted average no. of Equity Shares
FIPB	Foreign Investment Promotion Board
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended from time to time
Director(s)	Director(s) of Automark Industries (India) Limited, unless otherwise specified
Equity Shares	Equity Shares of our Company of face value of Rs. 10 each unless otherwise specified in the context thereof
EPS	Earnings Per Share
GIR Number	General Index Registry Number
Gol/ Government	Government of India
Promoters	Promoters of the Company being Mr. Arun D. Khara, Mr. Mayur A. Khara and Mr. Amit A. Khara
Promoter Group	Demure Dealers Private Limited, Gain More Savings Private Limited,
Companies/Group Companies /	Automark Polyions Private Limited, Manav Commotrade Private Ltd., Twinkle
Group Enterprises	Dealcomm Private Ltd, Acuity Tie Up Private Ltd.
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles in India

Terms	Description
IPO	Initial Public Offering
MOA/ Memorandum/	Memorandum of Association of Automark Industries (India) Limited
Memorandum of Association	
Non Resident	A person resident outside India, as defined under FEMA
Non-Resident Indian/ NRI	A person resident outside India, who is a citizen of India or a Person of Indian
	Origin as defined under FEMA Regulations
NSE	The National Stock Exchange of India Limited
Overseas Corporate Body / OCB	A company, partnership, society or other corporate body owned directly or
	indirectly to the extent of at least 60% by NRIs, including overseas trusts in
	which not less than 60% of beneficial interest is irrevocably held by NRIs
	directly or indirectly as defined under the Foreign Exchange Management
	(Deposit) Regulations, 2000. OCBs are not allowed to invest in this Issue.
Person or Persons	Any individual, sole proprietorship, unincorporated association,
	unincorporated organization, body corporate, corporation, company,
	partnership, limited liability 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
Peristored Office of our Company	context requires
Registered Office of our Company SEBI	'Gurukripa', Datta Square, Yavatmal, Maharashtra, India - 445001
•==-	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI Regulation/ SEBI	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as
(ICDR) Regulations	amended
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and
	Takeover) Regulations, 1997, as amended
Stock Exchanges	BSE & NSE, referred to as collectively

ISSUE RELATED TERMS

Terms	Description
Allotment/Allot	Issue of Equity Shares pursuant to the Issue to the successful Bidders as the context requires.
Allottee	The successful bidder to whom the Equity Shares are being / have been issued
Anchor Investor	An Anchor Investor shall be a Qualified Institutional Buyer, whose application size is atleast 1,000 Lacs and making an application for this Issue in accordance with the SEBI ICDR Regulations. For further detail, please refer to the chaptered titled " <i>Issue Procedure</i> " on page 233 of this Draft Red Herring Prospectus
Anchor Investor	The day, one Working Day prior to the Bid/Issue Opening Date, on which Bids
Bid/Issue Date	by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed
Anchor Investor Issue Price	The final price at which Allotment is made to the Anchor Investors in-terms of the Red Herring Prospectus and Prospectus, which will be a price equal to or higher than the Issue Price but not higher than the Cap Price
Anchor Investor Margin Amount	An amount equivalent to the 100 % of the Bid Amount, payable by Anchor Investors at the time of submission of their Bid
Anchor Investor Portion	Up to 30% of the QIB Portion which may be allocated by our 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 other 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

Terms	Description
ASBA Account	Account maintained with SCSBs which will be blocked by such SCSBs to the
	extent of the appropriate Bid Amount of the ASBA Bidder, as specified in the
	ASBA Bid cum Application Form
ASBA Bidder(s)	Prospective investors in this Issue who Bid/ apply through the ASBA process.
	Pursuant to SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011, non-
	retail Investors i.e. QIBs and Non-Institutional Investors participating in this
	Issue are required to mandatorily use the ASBA facility to submit their Bids
ASBA Bidding Location(s)	Location(s) at which ASBA Bids can be uploaded by the Syndicate and Sub -
	Syndicate Members, namely Mumbai, Chennai, Kolkata, Delhi, Ahmedabad,
	Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda and Surat
ASBA Bid cum Application	The form, whether physical or electronic, used by an ASBA Bidder to submit a
Form /ASBA Form/ ASBA Bid-	Bid, which contains an authorization to block the Bid Amount in an ASBA
cum-Application Form	Account and would be considered as an application for Allotment to ASBA
	Bidders in terms of the Red Herring Prospectus and the Prospectus.
	Pursuant to SEBI circular number CIR/CFD/DIL/7/2010 dated July 13, 2010,
	ASBA Bid cum Application Forms are available for download from the
	respective websites of the Stock Exchanges
ASBA Public Issue Account	A Bank Account of the Company under Section 73 of the Act, where the funds
	shall be transferred by the SCSBs from the bank accounts of the ASBA Investors
ASBA Revision Form	The form used by the ASBA Bidders to modify the quantity of Equity Shares or
	the Bid Amount in any of their ASBA Bid cum Application Forms or any previous
	ASBA Revision Form(s)
	Pursuant to SEBI circular number CIR/CFD/DIL/7/2010 dated July 13, 2010,
	ASBA Revision Forms are available for download from the respective websites
	of the Stock Exchanges
Escrow Bankers to the	[•]
Issue/Escrow Collection Bank	
(S)	
Basis of Allotment	The basis on which Equity Shares will be allotted to the Investors under the
	Issue and which is described in "Issue Procedures - Basis of Allotment" on page
	262 of the Draft Red Herring Prospectus
Bid	An indication to make an offer during the Bidding Period by a prospective
	investor to subscribe to or purchase our Equity Shares at a price within the
	Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application
	Form and payable by the Bidder on submission of the Bid in the Issue
Bid Opening Date/ Issue	The date from which the members of the Syndicate will accept Bids for the
Opening date	issue, which shall be notified in an English National Newspaper, a Hindi
	National Newspaper and a Regional Newspaper, all with wide circulation
Bid Closing Date/ Issue Closing	The date after which the members of the Syndicate will not accept any Bids
date	for the issue, which shall be notified in an English National Newspaper, a Hindi
	national Newspaper and a Regional Newspaper, all with wide circulation
Bid cum Application Form/ Bid	The form used by a Bidder to make a Bid and which will be considered as the
Form	application for Allotment for the purposes of the Red Herring Prospectus and
	the Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red
	Herring Prospectus and the Bid cum Application Form.
Bidding Center	A center for acceptance of Bid cum application form
Bidding Period / Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date
	inclusive of both days and during which prospective Bidders may submit their
	Bids

Terms	Description
Book Building Process	Book Building route as provided under Schedule XI of the SEBI Regulations, in
	terms of which the Issue is being made
BRLM/Book Running Lead	Book Running Lead Managers to the Issue being Comfort Securities Limited
Manager	
Business Day	Any day on which commercial banks in Mumbai are open for the business
CAN/ Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in the Book Building Process.
Cap Price	The higher end of the Price Band, above which Issue Price will not be finalized and above which no Bids will be accepted.
Controlling Branches	Such branches of the SCSB which coordinate with the BRLMs, the registrar to the Issue and the Stock Exchanges and a list of which is available on http://www.sebi.gov.in
Cut-off Price	The Issue Price finalized by our Company in consultation with the BRLM. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band
CSL	Comfort Securities Limited
Depository Act	The Depositories Act, 1996
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996
Depository Participant	A depository participant as defined under the Depositories Act
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot the Equity Shares to successful Bidders
Designated Stock Exchange	Bombay Stock Exchange Limited
Draft Red Herring Prospectus	This Draft Red Herring Prospectus filed with SEBI, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue
Eligible NRI	An NRI from such a jurisdiction outside India where it is not unlawful to make an offer or invitation under this Issue and in relation to whom the Red herring Prospectus constitutes an invitation to bid on the basis of terms thereof
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement entered into amongst our Company, Syndicate Members, the Registrar, the Escrow Collection Bank(s) and the BRLM for collection of the Bid Amounts and for remitting refunds (if any) of the amounts collected to the Bidders on the terms and conditions thereof
Escrow Collection Bank(s)	The banks, which are clearing members and registered with SEBI as Bankers to the Issue at which bank the Escrow Account of our Company, will be opened
First Bidder	The Bidder whose name appears first in the bid cum application form or revision form
Floor Price	The lower end of the Price Band at or above which the Issue Price will be finalized, and below which no Bids will be accepted
Issue	Initial public offering of 1,25,00,000 Equity Shares* of Rs. 10 each at a price of Rs [•] per Equity Share for cash (including share premium of Rs. [•] per share) aggregating up to Rs. [•] (herein referred to as "the Issue"). The Issue shall constitute 42.60 % of the fully diluted post issue capital of our Company. [*] If the Pre-IPO Placement is completed, the Issue size offered to the public would be reduced to the extent of such Pre-IPO Placement. Subject to a minimum Issue size of 25% of the post Issue paid up capital being offered to
Issue Price	<i>the public.</i> The final price at which the Equity Shares will be allotted in terms of the Red

Terms	Description
	Herring Prospectus, as determined by our Company in consultation with BRLM on the Pricing Date
Issue Account / Public Issue	Account opened with the Bankers to the Issue to receive monies from the
Account	Escrow Account for the Issue on the Designated Date
Issue Period	The period between the Bid / Issue Opening Date and Bid / Issue Closing Date including both these dates
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, being 100% of the Bid Amount
Mutual Funds	A mutual Fund registered with SEBI under SEBI (Mutual Funds) Regulations, 1996
Members of the Syndicate	Syndicate Members
Memorandum of Understanding	The arrangement entered into on 9 th July, 2011 between our Company, and BRLM pursuant to which certain arrangements are agreed in relation to the Issue
Mutual Fund portion	5 per cent of the Net QIB Portion available for allocation to Mutual Funds only.
Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares allotted to Anchor Investors
Non-Institutional Portion	The portion of the Issue being not less than 15 percent of the Issue available for allocation to Non-Institutional Bidders on a proportionate basis, subject to valid Bids being received at or above the Issue Price.
Non-Institutional Bidders	All Bidders that are not eligible Qualified Institutional Buyers for this Issue, including affiliates of BRLM and Syndicate Members, or Retail Individual Bidders and who have bid for an amount more than Rs. 200,000
Non - resident	A person resident outside India, as defined under FEMA including eligible NRIs and FIIs
Pay-in Date	With respect to Anchor Investors, it shall be the Anchor Investor Bid/ Issue Date and extending until two Working Days after the Bid/ Issue Closing Date in the event the Anchor Investor is required to pay any additional amount due to the Issue Price being higher than the Anchor Investor Issue Price
Pre-IPO Placement	The private placement prior to filing of the Red Herring Prospectus with the RoC of upto 25,00,000 Equity Shares.
Price Band	Being the price band of a minimum price of Rs. [•] per Equity Share (Floor Price) and the maximum price of Rs. [•] per Equity Share (Cap Price)(both inclusive), and including revision thereof
Pricing Date	Means the date on which our Company, in consultation with the BRLM, finalizes the Issue Price
Prospectus	The Prospectus, filed with the RoC containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
Public Issue Account	Account opened with Bankers to the Issue for the purpose of transfer of monies from the Escrow Account on or after the Bid / Issue Opening Date
Qualified Institutional Buyers or QIBs	The term "Qualified Institutional Buyers" or "QIBs" shall have the meaning ascribed to such term under the SEBI ICDR Regulations and shall mean and include (i) a Mutual Fund, VCF and FVCI registered with SEBI; (ii) an FII and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with SEBI; (iii) a public financial institution as defined in Section 4A of the Companies Act; (iv) a scheduled commercial bank; (v) a multilateral and bilateral development financial institution; (vi) a state industrial development corporation; (vii) an insurance company registered with the Insurance Regulatory and Development Authority; (viii) a provident fund with minimum corpus of Rs. 250 million; (ix) a pension fund with minimum corpus of Rs. 250 million; (x) National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India

Terms	Description
	published in the Gazette of India; (xi) insurance funds set up and managed by
	army, navy or air force of the Union of India; and (xii) insurance funds set up
	and managed by the Department of Posts, India eligible for bidding in this
	Issue.
QIB Portion	The portion of the Issue being up to 50 % of the Issue, i.e. up to 62,50,000
	Equity Shares of Rs. 10 each available for allocation to QIBs (Including the
	Anchor Investor Portion)
Red Herring Prospectus or RHP	Document issued in accordance with Section 60B of the Companies Act and
Red Herring Prospectus of Riff	does not have complete particulars on the price at which the Equity Shares are
	offered and the size of the Issue. It carries the same obligations as are
	applicable in case of a Prospectus and will be filed with RoC at least three days
	before the Bid/ Issue Opening Date. It will become a Prospectus after filing
	with RoC after the pricing and allotment
Registrar/Registrar to the	Registrar to the Issue being Sharepro Services (India) Private Limited, 13 AB,
Issue	Samhita Warehousing Complex, 2 nd Floor, Sakinaka Telephone Exchange Lane,
	Off Andheri Kurla Road, Sakinaka, Mumbai - 400 072
RoC / Registrar of Companies	Registrar of Companies, Mumbai, Maharashtra
Retail Portion	Consists of 43,75,000 Equity Shares of Rs. 10 each aggregating upto Rs. [•],
	being not less than 35% of the Issue, available for allocation to Retail Individual
	Bidder(s)
Retail Individual Bidders(s)	Individual Bidders who have Bid for Equity Shares for an amount not more than
	Rs. 2,00,000 (net of Retail Discount, if any) in any of the bidding options in the
	Issue(including HUFs applying through their Karta and does not include NRIs
	other than Eligible NRIs)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the
	Bid Price in any of the Bid options as per their Bid-cum-Application Form and
Defined Assessment	as modified by their subsequent Revision Form(s), if any.
Refund Account	The account opened with Escrow Collection Bank(s), from which refunds, if
	any, of the whole or part of the Bid Amount (excluding to the ASBA Bidders) shall be made.
Refund banker	
Refunds through electronic	Refunds through ECS, Direct Credit, RTGS or the ASBA process, as applicable
transfer of funds	Refutius through LC3, Direct Credit, RT03 of the ASDA process, as applicable
Self Certified Syndicate Banks	The banks which are registered with SEBI under the Securities and Exchange
or SCSBs	Board of India (Bankers to an Issue) Regulations, 1994 and offer services in
	relation to ASBA, including blocking of an ASBA Account in accordance with the
	SEBI Regulations and a list of which is available on
	http://www.sebi.gov.in/pmd/scsb.pdf or at such other website as may be
	prescribed by SEBI from time to time.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI Regulation/ SEBI	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as
(ICDR) Regulations	amended
Syndicate Agreement	Agreement to be entered into amongst the BRLM, Syndicate Member(s) and our
Cundingto Marshawa	Company in relation to the collection of Bids in the Issue
Syndicate Members	Intermediaries registered with SEBI and eligible to act as underwriters.
Syndicate	Syndicate Members are appointed by the BRLM and in this case, being [•]
Syndicate	Collectively, the Book Running Lead Managers and the Syndicate Members
TRS or Transaction	The slip or document registering the Bids, issued by the Syndicate Members to
Registration Slip	the Bidder as proof of registration of the Bid on submission of the Bid cum
Underwriters	Application Form in terms of the Red Herring Prospectus The BRLM and the Syndicate Members
Under writters	The billm and the syndicate members

Terms	Description
Underwriting Agreement	The Agreement among the Underwriters and our Company to be entered into on or after the Pricing Date
Working Days	All days on which banks in Mumbai are open for business except Sunday and public holiday, provided however during the Bidding period a working day means all days on which banks in Mumbai are open for business and shall not include a Saturday, Sunday or a public holiday

COMPANY/INDUSTRY RELATED TERMS/TECHNICAL TERMS

Term/abbreviation	Description/full form
AADT	Annual Average Daily Traffic
AASHTO	American Association of State Highway and Transportation Officials
AUTOCON	Annual Conference held by Our Company
BC	Bituminious Concrete
BIS	Bureau of Indian Standards
BOQ	Bill of Quantities
BSEN	British Standards - European Union
COMESA	The Common Market for Eastern and Southern Africa
ERP	Enterprise Resource Planning
GDP	Gross Domestic Product
GNP	Gross National Product
HDPE	High Density Polyethylene
HYSD	High Yield Strength Deformed (Bars)
IRC	Indian Roads Congress
IS	Indian Standards
MOSRTH/MORTH	Ministry of Shipping, Road Transport & Highways
MOU	Memoranda Of Understanding
NGO	Non-Government Organization
NH	National Highway
NHAI	National Highways Authority of India
NNP	Net National Product
NPV	Net Present value
Project	Purchase of Road Marking Machines, setting up plant for manufacture of thermoplastic Road Marking materials, setting up of thermoplastic Road Marking material manufacturing and contracting facility in Kenya/Uganda, investment in Subsidiary.
RCC	Reinforced Cement Concrete
Road Marking	Marking lines and signs on the surface of roads.
Road Marking	
Machinery	Machineries used for marking lines and signs on the surface of roads.
SAD	Special Additional Duty
SH	State Highway
VOC	Volatile Organic Compound

ABBREVIATIONS

ABBREVIATION	FULL FORM
AGM	Annual General Meeting
AMBI	Association of Merchant Bankers of India
AS	Accounting Standards issued by the Institute of Chartered Accountants of India.
A.Y.	Assessment Year
B.B.A	Bachelor of Business Administration
B.Com	Bachelor of Commerce
BSE	Bombay Stock Exchange Limited
B.E.	Bachelor of Engineering
B.Sc.	Bachelor of Science
B.Tech.	Bachelor of Technology
BG/LC	Bank Guarantee/ Letter of Credit
CAGR	Compounded Annual Growth Rate
C. A.	Chartered Accountant
CAIIB	Certified Associate of the Indian Institute of Bankers
CDSL	Central Depository Services (India) Limited
CEO	Chief Executive Officer
C.S.	Company Secretary
DCA	Diploma in Computer Application
DCT	Diploma in Chemical Technology
DP	Depository Participant
ECS	Electronic Clearing System
EGM / EOGM	Extra Ordinary General Meeting of the shareholders.
EPS	Earnings per Equity Share.
ESOP	Employee Stock Option Plan
FCNR Account	Foreign Currency Non Resident Account.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations issued thereunder.
FII	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time) registered with SEBI under applicable laws in India.
Fls	Financial Institutions.
FIPB	Foreign Investment Promotion Board, Department of Economic Affairs, Ministry of Finance, Government of India
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000.
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
Gol/ Government	Government of India
H.S.C.	Higher Secondary Certificate
HUF	Hindu Undivided Family
INR / Rs./ Rupees	Indian Rupees, the legal currency of the Republic of India

ABBREVIATION	FULL FORM
M. A.	Master of Arts
M.B.A.	Master of Business Administration
M.B.B.S.	Bachelor of Medicine, Bachelor of Surgery
M. Com.	Master of Commerce
MT	Metric Tonnes
NAV	Net Asset Value
NR	Non Resident
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
RoC/Registrar of Companies	The Registrar of Companies, Mumbai, Maharashtra
RONW	Return on Net Worth
USD/ \$/ US\$	The United States Dollar, the legal currency of the United States of America
MVAT	Maharashtra Value Added Tax

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Financial Data

Unless stated otherwise, the financial data in this Draft Red Herring Prospectus is extracted from (i) the restated consolidated financial statements of our Company and its Subsidiary (the Group) for the fiscal year 2011 and from the restated standalone financial statements of our Company for Fiscal Years 2011, 2010, 2009, 2008 and 2007 prepared in accordance with the applicable provisions of the Companies Act and the SEBI Regulations and set out in the section titled – *Financial Information* on page 150. Our restated consolidated financial statements and restated standalone financial statements are derived from our audited standalone financial statements and the Group's audited consolidated financial statements prepared in accordance with Indian GAAP and the Companies Act, and have been restated in accordance with the SEBI Regulations. Our fiscal years commence on April 1 and end on March 31. 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. All decimals have been rounded off to two decimal points.

There are significant differences between Indian GAAP, US GAAP and IFRS. Our Company has 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. Accordingly, the degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. 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.

Currency of Presentation

All references to "Rupees" or "Rs." or "INR" are to Indian Rupees, the official currency of the Republic of India. All references to "\$", "US\$", "USD", "U.S.\$" or "U.S. Dollar(s)" are to United States Dollars, if any, the official currency of the United States of America. This Draft Red Herring Prospectus contains translations of certain U.S. Dollar and other currency amounts into Indian Rupees (and certain Indian Rupee amounts into U.S. Dollars and other currency amounts). These have been presented solely to comply with the requirements of the SEBI Regulations. These translations should not be construed as a representation that such Indian Rupee or U.S. Dollar or other amounts could have been, or could be, converted into Indian Rupees, at any particular rate, or at all.

In this Draft Red Herring Prospectus, throughout all figures have been expressed in Lacs. The word "Lacs", "Lac", "Lakhs" or "Lakh" means "One hundred thousand".

Any percentage amounts, as set forth in "Risk Factors", "Our Business", "Management's Discussion and Analysis of Financial Conditions and Results of Operation" and elsewhere in this Draft Red Herring Prospectus, unless otherwise indicated, have been calculated based on our restated consolidated & standalone financial statement prepared in accordance with Indian GAAP.

Industry & Market Data

Unless otherwise stated, Industry & Market data used throughout this Draft Red Herring Prospectus has been obtained from internal company reports and Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal company reports, while believed by us to be reliable, have not been verified by any independent sources. The extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

For additional definitions, please refer the section titled "Definitions and Abbreviations" on page 1 of this Draft Red Herring Prospectus.

FORWARD-LOOKING STATEMENTS

Our Company has included statements in this Draft Red Herring Prospectus, that contain words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "project", "shall", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will continue", "will pursue" and similar expressions or variations of such expressions that are "forward-looking statements". However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding our Company objectives, plans or goals, expected financial condition and results of operations, business, plans and prospects are also forward-looking statements.

These forward-looking statements include statements as to business strategy, revenue and profitability, planned projects and other matters discussed in this Draft Red Herring Prospectus regarding matters that are not historical fact. These forward-looking statements contained in this Draft Red Herring Prospectus (whether made by us or any third party) involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

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

- Our ability to successfully implement strategy, growth and expansion plans;
- Our dependence on key personnel;
- Government approvals;
- Our ability to comply with the financial conditions and other covenants of our borrowings;
- General economic and business conditions in India and other countries;
- Changes in political conditions in India as well in overseas countries;
- Occurrence of natural disasters or calamities affecting our areas of operations;
- A slowdown in economic growth in India as well as overseas;
- Changes in the foreign exchange control regulations in India and fluctuations in foreign exchange rates;
- Changes in the regulatory framework governing us;
- Any downgrading of India's debt rating by an independent agency.

For further discussion of factors that could cause Company's actual results to differ, see the section titled "Risk Factors" on page 13 of this Draft Red Herring Prospectus. By their nature, certain 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. Our Company, the Book Running Lead Manager, the members of the Syndicate, and their respective affiliates do not have any obligation to, and do not intend 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 listing and trading permission by the Stock Exchanges.

SECTION II RISK FACTORS

An Investment in equity involves a higher degree of risks. Prospective investors should carefully consider the risks described below, in addition to the other information contained in this Draft Red Herring Prospectus before making any investment decision relating to the Equity Shares. The occurrence of any of the following events could have a material adverse effect on the business, results of operation, financial condition and prospects and cause the market price of the Equity Shares to decline and you may lose all or part of your investment.

Prior to making an investment decision, prospective investors should carefully consider all of the information contained in this Draft Red Herring Prospectus, including the sections titled "Our Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the "Financial Information" included in this Draft Red Herring Prospectus beginning on pages 92, 197 and 150 respectively. The occurrence of any of the following events could have a material adverse effect on our business, results of operation, financial condition and prospects and cause the market price of the Equity Shares to fall significantly.

Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein.

INTERNAL RISK FACTORS

1. Our Company, Subsidiary, and Promoters are involved in various litigation, the outcome of which could adversely affect our business and financial operations.

Sr.	Particulars	No. of	Amount involved
No.		cases /	where quantifiable
		disputes	(Rs. in Lacs)
LITIG	ATION BY AND AGAINST OUR COMPANY		
Litiga	tion filed by our Company		
1.	Civil cases filed by our Company	1	16.51
2.	Criminal cases filed by our Company	2	20.98
Indire	ect tax proceedings involving our Company		
1.	Related to Custom Duty	7	55.41 #
LITIG	ATIONS INVOLVING OUR PROMOTERS		
1.	Custom Duty Appeal by our Promoters	2	4.50
LITIG	ATIONS INVOLVING OUR SUBSIDIARY / GROUP COMPANIES		
Litiga	tion filed by our Subsidiary / Group Companies		
1.	Criminal cases filed by our Subsidiary	1	19.45
Indire	ect tax proceedings involving our Subsidiary	1	<u>.</u>
1.	Related to Custom Duty	1	56.28 #

Summary of litigations are given below:

#The above tax liabilities are subject to interest charges and penalty imposed by the Department, if any.

*For details of the above litigation, please refer to the section titled "Outstanding Litigation" appearing on page 205 of this Draft Red Herring Prospectus.

2. The land of Our factory is a leasehold property

The factory at Yavatmal at Plot No. A-43 & 62, MIDC, Lohara, Dist - Yavatmal - 445 001 is on a leasehold land for 95 years starting from 01^{st} January, 1988. The Company has taken such lease from Maharashtra Industrial Development Corporation. The factory of our Subsidiary at Khasra No. 91, Patwari Halka No. 74, Mouza Bothali, Nagpur is on a leasehold land for 25 years starting from 01^{st} April, 2011. The Company has taken such lease from M/s. Ashirwad Real Estate. Further, we have never made any default in payment of lease rental. However non-renewal of such leases after its expiry period may have a material adverse effect on our financial condition and results of operations. It may even lead to discontinuance of business operations in our units.

3. The registered office of our Company and our Subsidiary are not owned by us.

The registered office of our Company and our Subsidiary belongs to Shri Arun Khara HUF and they have permitted us to use their premises as our registered office for a monthly rent of Rs. 17,500/- and Rs. 9,000/- respectively.

4. Our Promoters have interests in us other than reimbursement of expenses incurred or normal remuneration or benefits and may create potential conflict of interest.

Our Promoters namely Mr. Arun D Khara, Mr. Amit A Khara and Mr. Mayur A. Khara are partners in the firm M/s. Ashirwad Real Estate and are interested in the Company to the extent of lease rentals receivable by Ashirwad Real Estate from our Company and our Subsidiary, also HUF of Mr. Arun D. Khara is interested in the Company to the extent of the lease rentals received by him other than the extent of their shareholding and remuneration in the Company. For further details please refer to section titled Related Party Transactions on page 148 of this DRHP.

5. Significant portion of our debtors are outstanding for a period of more than six months on a standalone basis, which may adversely impact the results of operations of our Company.

The total debtors of our Company on standalone basis as on 31st March, 2011 are Rs. 2620.72 lacs and the debtors outstanding for more than six months are Rs. 770.08 Lacs which consists of 29.38 % of the total debtors. Though we percept all our debtors are recoverable, however if we can not recover our debtors, this would adversely impact our financial position and results of operations.

6. Our Company may face risks of delays/non-receipt of the requisite regulatory approvals for our Objects arising out of the Issue. Any delay in receipt or non-receipt of such approval could result in cost and time overrun.

We would be applying for various licenses, approvals, registrations at various stages of implementation for the Project. Any delay in receipt or non-receipt of licenses or approvals that may be required for the Project could result in cost and time overrun, and accordingly adversely affecting our operations and profitability. For details, please refer to section titled "Government & other Approvals" on page 212 of this DRHP.

7. We have not entered into any agreement with the contractors / suppliers for development of the Project for our proposed expansion as specified in the Objects of the Issue. Any delay in entering into such agreements may delay the implementation schedule, which may also lead to increase in prices of these equipments in future affecting our costs, revenue and profitability.

We are yet to place orders for our plant & machinery required for our proposed expansion Project, as specified in the Objects of the Issue on page 66 of this Draft Red Herring Prospectus. Any delay in procurement of plant & machinery, equipment etc may delay the implementation schedule. Further, we have also not entered into any agreement with the contractors for development of the factory shed for our proposed expansion Project. We may also be subject to risks on account of inflation in

the price of plant & machinery and other equipments that we require. Hence our Project could face time and cost over-run which could have an adverse effect on the operations of our Company and Subsidiary. Negotiations in respect of specification with contractors/suppliers have been commenced and the agreements will be entered in due course once the negotiations are completed and Issue proceeds are procured.

8. We have not entered into any agreement with any architect for civil related work for Our proposed project.

One of the objects of the issue is construction of additional factory sheds, internal roads and test track at our factory premises located at Bothali, Nagpur, which is proposed to be funded from the Issue proceeds. We have not appointed any architects or contractors for the entire civil work involved in the Project. Any delay in appointing these parties could adversely affect our business operations. Negotiations in respect of specifications with architect for civil work have been commenced and the agreements will be entered in due course once the negotiations are completed and Issue proceeds are procured.

9. Any delay in the commencement of operations as scheduled as per the proposed expansion plan may affect our profitability.

We propose to carry out expansion through our Subsidiary in our existing thermoplastic manufacturing unit by increase in existing capacity, installation of fully automatic plant and setting up cold paint manufacturing facility with an investment of approximately Rs. 967.34 Lacs, also we intend to set up Road Marking Machinery manufacturing plant as specified in the Objects of the Issue on page 66 of this Draft Red Herring Prospectus. Timely commencement of commercial operations of new machinery and equipments and our new plant will have a critical bearing on our financial performance. Any delay in their completion or beginning of the production may adversely impact the results of our operations and would also affect the market price of the Equity Shares.

10. We are yet to identify the land/building for setup of thermoplastic Road Marking material manufacturing and contracting facility in Kenya/ Uganda to service the market of COMESA.

We propose to set up thermoplastic Road Marking material manufacturing and contracting facility in Kenya/ Uganda to service the market of COMESA for which we have not identified the land/building which will be taken on lease basis so as to start with the manufacturing plant in COMESA market. Delay in identification of land/building for setup of thermoplastic Road Marking material manufacturing plant in Kenya/ Uganda may adversely affect our implementation schedule. We may also be subject to risks on account of inflation in the price of plant & machinery and other equipments that we require. Hence our project could face time and cost over-run which could have an adverse effect on the operations of our Company.

11. The fund proposed to be utilized for general corporate purpose constitute may be more than 20% of the Issue size. As on date we have not identified the use of such funds.

We intend to utilize Rs. $[\bullet]$ which constitutes $[\bullet]$ % of the Issue Size, for general corporate purposes, including strategic initiatives, expanding in to new geographies, pre operative expenses, brand building exercises and the strengthening of our marketing capabilities or any other purposes as approved by our Board. The funds proposed to be utilized for general corporate purposes may constitute more than 20% of the Issue Size. The deployment of such fund is entirely at the discretion of our management and our Board of Directors.

12. Delay in raising funds from the IPO could adversely impact the implementation schedule.

The proposed expansion at our factory is to be largely funded from the proceeds of this IPO. We have not identified any alternate source of funding and hence any failure or delay on our part to mobilize the required resources or any shortfall in the Issue proceeds may delay the implementation schedule. We therefore, cannot assure that we would be able to execute the expansion process within the given timeframe, or within the costs as originally estimated by us. Any time overrun or cost overrun may adversely affect our growth plans and profitability.

13. There is no monitoring agency appointed by our Company and the deployment of funds are at the discretion of our Management and our Board of Directors, though it shall be monitored by the Audit Committee.

As per SEBI (ICDR) Regulations, 2009 appointment of monitoring agency is required only for Issue size above Rs. 50,000 Lacs. Hence, we have not appointed a monitoring agency to monitor the utilization of Issue proceeds. However, the Audit Committee of our Board, will monitor the utilization of Issue proceeds. Further, our Company shall inform about material deviations in the utilization of issue proceeds to the stock exchanges and shall also simultaneously make the material deviations / adverse comments of the Audit Committee public through advertisement in newspapers.

14. The Company has not appointed any independent agency for the appraisal of the proposed Project.

The Project, for which we intend to use our Issue proceeds as mentioned in the objects of the Issue, have not been appraised by any bank or financial institution. The total cost of Project is our own estimates based on current conditions and are subject to changes in external circumstances or costs. Our estimates for total cost of Project has been based on various quotations received by us from different suppliers and our estimated long term working capital requirements may exceed which may require us to reschedule our Project expenditure and may have an adverse impact on our business, financial condition and results of operations.

15. Change in regulatory and government policies in the COMESA region may adversely affect economic and trade conditions in COMESA market and thereby adversely impact our results of operations and financial condition.

Currently there are no trade and tariff barriers in the COMESA region, but there can be change in the regulatory and government policies in this region. The market price and liquidity of the Equity Shares, may be affected by such changed policies. For eg. creation of new regulations or withdrawal of benefit of free trade within the COMESA region could have a detrimental effect on our operations and the result of our operations.

16. We have substantial indebtedness and will continue to have debt service obligations following the Issue. The total amounts outstanding and payable by our Company as principal and interest were Rs. 903.78 Lacs & total amounts outstanding and payable by our Subsidiary was Rs. 399.46 Lacs respectively as on 31st March, 2011.

The total amounts outstanding and payable by Us as principal and interest on account of the loan arrangements with banks and other lenders as on 31st March, 2011 are Rs. 1303.24 Lacs. Out of this, amounts outstanding and payable by Us as secured loans were Rs. 1187.22 Lacs as on 31st March, 2011 and as unsecured loans were 116.02 Lacs as on 31st March, 2011. For further information on the financing and loan agreements along with the total amounts outstanding and the details of the repayment schedule, see Annexure - 8 & Annexure - 9 of section titled Financial Information of Our Company and its Subsidiary on Consolidated basis on page 165 & page 167 of this Draft Red Herring Prospectus.

17. Our lenders have charge over our movable and immovable properties in respect of finance availed by Us.

We have secured our lenders by creating charge over Our movable and immovable properties. In the event We default in repayment of the loans availed by Us and any interest thereof, Our properties may be forfeited by lenders. For further information on the financing and loan agreements along with the total amounts outstanding; please refer to Annexure-8 of section titled Financial Information of Our Company and its Subsidiary on Consolidated basis on page 165 of this DRHP.

18. Our business typically demands high working capital requirements. Additionally, We are also required to provide performance guarantees in favour of our customers. If due to some circumstances, We are not able arrange sufficient working capital finance at any time, it may adversely affect Our results of operations.

Our business is working capital intensive and requires high amount of working capital. We have working capital facilities with Bank of India amounting to Rs. 1,200 Lacs being fund based and Rs. 1,400 Lacs in the form of Non-fund based limits as on 31st March, 2011 on consolidated basis. The working capital requirements have increased in recent years because We are undertaking higher number of projects and due to the growth of our business. At times we are also required to incur significant working capital for purchasing raw materials and for completion of execution projects before we receive payments from our clients. In our industry, we provide bank guarantees or performance guarantees in favour of our clients to get contracts. Further, due to factors such as changes in interest rates and other costs or borrowing and lending restrictions, if any, we may not be able to finance our working capital needs, or secure other financing as per our requirement or on acceptable commercial terms. Any such situation may adversely affect the business and growth prospects of our Company and Subsidiary.

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

We have entered into agreements with Bank of India for short-term and long-term borrowings. Such agreement contain restrictive covenants, including, but not limited to, requirements that We obtain written consent from lender prior to issuing new shares, incurring further debt, creating further encumbrances on our assets, effecting any scheme of amalgamation or restructuring, undertaking guarantee obligations, declaring dividends, undertaking new projects or making investments. There can be no assurance that we will be able to comply with these covenants or that we will be able to obtain the consents necessary to take the actions which we believe are required to operate and grow our business. An event of default under any of these loan arrangements, if not cured or waived, could have a material adverse effect on us.

20. We have taken unsecured loans of Rs. 116.02 Lacs as on 31st March, 2011, which are repayable on demand. In case of untimely demand, we will have to arrange these funds which may carry higher cost of funding, which may have an impact on our financial operations.

We have taken unsecured loan of Rs. 116.02 Lacs as on 31st March, 2011 which can be recalled at any time and in that event, it may affect the financial operations of our Company to that extent.

21. Contingent Liabilities could adversely affect our financial condition.

As on 31st March, 2011, We have contingent liabilities of Rs. 3,993.01 Lacs on consolidated basis. The break-up of contingent liabilities is as follows:

	(Rs. In Lacs)
Particulars	31.03.11
Guarantees given by the bankers in favour of various parties -	
none evoked.	59.70

Particulars	31.03.11
Letters of credit opened by the Banks in favour of suppliers	1,203.41
Corporate Guarantees given	2,600.00
Claims against Company not acknowledged as debts :	
- UP Value Added Tax and Central Sales Tax	29.68
- Customs Duty and penalty thereon	100.22
Total	3,993.01

Management Perception:

Corporate guarantees given includes guarantee given by the Issuer Company aggregating to Rs. 1,600 Lacs for the credit facilities granted to the Subsidiary Automark Technologies (I) Private Ltd. and guarantee given by the Subsidiary Company aggregating to Rs. 1,000 Lacs for the credit facilities granted to the Issuer Company.

22. We have reported negative cash flows.

The detailed break up of cash flows is summarized in below mentioned table and our Company have reported negative cash flow in certain financial years and which could affect our business and growth:

					(Rs. In Lacs)
Particulars	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Net Cash flow from Operative activities	(596.95)	(383.78)	(86.66)	(8.43)	73.95
Net Cash Flow from investing activities	(265.26)	(12.04)	(81.00)	(49.05)	(59.89)
Net Cash Flow from Financing activities	968.27	398.39	192.77	65.34	(13.47)
Net Cash Flow for the Year	106.06	2.57	25.11	7.86	0.59

23. Failure to comply with export obligations may subject our Subsidiary to significant import duties and other penalties

Our Subsidiary has imported goods, which are used for manufacturing and applicable governmental regulations allow our Subsidiary to import such goods at concessional rate of import duties, provided our Subsidiary correspondingly exports a pre-determined value of products within a specified time. As of 15.06.2011 our Subsidiary has an obligation to export products of Rs. 132.36 lacs. While our Subsidiary fully expects to comply with this obligation, there can be no assurance that our Subsidiary will be able to meet its obligations on time. Any inability to fulfill these obligations in a timely manner may require our Subsidiary to pay import duties and other penalties, which could have a material adverse effect on our Subsidiary's operations and financial results.

24. Our business has experienced growth in the past, which we may not be able to sustain in the future.

The total turnover of our Company has sustained the growth since FY 2006-07. Our Company has reported total income from operations of Rs. 2403.80 Lacs in fiscal 2008 as compared to Rs. 1317.27 Lacs in fiscal 2007 with a growth of 82.48%, Rs. 4228.35 Lacs in fiscal 2009 as compared to Rs. 2403.80 Lacs in fiscal 2008 showing an increase of 75.90 %, Rs. 5800.72 in fiscal 2010 as compared to Rs. 4228.35 Lacs in fiscal 2009 with a growth of 37.19% and Rs. 6496.03 Lacs as compared to Rs.

5800.72 showing growth at the rate of 11.99%. We may not be able to sustain our growth or maintain a similar rate of growth in the future due to non-availability of professionals with necessary skill sets, decline in the demand for our products due to increased competition, and lack of management resources or due to a general slowdown in the economy. A failure to sustain our growth may have a material adverse effect on our financial condition and results of operations.

25. Contracts included in our Order Book may be delayed, cancelled or not fully paid for by our clients, which could materially harm our cash flow position, revenues or profits

The order book of our Company as of any particular date comprises of unbilled/ unfinished portions of the ongoing contracts, for which our Company has received orders but are yet to commence work or commence work but are not yet billed. The order book of our Company is approximately Rs. 3100 Lacs as of June 30, 2011 out of which works contract to the tune of Rs. 1,600 Lacs, approximately are still due for completion. The order book does not necessarily indicate future earnings related to the value of that order and if our Company does not achieve the expected margins or suffers losses on one or more of these orders or if the orders get cancelled or varied, the income of our Company could be reduced or cause our Company to incur a loss. Future earnings related to the performance of the contracts in the order book may not necessarily be realized. Although contracts in the order book represent business that our Company considers firm, cancellations or scope adjustments may occur. Due to changes in contract scope and schedule, our Company cannot predict with any certainty when or if the contracts in the order book will be complete and will generate revenue. In addition, even where a contract proceeds as per schedule, it is possible that it may get delayed in future and that the contracting parties may default and fail to pay amounts owed or dispute the amounts owed to our Company. Further, we are yet to obtain certain insurances as required under the work contracts awarded to us which may result in imposition of penalties or cancellation of some of our works contracts. There may also be delays associated with collection of receivables from clients. Any delay, cancellation or payment default could materially harm the cash flow position, revenues or profits, and adversely affect the trading price of the Equity Shares of our Company.

26. Seasonality and weather conditions may adversely affect Our business, as Our contracting business involves execution of Road Marking contracts on site, which is dependent on the weather conditions and may be disturbed due to extreme weather conditions viz. heavy rains.

Our business operations may be materially and adversely affected by severe weather conditions, which may require us to evacuate personnel or curtail services resulting in to the temporarily suspension of operations. In addition, such weather may prevent us from delivering materials to our project sites in accordance with contract schedules or generally reduce our productivity. Our operations may also be adversely affected by difficult working conditions and heavy rains during monsoon, which restrict our ability to carry on contracting activities and fully utilize our resources. This may adversely affect our business and results of operations.

27. In the 12 months prior to the date of filing the Draft Red Herring Prospectus, the Company had issued Equity Shares at a price, which may be lower than the Issue Price.

In the 12 months prior to the date of filing of the Draft Red Herring Prospectus, the Company had issued Equity Shares at a price, which may be lower than the Issue Price, as set forth below:

Subscriber	Date of Allotment	Number of Equity Shares	Issue Price (Rs.)	Consideration	Reasons for Allotment
Gainmore Savings Private Ltd	October 1, 2010	4,00,000	50.00	Cash	Further Allotment to meet working capital requirement

Further, on June 7, 2011, the Company has allotted 14,863,125 Equity Shares as bonus shares to its existing shareholders. For more details on the issuance of Bonus shares, please see "Capital Structure" on page 53 of this DRHP.

28. Upon completion of the Issue, our Promoters / Promoter Group may continue to retain significant control over us, which will allow them to influence the outcome of matters submitted to the shareholders for approval.

Upon completion of this Issue, our Promoters / Promoter Group will continue to own majority of our Equity Shares on a fully diluted basis. As a result, our Promoters / Promoter Group will have the ability to exercise significant influence over all matters requiring shareholders approval, including the election of directors and approvals of significant corporate transactions. Our Promoters / Promoter Group will also be in a position to influence any shareholders action or approval requiring a majority vote, except where it is required by applicable laws or where they abstain from voting. Such a concentration of ownership may also have the effect of delaying or deterring a change in control.

29. Our business is dependent on a continuing relationship with our clients/customers.

We are engaged into manufacturing of thermoplastic Road Marking materials and Road Marking machineries which are used in the application process of Road Marking paints. We undertake contracting assignments for application of Road Marking paints. Our business is therefore significantly dependent on developing and maintaining relationships with various customers. Our business will be adversely affected if we are unable to develop and maintain relationships with our clients/customers. The loss of clients/customers may have a material adverse effect on our operations.

30. Our business is dependent on our manufacturing facility. The loss of or shutdown of operations of our manufacturing facility may have a material adverse effect on our business, financial condition and results of operations.

Our manufacturing facility is subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, strikes, lock-outs, earthquakes and other natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. The occurrence of any of these risks could significantly affect our operating results. We carry out planned shutdowns of our plant for maintenance. Although We take precautions to minimize the risk of any significant operational problems at our facilities, our business, financial condition and results of operations may be adversely affected by any disruption of operations at our facilities, including due to any of the factors mentioned above.

31. Our Insurance coverage may not adequately protect us against certain operating risks and this may have a material adverse impact on our business.

We have maintained insurance coverage of our assets and accident policies to the tune of Rs. 1080 Lacs for our Group as specified in section titled Insurance Policies on page 107 of the Draft Red Herring Prospectus. We believe that the insurance coverage maintained, would reasonably cover all normal risks associated with the operation of our business, however, there can be no assurance that any claim under the insurance policies maintained by us will be met fully, in part or on time. In the event We suffer loss or damage that is not covered by insurance or exceeds our insurance coverage, our results of operations and cash flow may be adversely affected.

32. Accidents in our factory may lead to public liability consequences. Further, the value of our brand, and our revenue could be diminished if we are associated with negative publicity.

Occurrence of accidents at our manufacturing facility may expose our Company to pay compensation and penalty to our workmen and third parties for any losses or damage to human life/health or the environment.

33. The success of our manufacturing process is dependent on the timely supply of quality raw materials to our plant, which are subject to various uncertainties and risks. We are dependent on third party suppliers and transport agencies, and our raw material prices are subject to fluctuations.

We are dependent on third-party vendors for supply of raw materials in the manufacturing process of thermoplastic Road Marking material. We do not have long-term contracts with any of our third party vendors for supply of raw materials. We are significantly dependent on the timely and adequate availability of glass beads, resin etc as our primary raw materials. Any adverse factors including natural disasters, changes in legislation or any other force majeure events may adversely impact availability of these critical and other raw materials which may adversely affect our ability to meet client commitments and consequently our sales and profitability. Resin and glass beads etc have witnessed significant price fluctuations/upside in the past, and although we endeavor to have contractual protection against price fluctuations in raw materials from the quoted price vis-à-vis the price when the actual order is placed, we cannot assure that the contractual protection would be adequate to mitigate of impact of fluctuations in the intermittent period between the submission of bid/guotation and the date of actual order. It is also critical for us that our suppliers adhere to the quality standards and product specifications that have been furnished to them by us, and failure by them to adhere to the same would adversely affect the quality and/or timely delivery of our products. In the event we become subject to product liability or performance guarantees caused by defective raw materials obtained from an outside supplier, it may adversely affect our reputation as a supplier, financial condition and results of operations, and we cannot assure that we would able to enforce or successfully assert, wholly or in part, warranty claim(s) against the suppliers / subcontractors concerned. Further, we depend on transportation mode to receive raw materials used in the manufacture of thermoplastic Road Marking material, and to transport our products on site. Disruptions of transportation services because of weather-related problems, strikes, lock-outs, inadequacies in the road infrastructure and port facilities, or other events could adversely impair the ability of our suppliers to deliver raw materials and adversely affect our ability to reach our products on site on time, which may have an adverse effect on our profitability.

34. Rise in Input Costs may affect our profitability.

The input costs of the products of the Company may increase due to various reasons. In case the Company is not able to pass on such increase to the consumers because of competition or otherwise, it may affect the profitability of the Company.

Management Perception

The Company constantly endeavors to procure raw materials at the lowest prices by using its longterm association with the suppliers and constantly developing new sources. The Company also follows prudent pricing policy to keep the costs under check. The risk on account of price fluctuation in raw material is reduced to a significant extent by passing incremental raw material cost to the prices of finished products thereby insulating the Company from fluctuation in raw material prices. Profitability will depend upon the extent up to which the Company is able to pass on the burden of rise in the price of raw material to the consumers.

35. We are dependent on our management team for success whose loss could seriously impair the ability to continue to manage and expand business efficiently.

Our success largely depends on the continued services and performance of our management and other key personnel. The loss of service of the promoters and other senior management could

seriously impair the ability to continue to manage and expand the business efficiently. Further, the loss of any of the senior management or other key personnel may adversely affect the operations, finances and profitability of our Company. Any failure or inability of our Company to efficiently retain and manage its human resources would adversely affect our ability to implement new projects and expand our business.

36. Our response to latest trends in the Road marking industry may adversely affect the competitiveness and the ability of the Company to grab opportunities.

Our success depends in part on our ability to cope with latest trends in the Road Marking industry. We are constantly scanning the environment for developments related to market perceptions, infrastructure needs, competition, regulation, etc. However, our failure to cope with the changes in the trends in the industry or to develop markets may have an adverse effect on our business.

37. We have entered into certain related party transactions and may continue to do so.

We have entered into related party transactions with our Promoters, Group Companies/Entities, Directors and related entities. While we believe that all such transactions have been conducted on the arms length basis, however it is difficult to ascertain whether more favorable terms would have been achieved had such transactions been entered with unrelated parties. Furthermore, it is likely that we will enter into related party transactions in the future. For details of these transactions, please refer to section titled "Related Party Transactions" at page 148 of this DRHP.

38. Our industry is dependent on growth in road sector, as demand in Road Marking industry is a derivative based on road industry. Any diminution in growth of road infrastructure industry would severally impact our future business plans and our result of operations.

We are engaged into manufacturing of Road Marking material, machineries and contracting. Road Marking industry is a derivative of road infrastructure industry. We are largely dependent on growth in road infrastructure industry as we derive contracts from companies engaged in road infrastructure projects. If road infrastructure industry would not be able to sustain their growth or our clients would suffer any drop in road development projects which can severally impact our future business plans and our result of operations.

39. Our customer contracts/arrangements can typically be terminated without cause and with little or no notice or penalty, which could negatively impact our revenues and profitability.

Most of our customer arrangements/contracts with private parties can be terminated with or without cause, usually at short notice and without termination related penalties. Additionally, most of our agreements with customers are without any commitment to future work. Our business is dependent on the decisions and actions of our customers, and there are number of factors relating to our customers that are outside our control and which might result in the termination of a project or the loss of a customer. Any of these factors could adversely affect our revenues and profitability.

EXTERNAL RISK FACTORS

42. Political, economic and social changes in India could adversely affect our business

Our business, and the market price and liquidity of our Company's shares, may be affected by changes in Government of India policies, including taxation. Social, political, economic or other developments in or affecting India could also adversely affect our business. Since1991, successive governments have pursued policies of economic liberalization and financial sector reforms including significantly relaxing restrictions on the private sector. The rate of economic liberalization could change, and specific laws and policies affecting infrastructure projects, foreign investment and other matters affecting investment in our Equity Shares could change as well. In addition, any political

instability in India may adversely affect the Indian economy and the Indian securities markets in general, which could also affect the trading price of our Equity Shares. India's economy could be adversely affected by a general rise in interest rates, adverse weather conditions affecting agriculture, commodity and energy prices as well as various other factors. Slowdown in the Indian economy could adversely affect the policy of the Government of India towards infrastructure, which may in turn adversely affect our financial performance and our ability to implement our business strategy.

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

The revenues recorded and income earned in various jurisdictions where we are operating are taxed on differing bases, including net income actually earned, net income deemed earned and revenuebased tax withholding. The final determination of the tax liabilities involves the interpretation of local tax laws and related regulations in each jurisdiction as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned and expenditures incurred. Changes in the operating environment, including changes in tax laws, could impact the determination of the tax liabilities of our Company for any year. Taxes and other levies imposed by the central or state governments in India that affect the industry in which our Company operates includes customs duties, excise duties, VAT, Income tax, service tax and other taxes, duties or surcharges introduced from time to time. The Central and state tax scheme in India is extensive and subject to change from time to time.

44. Non-compliance with, and changes in, safety, health and environmental laws and regulations may adversely affect our business, financial condition and results of operations

Some of our projects are subject to extensive government and environmental laws and regulations which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from the operations of our businesses. These laws and regulations include the Environmental Protection Act 1986, the Air (Prevention and Control of Pollution) Act 1981, the Water (Prevention and Control of Pollution) Act 1974 and other regulations promulgated by the Ministry of Environment and the Pollution Control Boards of the relevant states. In addition, some of our operations are subject to risks involving personal injury, loss of life, environmental damage and severe damage to property. We believe environmental regulation of industrial activities in India will become more stringent in the future. The scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with certainty. The costs and management time required to comply with these requirements could be significant. The measures we implement in order to comply with these new laws and regulations may not be deemed sufficient by government entities and our compliance costs may significantly exceed our estimates. If we fail to meet environmental requirements, we may also be subject to administrative, civil and criminal proceedings by government entities, as well as civil proceedings by environmental groups and other individuals, which could result in substantial fines and penalties against us as well as revocation of approvals and permits and orders that could limit or halt our operations. There can be no assurance that we will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings relating to safety, health and environmental matters in the future, the costs of which could be material.

45. Natural calamities and force majeure events may have an adverse impact on our business

Natural disasters may cause significant interruption to our operations, disruption to our project sites and damage to the environment that could have a material adverse impact on us. The extent and severity of these natural disasters determines their impact on the Indian economy. Prolonged spells of deficient or abnormal rainfall and other natural calamities could have an adverse impact on the Indian economy, which could adversely affect our business and results of operations.

46. We are subject to risks arising from interest rate fluctuations on our borrowings, which could adversely affect our business, financial condition and results of operations.

Increases in interest rates could significantly affect our financial condition and results of operations. If interest rates increase, our interest payments will increase and our ability to obtain additional debt could be adversely affected with a concurrent adverse effect on our business, financial position and results of operations.

47. Our transition to IFRS reporting could have a material adverse effect on our reported results of operations or financial condition.

Our Company may be required to prepare annual and interim financial statements under IFRS in accordance with the roadmap for the adoption of, and convergence with, the IFRS announced by the Ministry of Corporate Affairs, Government of India through a press note dated January 22, 2010 ("IFRS Convergence Note"). The Ministry of Corporate Affairs by a press release dated February 25, 2011 has notified that 35 Indian Accounting Standards are to be converged with IFRS. The date of implementation of such converged Indian accounting standards has not yet been determined and will be notified by the Ministry of Corporate Affairs after various tax related issues are resolved. We have not yet determined with certainty what impact the adoption of IFRS will have on our financial reporting. Our financial condition, results of operations, cash flows or changes in shareholders' equity may appear materially different under IFRS than under Indian GAAP or our adoption of IFRS may adversely affect our reported results of operations or financial condition. This may have a material adverse effect on the amount of income recognised during that period.

In addition, in our transition to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems and internal controls. Moreover, our transition may be hampered by increasing competition for the relatively small number of IFRS-experienced accounting personnel available as more Indian companies begin to prepare IFRS financial statements. There can be no assurance that our adoption of IFRS will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt IFRS by an agreed deadline could have a material adverse effect on the price of our Equity Shares.

48. Any increase in labour costs due to wage increases, strikes or claims arising from accidents could materially affect our business operations and financial condition.

Currently, our employees are not represented by any labour unions. We may hire additional employees as our business expands. Although in the past, we have not experienced any strikes, there is no assurance that we will not experience future disruptions to business operations due to problems with our workforce. If labour costs increase, our business operations and financial condition could be materially affected.

49. Third party statistical and financial data in this Draft Red Herring Prospectus may be incomplete or unreliable.

We have not independently verified any of the data from industry publications and other sources referenced in this Draft Red Herring Prospectus and therefore cannot assure you that they are complete or reliable. Discussions of matters relating to India, its economies or the industries in which we operate in this Draft Red Herring Prospectus are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable.

50. Global economic, political and social conditions may harm our ability to do business, increase our costs and negatively affect our stock price.

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, foreign exchange fluctuations, financial, banking or liquidity crises, consumer credit availability, consumer debt levels, unemployment trends, terrorist threats and activities, worldwide military and domestic disturbances and conflicts, and other matters that influence consumer confidence, spending and tourism. Our profitability may also be adversely affected by fixed costs and the possible inability to scale back other costs within a time frame sufficient to match any decreases in revenue relating to changes in market and economic conditions. Additionally, during periods of adverse economic conditions, we may have difficulty accessing financial markets, which could make it more difficult or impossible for us to obtain funding for additional investments and acquisitions. A general market downturn, or a specific market dislocation, may result in lower investment returns, which would adversely affect our revenues.

51. Restrictions on foreign investment limit our ability to raise debt or capital outside India.

Indian laws constrain our ability to raise capital outside India through the issuance of equity or convertible debt securities and restrict the ability of non-Indian companies to invest in us. Foreign investment in, or an acquisition of, an Indian company requires approval from the relevant government authorities in India, including the Reserve Board of India and the Foreign Investment Promotion Board. The Government of India has permitted 100% foreign direct investment, without prior approval, in maintenance of roads, highways.

52. Any downgrading of India's debt rating by a domestic or international rating agency could negatively impact our business

Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our financial results and business prospects, ability to obtain financing for capital expenditures and the price of our Equity Shares.

53. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business

Terrorist attacks and other acts of violence or war may adversely affect the Indian markets on which our Equity Shares will trade. These acts may result in a loss of business confidence, make travel and other services more difficult and have other consequences that could have an adverse effect on our business. In addition, any deterioration in international relations, especially between India and its neighboring countries, may result in investor concern regarding regional stability which could adversely affect the price of our Equity Shares. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse impact on our business. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business. and the market price of our Equity Shares.

RISKS RELATING TO THE EQUITY SHARES

54. 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 Indian stock exchanges may fluctuate after this Issue as a result of several factors, including:

• Volatility in the Indian and global securities market or in the Rupee's value relative to the U.S. dollar, the Euro and other foreign currencies;

- Perceptions about the future performance or the performance of Indian Road Marking companies in general;
- Performance of the competitors in the Indian Infrastructure industry and the perception in the market about investments in the industry;
- Adverse media reports on our Company or the Indian Road Marking industry;
- Changes in the estimates of our Company's performance or recommendations by financial analysts;
- Significant developments in India's fiscal and environmental regulations.
- There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the prices at which our Equity Shares are initially traded will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.
- Our share price may be volatile post-listing. Also, no assurance can be given that an active trading market for our Equity Shares will develop or as to the liquidity or sustainability of any such market, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which shareholders will be able to sell their Equity Shares. If an active market for the Equity Shares fails to develop or be sustained, the trading price of the Equity Shares could fall. If an active trading market were to develop, the Equity Shares could trade at prices that may be lower than their Issue Price.

55. Any future issue of Equity Shares may dilute your shareholding and sales of our Equity Shares by our Promoters or other major shareholders may adversely affect the trading price of the Equity Shares

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

56. We will require final listing and trading approvals from the BSE and the NSE prior to the commencement of trading of our Equity Shares

Our Equity Shares are a new issue of securities for which there is currently no trading market. We will apply to the Stock Exchanges for final listing and trading approvals after the allotment of the Equity Shares in the Issue. There can be no assurance that our Company will receive such approvals on time or at all.

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

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

58. Our ability to pay any dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.

Our Company has not paid annual dividends in the last five years. The amount of our future dividend payments, if any, will depend upon our Company's future earnings, financial condition, cash flows, working capital requirements, capital expenditures, the financial performance of our Subsidiary, applicable Indian legal restrictions and other factors. There can be no assurance that our Company will be able to pay dividends.

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

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

PROMINENT NOTES:

1) SIZE OF THE ISSUE:

Initial public offering of 1,25,00,000 Equity Shares of Rs. 10 each at a price of Rs [•] per Equity Share for cash (including share premium of Rs. [•] per share) aggregating Rs. [•] lacs (herein referred to as the issue). The issue shall constitute 42.60 % of the fully diluted post issue capital of our Company.

2) The average cost of acquisition of Equity Shares by the Promoters:

Name of the Promoters	Average Cost of Acquisition* (Rs.) per share of face value of Rs.10/- per share
Mr. Arun D. Khara **	Rs. 7.61
Mr. Mayur A. Khara	Rs. 7.48
Mr. Amit A. Khara	Rs. 7.64

*The average cost of acquisition of our Equity Shares by our Promoters has been calculated by taking into account the amount paid by them to acquire, by way of fresh issuance or transfer, the Equity Shares, including the issue of bonus shares to them. The average cost of acquisition of our Equity Shares by our Promoters has been reduced due to the issuance of bonus shares to them. For more information, please refer to the section titled "Capital Structure" on page 53.

** includes 199,750 Equity Shares which are jointly held by Mr. Arun D. Khara with Mr. Mayur A. Khara and Mr. Amit A. Khara, with Mr. Arun D. Khara being the 1st holder

- 3) Our Net worth as on 31st March, 2011 is Rs. 1,910.73 Lacs as per Restated Consolidated Financial Statements and Rs. 1,600.21 Lacs as per Restated Standalone Financial Statements
- 4) The Book -Value per share as on 31st March, 2011 is Rs. 12.39 as per Restated Consolidated Financial Statements and Rs. 10.38 as per Restated Standalone Financial Statements
- 5) There was no change in the name of the Company at any time during last three years immediately preceding the date of filing of this offer document, except that the constitution of our Company was changed to a private limited company and consequently our name was changed to "Automark Industries (India) Private Limited" pursuant to a fresh certificate of incorporation issued by the RoC, Mumbai, Maharashtra on January 23, 2009. Again the constitution of our Company was changed to a public limited company and our name was changed to "Automark Industries (India) Limited" pursuant to a fresh certificate of incorporation issued by the RoC, a fresh certificate of incorporation issued by the RoC, Mumbai, Maharashtra on January 23, 2009. Again the constitution of our Company was changed to a public limited company and our name was changed to "Automark Industries (India) Limited" pursuant to a fresh certificate of incorporation issued by the RoC, Maharashtra, Mumbai on July 05, 2011.

- 6) Investors may please note that in the event of over subscription, allotment shall be made on proportionate basis in consultation with the Bombay Stock Exchange Limited, the Designated Stock Exchange. For more information, please refer to "Basis of Allotment" on page 262 of the Draft Red Herring prospectus.
- 7) Investors are advised to refer to the paragraph on "Basis for Issue Price" on page 78 of this Draft Red Herring Prospectus before making an investment in this issue.
- 8) No part of the Issue proceeds will be paid as consideration to Promoters, Promoter Group, Directors, key management employee, associate companies, or Group Companies.
- 9) Investors may contact the BRLM or the Compliance Officer for any complaint /clarifications / information pertaining to the Issue. For contact details of the BRLM and the Compliance Officer, refer the front cover page.
- 10) Other than as stated in the section titled "Capital Structure" beginning on page 53 of this Draft Red Herring Prospectus, our Company has not issued any Equity Shares for consideration other than cash.
- 11) Except as mentioned in the sections titled "Capital Structure" beginning on page 53 of this Draft Red Herring Prospectus, we have not issued any Equity Shares in the last twelve months.
- 12) Trading in Equity Shares of our Company for all the Investors shall be in dematerialized form only.
- 13) The Issue is being made through a 100% Book Building Process wherein up to 50% of the Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs") (including 5% thereof to be allocated to Mutual Funds). Further, atleast 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional bidders and atleast 35% of the Issue will be available for allocation on a proportionate basis to the Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.
- 14) Except as disclosed in the sections titled "Our Promoters" or "Our Management" beginning on pages 136 and 121 respectively of this Draft Red Herring Prospectus, none of our Promoters, our directors and our key managerial employees have any interest in our Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, member, partner and/or trustee and to the extent of the benefits arising out of such shareholding.
- 15) Any clarification or information relating to the Issue shall be made available by the BRLM and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact the BRLM for any complaints pertaining to the Issue. Investors are free to contact the BRLM for any clarification or information relating to the Issue who will be obliged to provide the same to the investor.
- 16) For transactions in Equity Shares of our Company by the Promoter Group and directors of our Company in the last six (6) months, please refer to paragraph under the section entitled "Capital Structure" on page 53 of this Draft Red Herring Prospectus.
- 17) Our Company and the BRLM shall update this DRHP 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.

- 18) There are no contingent liabilities as on 31st March, 2011, except as mentioned in the section entitled "Financial Information" on page 150 of this Draft Red Herring Prospectus.
- 19) For details of any hypothecation, mortgage or other encumbrances on the movable and immovable properties of our Company and Subsidiary please refer to the section entitled "Financial Information" on page 150 of this Draft Red Herring Prospectus.
- 20) Except as disclosed in the section titled "Our Promoter Group / Group Companies / Entities" on page 139, none of our Group Companies have business interest in our Company.
- 21) For interest of promoters/directors, please refer to the section titled "Our Promoters" beginning on page no. 136 of this Draft Red Herring Prospectus.
- 22) The details of transactions with the Group Companies/Subsidiary/Group Enterprises and other related party transactions on standalone basis are as under:

Particulars	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Party where control exists	r	1	T		
Promoters	Mr. Arun D.	Mr. Arun D.	Mr. Arun D.	Mr. Arun D.	Mr. Arun D.
	Khara	Khara	Khara	Khara	Khara
	Mr. Amit A.	Mr. Amit A.	Mr. Amit A.	Mr. Amit A.	Mr. Amit A.
	Khara	Khara	Khara	Khara	Khara
	Mr. Mayur A.	Mr. Mayur A.	Mr. Mayur A.	Mr. Mayur A.	Mr. Mayur A.
	Khara	Khara	Khara	Khara	Khara
Subsidiary Company	Automark Technologies (I) Pvt Ltd	-	-	-	-
Key Managerial Personnel	Mr. Arun D.	Mr. Arun D.	Mr. Arun D.	Mr. Arun D.	Mr. Arun D.
	Khara	Khara	Khara	Khara	Khara
	Mr. Amit A.	Mr. Amit A.	Mr. Amit A.	Mr. Amit A.	Mr. Amit A.
	Khara	Khara	Khara	Khara	Khara
	Mr. Mayur A.	Mr. Mayur A.	Mr. Mayur A.	Mr. Mayur A.	Mr. Mayur A.
	Khara	Khara	Khara	Khara	Khara
	Mrs. Jyotsana	Mrs. Jyotsana A.	Mrs. Jyotsana	Mrs. Jyotsana	Mrs. Jyotsana
	A. Khara	Khara	A. Khara	A. Khara	A. Khara
Relatives of Key Managerial					
Personnel / Other Related	Ms. Mansi	Ms. Mansi	Ms. Mansi	Ms. Mansi	Ms. Mansi
Parties	Khara	Khara	Khara	Khara	Khara
	Ms. Tejal Khara	Ms. Tejal Khara	Ms. Tejal Khara	Ms. Tejal Khara	Ms. Tejal Khara
	Ms. Shreya	Ms. Shreya	Ms. Shreya	Ms. Shreya	Ms. Shreya
	Khara	Khara	Khara	Khara	Khara
	Ms. Samiksha	Ms. Samiksha	Ms. Samiksha	Ms. Samiksha	Ms. Samiksha
	Khara	Khara	Khara	Khara	Khara

I - List of Related Parties

Particulars	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
	Ms. Mehak Khara	Ms. Mehak Khara	Ms. Mehak Khara	Ms. Mehak Khara	Ms. Mehak Khara
	Mr. Arun D. Khara (HUF)	Mr. Arun D. Khara (HUF)	Mr. Arun D. Khara (HUF)	Mr. Arun D. Khara (HUF)	Mr. Arun D. Khara (HUF)
	Mr. Amit A. Khara (HUF)	Mr. Amit A. Khara (HUF)	Mr. Amit A. Khara (HUF)	Mr. Amit A. Khara (HUF)	Mr. Amit A. Khara (HUF)
	Mr. Mayur A. Khara (HUF)	Mr. Mayur A. Khara (HUF)	Mr. Mayur A. Khara (HUF)	Mr. Mayur A. Khara (HUF)	Mr. Mayur A. Khara (HUF)
Group Enterprises		Automark Technologies (I) Pvt Ltd	Automark Technologies (I) Pvt Ltd	Automark Technologies (I) Pvt Ltd	Automark Technologies (I) Pvt Ltd
	Demure Dealers Private Limited	Demure Dealers Private Limited			
	Gainmore Savings Private Limited	Gainmore Savings Private Limited			
	Ashirwad Real Estate	Ashirwad Real Estate	Ashirwad Real Estate	Ashirwad Real Estate	Ashirwad Real Estate
	II - Transactior	ns with Related Pa	rties (Rs. in Lacs)	1	1
REVENUE ITEMS					
Debits (A)					
Purchase of Goods					
Subsidiary	5,113.38				
Group Enterprise		4,126.57	2,994.48	1,899.88	957.59
Payment of Remuneration					
Key Management Personnel	20.00	26.70	19.80	4.14	4.80
Relatives of Key Management Personnel / Other Related Parties	-	3.90	4.26	2.46	2.10
Payment of Rent					
Key Management Personnel	3.70	8.70	8.70	2.90	2.10
Group Enterprises	2.10	2.10	3.00		
Relatives of Key Management Personnel / Other Related Parties	5.40	5.40	2.10	2.10	2.10
Payment of Interest	5.40	5.40	2.10	2.10	2.10
Key Management Personnel	7.71	13.15	7.39	6.85	8.67
Relatives of Key Management Personnel / Other Related					
Parties	5.27	10.50	0.16		
Group Enterprises	6.68	4.48			
Credits (B)					
Sales	0/ 7/				
Subsidiary	86.74				

Particulars	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Group Enterprises		134.43	154.01	2.14	8.32
NON-REVENUE ITEMS					
Debits (A)					
Loans & Advances Repaid					
Key Management Personnel	639.53	379.34	88.40	81.98	17.70
Relatives of Key Management					
Personnel / Other Related Parties	130.03	36.67			
Group Enterprises	145.73	24.25			71.87
Asset Purchase					
Group Enterprises					48.00
Credits (B)					
Loans & Advances Received					
Key Management Personnel	485.37	513.07	95.70	62.56	50.35
Relatives of Key Management Personnel / Other Related Parties	111.89	8.22	24.00		
		100.25	24.00		10.90
Group Enterprises	65.70	100.25			10.80
Equity Contribution					
Allotment of Shares other than Bonus Issue					
Key Management Personnel	365.10				
Relatives of Key Management Personnel / Other Related					
Parties	100.30				
Group Enterprises	454.60	104.00			

SECTION III: INTRODUCTION

SUMMARY

This is only the summary and does not contain all information that you shall consider before investing in Equity Shares. You should read the entire Draft Red Herring Prospectus, including the information on "Risk Factors" and related notes on page 13 of this DRHP before deciding to invest in Equity Shares.

INDUSTRY OVERVIEW

INFRASTRUCTURE INDUSTRY IN INDIA

Good quality infrastructure is the most critical physical requirement for attaining faster growth in a competitive world and also for ensuring investment in backward regions. The fast growth of the economy in recent years has placed increasing stress on physical infrastructure such as electricity, railways, roads, ports, airports, irrigation, and urban and rural water supply and sanitation, all of which already suffer from a substantial deficit from the past in terms of capacities as well as efficiencies in the delivery of critical infrastructure services. The pattern of inclusive growth of the economy projected for the Eleventh Plan, with GDP growth averaging 9% per year can be achieved only if this infrastructure deficit can be overcome and adequate investment takes place to support higher growth and an improved quality of life for both urban and rural communities. The investment required by the Central and State Governments and the private sector in each of the ten major physical infrastructure sectors for sustaining a growth rate of 9% in GDP over the Eleventh Plan (2007-08 to 2011-12) and corresponding to the quantitative targets for the Eleventh Plan is given in the table below. The total investment amounts to Rs. 20,56,150 Crores. This level of investment amounts to an average of 7.6% of GDP during the Eleventh Plan as a whole.

					(Rs crore at 20	06–07 prie
	(An	Tenth Plan ticipated investm	ent)	(P	Eleventh Plan rojected investmer	it)
Sectors	Rs	US\$ billion @ Rs 40/\$	Shares (%)	Rs crore	US\$ billion @ Rs 40/\$	Shares (%)
Electricity (incl. NCE)	291850	72.96	33.49	666525	166.63	32.42
Roads and Bridges	144892	36.22	16.63	314152	78.54	15.28
Telecommunication	103365	25.84	11.86	258439	64.61	12.57
Railways (incl. MRTS)	119658	29.91	13.73	261808	65.45	12.73
Irrigation (incl. Watershed)	111503	27.88	12.80	253301	63.32	12.32
Water Supply and Sanitation	64803	16.20	7.44	143730	35.93	6.99
Ports	14071	3.52	1.61	87995	22.00	4.28
Airports	6771	1.69	0.78	30968	7.74	1.51
Storage	4819	1.20	0.55	22378	5.59	1.09
Gas	9713	2.43	1.11	16855	4.21	0.82
Total (Rs crore)	871445	217.86	100.00	2056150	514.04	100.00

Sector-wise Investment Anticipated in the Tenth Plan and Projected for the Eleventh Plan

(Source: Eleventh Five Year Plan 2007-12, Planning Commission; Volume I)

ROAD INFRASTRUCTURE IN INDIA

The main thrust of the government is to create world-class road infrastructure, with the objective of improving mobility and accessibility while reducing the cost of transportation. The expanded National Highway Development Program, when implemented will bring about a major improvement in the riding quality and capacity of around 46000 km of arterial roads out of a total of 66590 km of National Highways, which carry around 40% of the road traffic. Furthermore, it is necessary to significantly up-scale the expressways project determining the alignments, and completing the acquisition of land for 6000 km within the Eleventh Plan period.

Some of the road sector objectives for the Eleventh Plan

- Develop roads as an integral part of transport system, supplementing other modes, with high priority being accorded to balanced development of road network
- Expedite implementation of enhanced National Highway Development Program.
- Completion of balance work of GQ and North-South and East-West corridors.
- Formulate comprehensive Master Plan for development of 15600 km of access-controlled expressways
 - ✓ Acquire land for about 6000 km.
 - ✓ Expedite and complete construction of 1000 km.
 - ✓ Connect all district headquarters with two-lane NHs/SHs.
- Focus on proper upkeep and maintenance of the existing road network and on attaining higher maintenance standards for optimum utilization of existing network capacity and preserving road assets already created. Adopt modern management techniques for scientific assessment of maintenance strategies/priorities.
- Ensure road connectivity where rail link is not possible.

(Source: Eleventh Five Year Plan 2007-12, Planning Commission; Volume III)

ROAD MARKING

Road Marking is any kind of device or material that is used on a road surface in order to convey official information. Road surface markings are used on roadways to provide guidance and information to drivers and pedestrians. Road surface markings are mechanical, non-mechanical, or temporary. They can be used to delineate traffic lanes, inform motorists and pedestrians or serve as noise generators when run across a road, or attempt to wake a sleeping driver when installed in the shoulders of a road. Road Marking can also indicate regulation for parking and stopping. There is continuous effort to improve the Road Marking system, and technological breakthroughs include adding reflectivity, increasing longevity, and lowering installation cost.

Thermoplastic Road Marking is one of the most common types of Road Marking based on its balance between cost and performance longevity. Thermoplastic coatings are generally homogeneous dry mixes of binder resins, plasticizers, glass beads, pigments, and fillers. Their use has increased over paints mainly due to the performance benefits of increased durability, retro-reflectivity, and a lack of VOC solvents. Thermoplastic markings are applied using specially designed vehicles. The thermoplastic mix is heated to about 200 °C (400 °F) before being fed to the application apparatus. This is often a screed box or extrusion type. Immediately after the thermoplastic has been applied, glass beads are laid onto the hot material so that they embed before the plastic hardens. These beads provide initial retro-reflection. As the marking wears during use and the initial beads are lost, the beads mixed with the binder are uncovered, providing long term reflectivity. Most thermoplastic is produced in white and yellow colors, but other colors may also be produced.

The economic development of the country and the consequent surge in the demand for transport services, and also the strategic needs of the country necessitated expansion as well as improvement of the road network. The Indian Roadways play a crucial role in connecting the different parts of India. Over the years after independence there has been an extensive development of the network of roads across the length and breadth of India.

According to Ministry of Road Transport & Highways, India's total Road Network consists of 33 Lakhs Kilometers (approx) which ranks as the second largest in the world. Out of the total road network only 2 Lakhs Kilometers are covered by way of State or National Highways, the remaining 31 Lakhs Kilometers are in the nature of Major District road, rural road & urban roads. The State or National Highways comprises only 2 per cent of the total road network, but carries over 40 per cent of the total traffic.

In order to cope with the growing needs of infrastructure for industrial growth in the country the Government has the major role to play by way of investing in the development of Highways. To boost the economic development of the country, the Government had introduced a massive National Highways

Development Project (NHDP) in the country. (*Source: NHAI's website:* <u>http://nhai.org/roadnetwork.htm</u>). The then Union Minister of road transport and highways Shri Kamal Nath had announced the 20-kilometer-per day road project that would involve the construction of 20 kilometers of road per day in the country.

With the amplified need of the road infrastructure, the road safety has to be preserved all the time. Road Markings are used on paved roadways to provide guidance and information to drivers and pedestrians. One of the most common types of Road Marking based on its balance between cost and performance longevity is thermoplastic Road Marking. Thermoplastic markings are applied using specially designed vehicles.

BUSINESS OVERVIEW

Our Company was incorporated in Maharashtra as "Automark Traffic Systems Private Limited" on 12th February, 1988 under the Companies Act, 1956 vide Certificate of Incorporation issued by the Registrar of Companies, Maharashtra. For further details in relation to the changes to the name of our Company, please refer to the section titled "Our History and Corporate Structure" beginning on page 117 of this Draft Red Herring Prospectus.

We are engaged into manufacturing of thermoplastic Road Marking Materials, primers for application of thermoplastic Road Marking Materials on concrete roads, water borne marking paints, cobralite retro reflective paint.

We are also engaged in to the manufacturing of Road Marking machineries which are used in the application process of Road Marking paints.

We undertake contracting assignments for application of Road Marking paints in major National Highway projects in India.

This entire set of activities, completes the value chain by providing the synergy of backward as well as forward integration.

We operate our machinery manufacturing and contracting businesses through the Issuer i.e. Automark Industries (India) Limited ("AIL") and Road Marking paint manufacturing business through our Subsidiary i.e. Automark Technologies (India) Private Limited ("ATPL").

We entered into the world of road safety products by venturing in to works contract related to Road Marking and manufacturing of Road Marking Machineries in the year 1988. In the year 2006, we have expanded our operation by penetration in to manufacturing of thermoplastic Road Marking Materials with a production capacity of about 300 MT per month, which gradually increased as demand grew. Currently we are producing 1200 MT per month which utilizes 70 % of our installed production capacity. We are an ISO 9001: 2000 Company certified for all areas of operation.

Our significant businesses, their products, manufacturing facilities and capacity are as follows:

Road Marking Materials: Automark Industries (India) Limited manufactures thermoplastic Road Marking Material through its Subsidiary Automark Technologies (India) Private Limited We produced 14,572 MT of the thermoplastic material in the year 2010-11 whereas we have an installed capacity of 20,000 MT p.a. We also manufacture water borne paints for roads, highways, runways and kerbs. The manufacturing unit of Road Marking Material is located at Nagpur - Wardha Road, Bothali Village, Nagpur, Maharashtra - 441 108.

Road Marking Machinery: We manufacture the Road Marking Machinery under Automark Industries (India) Limited with its manufacturing facility located at - A-43, MIDC, City: Lohara, Yavatmal, Maharashtra - 445 001. We currently have installed capacity of 20 Machines per annum at our above located unit.

Contracting Applicators of Road Marking: AIL is also into contracting application of the Road Marking material which facilitates us to complete the in house value chain in the Road Marking industry. For
application assignments, AIL utilizes in house manufactured machineries as well as imported and indigenous machinery. AIL has already executed more than 40,00,000 Sq. Meters of Road Marking successfully which includes more than 50 projects of the National Highways Authority (NHAI) among others.

Our Competitive Strengths

Experienced management team and a motivated & efficient work force

Our Company is managed by a team of experienced and professional personnel with experience in different aspects of Road Marking industry which include an in-depth knowledge of the material, machinery, application of the material, marketing and finance. We believe that our qualified and experienced management has substantially contributed to the growth of our business operations. Our Promoters have more than a decade of experience in Road Marking industry. The faith of the management in the staff and their dedicated performance has enabled us to build up capabilities to operate at different locations in the country. We believe that the experience of our senior management team has resulted into improved product quality and increased profitability which give us a competitive edge.

Availability of comprehensive Value Chain in-house

We are into manufacturing and application of the thermoplastic Road Marking Material. In addition to this, the machinery for applying the material on the roads is also manufactured by our Company. This brings in the benefit of a full value chain management to our Company. The Company procures the raw material for the manufacturing operations from outside the group.

This entire set of activities, completes the value chain by providing the synergy of backward as well as forward integration.

Established Manufacturing facility

Our existing manufacturing facility for Road Marking material is located near Nagpur. We have produced 14,572 MTs of Thermoplastic Road Marking Materials in the financial year 2010-11. Currently we are having an installed capacity of 20,000 MTs per annum. Further, we aim to expand the capacity to 70,000 MTs per annum as set out in our Objects of the Issue.

Strong relationships with our customers

Our record of strong performance has helped us to build strong relationships over a number of years with our customers in India, including L&T (ECC) Ltd, HCC, GVK, GMR and IVRCL among others. We also manufacture the machinery for application of the Road Marking material, which allows us to customize the machineries as well as process according to the nature of the application material.

Growth driven

Our Company has witnessed substantial growth in past few years. Turnover of our Company on a standalone basis have increased from Rs. 1,317.27 Lacs in the fiscal 2006-07 to Rs. 6,496.03 Lacs in the fiscal 2010-11 resulting in the increase of 393 % over the past 5 years. Profit after tax of our Company have increased from Rs. 16.09 Lacs to Rs. 166.34 Lacs resulting in the increase of 934 % over the past 5 years.

Research & development and Quality Standards

Our very presence in the Industry for past 22 years has helped us to develop our brand on technical front. In the manufacture of our products we follow the major quality standards of the world including BS 3262, BS EN 1871, AASHTO M - 249 -79 (1990) & MORTH

Location advantage of the Unit

Our manufacturing unit in Nagpur, Maharashtra has the location advantage of ease in access due to its connectivity with state and national highways. Further Nagpur is at the center of India resulting into the advantage of ease in transport to any corner of India at an effective cost. This provides us with efficient logistics thereby reducing our transportation and raw material cost in comparison to competitors.

SWOT

Strengths

- > Cordial relations with Customers
- > In depth knowledge of Industry Commercial & Technical
- Established manufacturing facility
- Low overhead cost
- > Very few organized player in the industry
- Strong market share
- Experienced management team

Weaknesses

- > Dependent upon growth in Road infrastructure industry
- Insufficient international market reach
- > Surge in finance needs to cope up with the increased demand.

Opportunities

- > Growth and investment in road & infrastructure will create demand for Road Markings
- The Common Market for Eastern and Southern Africa (COMESA) comprising of 19 member states with a developing road infrastructure offers massive opportunities in overseas market.

Threats

- Industry is prone to change in government policies, any material changes in the duty or International raw material prices may adversely impact our financials.
- Currently there are few organized players in the Road Marking industry, but there are no entry barriers in our industry which puts us to the threat of competition from new entrants.

SUMMARY OF FINANCIAL DATA

The following tables set forth summary financial information derived from our restated consolidated and standalone financial statements as of and for the years ended March 31, 2007, 2008, 2009, 2010 and 2011. These financial statements have been prepared in accordance with the Indian GAAP, the Companies Act and the SEBI ICDR Regulations and presented under the section titled "Financial Information" on page 150. The summary financial information presented below should be read in conjunction with the chapter titled "Management's Discussion and Analysis of Financial Conditions and Results of Operations" and "Financial Information" on pages 197 and 150 respectively.

CONSOLIDATED STATEMENT OF ASSETS AND LIABLITIES, AS RESTATED

(Rs. In Lacs)

Particulars	31.03.11
Assets	
Fixed Assets-Gross Block (including CWIP)	565.21
Less: Depreciation	104.57
Net Block (including CWIP)	460.64
Less: Revaluation Reserve	-
Net Block after adjustment for Revaluation Reserve (A)	460.64
Total (A)	460.64
Investments (B)	12.24
Current Assets, Loans and Advances	
Receivables	2,736.02
Inventories	756.81
Cash & Bank Balances	348.77
Deposits & Advances	928.35
Total Current Assets (C)	4,769.95
Total Assets (D) = (A) + (B) + (C)	5,242.83
Liabilities & Provisions	
Loan Funds :	
Secured Loans	1,187.22
Unsecured Loans	116.02
Current Liabilities & Provisions:	
Current Liabilities	1,877.58
Provisions	129.14
Deferred Tax Liability	22.13
Total Liabilities & Provisions (E)	3,332.09
Net Worth (D) - (E)	1,910.73
Represented By:	
Share Capital	163.80
Reserves & Surplus	1,746.93
Less: Revaluation Reserve	-
Reserves (Net of Revaluation Reserve)	1,746.93
Total Net Worth	1,910.73

Notes: The accompanying Significant Accounting Policy and Notes to the Restated Financial Information are an integral part of this Restated Statement of Assets & Liabilities

	(Rs. In Lacs)
Particulars	31.03.11
Income	
Sales of products Manufactured	4,555.91
Sales of products Traded	624.17
Works Contract Receipts	1,591.41
Other Income	70.66
Total	6,842.15
Expenditure	
Cost of Materials Consumed	5,169.54
Manufacturing Expenses	30.36
Works Contract Expenses	356.94
Labour Charges Paid	147.93
Trial & Testing Expenses	4.32
Employees Costs	84.84
Administrative Expenses	439.80
Selling & Distribution Expenses	79.96
Total	6,313.69
Profit before Depreciation, Interest and Tax	528.46
Depreciation	19.11
Profit before Interest & Tax	509.35
Interest & Finance Charges	135.58
Net Profit before Tax	373.77
Less: Provision for Tax-Current Tax	127.00
Deferred Tax	5.38
Fringe Benefit Tax	-
Net Profit After Tax & Before Extraordinary Items	241.40
Net Profit After Extraordinary Items	241.40
Less : Pre-Acquisition Profits transferred to Capital Reserve	51.79
Net Profit	189.61

CONSOLIDATED STATEMENT OF PROFIT AND LOSS, AS RESTATED

CONSOLIDATED STATEMENT OF CASHTLOW, AS RESTATE	(Rs. In Lacs)
Particulars	31.03.11
CASH FLOW FROM OPERATING ACTIVITIES	
Net profit before tax	373.77
Adjustment for:	
Add: Depreciation	19.11
Add: Interest expenses	135.58
Add: Loss on sale of Assets	-
Add: Preliminary & issue Expenses w/off	-
Less: Interest / Dividend Income	(0.66)
Operating Profit before Working capital changes	527.80
Adjustments for:	
Decrease (Increase) in Trade & Other Receivables	(1,227.61)
Decrease (Increase) in Inventories	(165.11)
Increase (Decrease) in Current Liabilities	799.90
Net Changes in Working Capital	(592.83)
Cash Generated from Operations	(65.03)
Taxes (Including FBT)	(135.42)
Net Cash Flow from Operating Activities (A)	(200.45)
CASH FLOW FROM INVESTING ACTIVITIES	
(Purchase) of Fixed Assets and Capital Work in Progress	(238.07)
Sale of Fixed Assets	-
(Purchase) / Sale of Investments	(30.00)
Add: Dividend Income	0.66
Net Cash Flow from Investing Activities (B)	(267.41)
CASH FLOW FROM FINANCING ACTIVITIES	
Issue of share capital (including Share Premium)	920.00
Interest paid	(135.58)
Increase / (Repayment) of Long Term Borrowings	(123.58)
Preliminary Expenses Paid	-
Dividend paid	-
Net Cash Flow from Financing Activities (C)	660.84
Net Increase / (Decrease) in Cash & Cash Equivalents	192.98
Cash and cash equivalents at the beginning of the year / Period	155.79
Cash and cash equivalents at the end of the year/ Period	348.77

CONSOLIDATED STATEMENT OF CASH FLOW, AS RESTATED

Note: The above Cash Flow Statement has been prepared under "Indirect Method" as set out in the Accounting Standard (AS) - 3 on Cash Flow Statements" issued by the Institute of Chartered of Accountants of India.

STANDALONE STATEMENT OF ASSETS AND LIABLITIES, AS RESTATED

			-, -		(Rs. In Lacs)
Particulars	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Assets					
Fixed Assets-Gross Block (Including CWIP)	487.98	252.41	241.91	213.12	167.82
Less: Depreciation	89.61	74.01	61.55	50.97	42.46
Net Block (Including CWIP)	398.37	178.40	180.35	162.16	125.36
Less: Revaluation Reserve	-	-	-	-	-
Net Block after adjustment for					
Revaluation Reserve	398.37	178.40	180.35	162.16	125.36
Total (A)	398.37	178.40	180.35	162.16	125.36
	I	1	ſ		
Investments (B)	88.11	58.11	56.24	4.01	0.26
Current Assets, Loans and Advances					
Receivables	2,620.72	1,899.58	1,318.43	559.86	313.60
Inventories	401.24	312.32	257.10	223.57	123.39
Cash & Bank Balances	170.97	64.91	62.34	37.23	29.37
Deposits & Advances	685.88	247.16	128.74	64.01	55.54
Total Current Assets (C)	3,878.81	2,523.97	1,766.60	884.68	521.90
Total Assets (D) = (A) + (B) + (C)	4,365.29	2,760.48	2,003.20	1,050.84	647.52
Liabilities & Provisions					
Loan Funds :					
Secured Loans	787.75	422.53	274.14	165.85	70.43
Unsecured Loans	116.02	353.75	147.15	73.08	87.43
Current Liabilities & Provisions:					
Current Liabilities	1,762.56	1,388.44	1,252.57	615.06	335.86
Provisions	79.14	67.96	34.23	20.13	11.43
Deferred Tax Liability	19.61	13.93	11.65	9.58	9.71
Total Liabilities & Provisions (E)	2,765.09	2,246.61	1,719.74	883.70	514.86
Net Worth (D) - (E)	1,600.20	513.87	283.46	167.14	132.66
Represented By:					
Share Capital	163.80	33.80	29.80	27.45	27.45
Reserves & Surplus	1,436.41	480.07	253.66	139.69	105.21
Less: Revaluation Reserve	-	-	-	-	-
Reserves (Net of Revaluation Reserve)	1,436.41	480.07	253.66	139.69	105.21
Total Net Worth	1,600.20	513.87	283.46	167.14	132.66
Notes: The accompanying Significant Accou					

Notes: The accompanying Significant Accounting Policy and Notes to the Restated Financial Information are an integral part of this Restated Statement of Assets & Liabilities

(Rs. In Lac					
Particulars	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Income					
Sales of products Manufactured	-	-	1.20	-	65.13
Sales of products Traded	4,904.63	4,148.07	2,879.85	1,379.59	629.32
Works Contract Receipts	1,591.41	1,652.65	1,347.30	1,024.21	622.82
Other Income	44.91	5.31	(0.09)	1.43	2.33
Increase/(Decrease) in Inventories	88.92	55.22	33.53	100.18	44.53
Total	6,629.86	5,861.25	4,261.79	2,505.42	1,364.13
Expenditure					
Materials Purchased	5,279.02	4,352.12	3,168.65	1,960.05	1,034.28
Works Contract Expenses	356.94	408.36	389.18	276.89	160.13
Labour Charges Paid	147.93	113.43	51.63	-	-
Trial & Testing Expenses	2.81	4.18	1.43	0.41	0.36
Employees Costs	55.80	54.75	34.54	16.79	14.53
Administrative Expenses	386.41	411.57	297.02	150.15	102.19
Selling & Distribution Expenses	57.10	247.03	166.59	22.40	4.37
Total	6,286.00	5,591.45	4,109.04	2,426.70	1,315.87
Profit before Depreciation, Interest and Tax	343.86	269.80	152.74	78.71	48.27
Depreciation	15.60	12.46	10.59	8.51	7.42
Profit before Interest & Tax	328.25	257.34	142.16	70.21	40.85
Interest & Finance Charges	79.24	60.60	38.94	15.73	13.42
Net Profit before Tax	249.02	196.74	103.22	54.48	27.43
Less: Provision for Tax-Current Tax	77.00	68.05	30.22	16.43	9.37
Deferred Tax	5.68	2.28	2.07	(0.13)	(0.09)
Fringe Benefit Tax	-	-	3.96	3.70	2.06
Net Profit After Tax & Before Extraordinary Items	166.34	126.41	66.97	34.48	16.09
Net Profit After Extraordinary Items	166.34	126.41	66.97	34.48	16.09

STANDALONE STATEMENT OF PROFIT AND LOSS, AS RESTATED

				(Rs. In Lacs)	
Particulars	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
CASH FLOW FROM OPERATING ACTIVITIES					
Net profit before tax	249.02	196.74	103.22	54.48	27.43
Adjustment for:					
Add: Depreciation	15.60	12.46	10.59	8.51	7.42
Add: Interest expenses	79.24	60.60	38.94	15.73	13.42
Add: Loss on sale of Assets	-	-	-	-	1.14
Add: Preliminary & issue Expenses w/off	-	-	-	-	-
Less : Dividend Income	(0.32)	(0.33)	(0.01)	-	-
Operating Profit before Working capital changes	343.54	269.47	152.73	78.71	49.41
Adjustments for:					
Decrease (Increase) in Trade & Other Receivables	(721.14)	(581.16)	(758.56)	(246.26)	(82.81)
Decrease (Increase) in Inventories	(88.92)	(55.22)	(33.53)	(100.18)	(44.53)
Decrease (Increase) in Loans and Advances	(411.49)	(98.10)	(55.71)	(2.39)	(4.61)
Increase (Decrease) in Current Liabilities	374.12	135.87	637.51	279.20	171.03
Increase (Decrease) in Provisions (Other Than Tax)	2.14	-	-	-	-
Net Changes in Working Capital	(845.28)	(598.60)	(210.29)	(69.63)	39.09
Cash Generated from Operations	(501.75)	(329.14)	(57.56)	9.08	88.49
Taxes (Including FBT)	(95.20)	(54.64)	(29.10)	(17.51)	(14.55)
Net Cash Flow from Operating Activities (A)	(596.95)	(383.78)	(86.66)	(8.43)	73.95
CASH FLOW FROM INVESTING ACTIVITIES					
(Purchase) of Fixed Assets and Capital Work in Progress	(235.58)	(10.50)	(28.78)	(45.30)	(61.46)
Sale of Fixed Assets	-	-	-	-	1.57
(Purchase) / Sale of Investments	(30.00)	(1.87)	(52.23)	(3.75)	-
Dividend Income	0.32	0.33	0.01	-	-
Net Cash Flow from Investing Activities (B)	(265.26)	(12.04)	(81.00)	(49.05)	(59.89)
CASH FLOW FROM FINANCING ACTIVITIES					
Issue of share capital	130.00	4.00	2.35	-	-
Share Premium	790.00	100.00	47.00	-	-
Interest paid	(79.24)	(60.60)	(38.94)	(15.73)	(13.42)
Secured Loans Taken / (Repaid)	365.22	148.39	108.29	95.43	20.48
Unsecured Loans Taken/ (Repaid)	(237.72)	206.60	74.07	(14.35)	(20.53)
Preliminary Expenses Paid	-	-	-	-	-
Dividend paid	-	-	-	-	-
Net Cash Flow from Financing Activities (C)	968.27	398.39	192.77	65.34	(13.47)
Net Increase / (Decrease) in Cash & Cash Equivalents	106.06	2.57	25.11	7.86	0.59
Cash and cash equivalents at the beginning of the year /					
Period	64.91	62.34	37.23	29.37	28.79
Cash and cash equivalents at the end of the year/					
Period	170.97	64.91	62.34	37.23	29.37

Note: The above Cash Flow Statement has been prepared under "Indirect Method" as set out in the Accounting Standard (AS) - 3 on Cash Flow Statements" issued by the Institute of Chartered of Accountants of India.

ISSUE DETAILS IN BRIEF

Public Issue# aggregating Rs. [•] of which	1,25,00,000 Equity Shares **
of which	
(A) Qualified Institutional Buyers Portion Of Which	Upto 62,50,000 Equity Shares
Anchor Investor Portion	Upto 18,75,000 Equity Shares*
Net QIB Portion	Upto 43,75,000 Equity Shares***
Of Which-	
Mutual Fund Portion	2,18,750 Equity Shares
Balance for all QIBs including Mutual Funds	41,56,250 Equity Shares
(B) Non Institutional Portion	Not less than 18,75,000 Equity Shares ***
(C) Retail Portion	Not less than 43,75,000 Equity Shares ***
Pre & Post Equity Shares	
Equity Shares outstanding prior to the Issue	1,68,44,875 Equity Shares
Equity Shares outstanding after the Issue	2,93,44,875 Equity Shares
Objects of the Issue	Please see the section entitled "Objects of the Issue" on page 66 of this Draft Red Herring Prospectus.

Allocation to all categories, except the Anchor Investor Portion, if any, shall be made on a proportionate basis subject to valid Bids being received at or above the Issue Price.

* Our Company may, in consultation with BRLM, consider participation by Anchor Investors upto 30% of the QIB Portion on a discretionary basis in accordance with applicable SEBI (ICDR) Regulations. 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 Anchor Investor Issue Price. For further details, please refer to chapter titled "Issue Procedure" on page 233 of this Draft Red Herring Prospectus.

** Our Company is considering a Pre-IPO Placement of upto 25,00,000 Equity Shares. Our Company will complete the issuance of such Equity Shares, if any, prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size would be reduced by the extent of such Pre-IPO Placement, subject to a minimum Issue size of 25% of the post Issue paid-up equity capital being offered to the public.

*** Under subscription, if any, in any category would be allowed to be met with spill over from any other category at the sole discretion of our Company, in consultation with the Book Running Lead Manager.

GENERAL INFORMATION

AUTOMARK INDUSTRIES (INDIA) LIMITED

Our Company was originally incorporated in Maharashtra as "Automark Traffic Systems Private Limited" on 12th February, 1988 under the Companies Act, 1956 vide Certificate of Incorporation issued by the Registrar of Companies, Maharashtra. The status of our Company was changed to a public limited company and our name was changed to "Automark Traffic Systems Limited" pursuant to a fresh certificate of incorporation issued by the RoC, Mumbai, Maharashtra on April 04, 1996. Thereafter name of our Company was changed to "Automark Industries (India) Limited", vide a fresh certificate of incorporation issued by RoC, Mumbai, Maharashtra on October 1, 1996. The status of our Company was again changed to a private limited company and our name was changed to "Automark Industries (India) Private Limited" pursuant to a fresh certificate of incorporation issued by the RoC, Mumbai, Maharashtra on January 23, 2009. The status of our Company was changed to a public limited company was changed to a public limited company was changed to a fresh certificate of incorporation issued by the RoC, Mumbai, Maharashtra on January 23, 2009. The status of our Company was changed to a public limited company and our name was changed to a fresh certificate of uncorporation issued by the RoC, Mumbai, Maharashtra on January 23, 2009. The status of our Company was changed to a public limited company and our name was changed to a fresh certificate of incorporation issued by the RoC, Mumbai, Maharashtra on January 23, 2009. The status of our Company was changed to a public limited company and our name was changed to "Automark Industries (India) Limited" pursuant to a fresh certificate of incorporation issued by the RoC, Maharashtra on January 23, 2009.

Registered Office:

'Gurukripa', Datta Square, Yavatmal, Maharashtra, India - 445001; Tel: +91-7232-244134; Fax: +91-7232-245430; Website: www.automark-india.com E-Mail: cs@automark-india.com

Corporate Office:

1st Floor, "Saraf Court", Opp. Yashwant Stadium, Dhantoli, Nagpur, Maharashtra, India - 440012 Tel: +91-712-6603671 FAX: +91-712-6603679;

Company Registration Number: 11-046196

Corporate Identification Number: U29290MH1988PLC046196

Address of Registrar of Companies

We are registered with the RoC situated at Everest, 5th Floor, 100 Marine Drive, Mumbai 400 002, Maharashtra

For details in relation to the changes to the name of our Company, please refer to the section titled "Our History and Corporate Structure" beginning on page 117 of this Draft Red Herring Prospectus.

Contact Person: Mr. Abhijit Pashine, Company Secretary & Compliance Officer, <u>cs@automark-india.com</u>

Board of Directors:

Our Board of Directors comprise of the following members:

Name	Designation	DIN	Address
Mr. Arun Dalichand Khara	Non Executive	00171580	'Gurukripa', Datta Square,
	Chairman		Yavatmal, Maharashtra,
			INDIA - 445 001
Mr. Mayur Arun Khara	Managing Director	00171615	'Gurukripa', Datta Square,
			Yavatmal, Maharashtra,
			INDIA - 445 001
Mr. Amit Arun Khara	Whole Time Director	00171661	'Gurukripa', Datta Square,
			Yavatmal, Maharashtra,
			INDIA - 445 001
Mr. Dhawal K. Shah	Independent Director	01445352	"Paraskripa"
			Savkar Peth,
			Yavatmal - 445 001
Dr. Harish Balkishan Zawar	Independent Director	00556928	17, Anjaneya Society
			Arni Road,
			Yavatmal - 445 001
Mr. Amin Haji Aziz Nagani	Independent Director	01218173	4, Gulshan Colony, Shaheed
			Society, Yavatmal,
			Maharashtra - 445 001

For further details of Management of our Company, please refer to section titled "Our Management" on page 121 of this Draft Red Herring Prospectus.

Company Secretary & Compliance Officer

Mr. Abhijit Pashine 1st Floor, Saraf Court, Opp. Yashwant Stadium, Dhantoli, Nagpur, Maharashtra India - 440012; Tel: +91-712-6646683; Fax: +91-712-6603679; E-Mail: cs@automark-india.com

Investors can contact our Compliance Officer in case of any pre-Issue or post-Issue related matters such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account, refund orders etc.

BOOK RUNNING LEAD MANAGER

COMFORT SECURITIES LIMITED

A-301, Hetal Arch, Opposite Natraj Market, S. V. Road, Malad (West), Mumbai- 400 064. Tel: 022 - 28449765 Fax: 022 - 28892527 Email: mbdivison@comfortsecurities.co.in Website: www.comfortsecurities.co.in Contact Person: Mr. Sarthak Vijlani / Mr. Deepak Mor SEBI Regn. No: INM 000011328

LEGAL ADVISORS TO THE ISSUE

Sunil Shukla 4, Shanti Sadan, Opp. Haweli Poddar Road, Malad (East), Mumbai- 400 097 Tel: 022-28808726 Email: advshukla@rediffmail.com

REGISTRAR TO THE ISSUE

SHAREPRO SERVICES (INDIA) PRIVATE LIMITED

13 AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Mumbai - 400 072 Tel: 022 6772 0300 Fax: 022 2859 1568 E-mail: sharepro@shareproservices.com Website: www.shareproservices.com Contact Person: Mr. Subhash Dhingreja SEBI Regn. No: INR000001476

SELF CERTIFIED SYNDICATE BANKS

The list of banks that have been notified by SEBI to act as SCSB for the Applications Supported by Blocked Amount ("ASBA") Process are provided on http://www.sebi.gov.in/pmd/scsb.pdf. For details on designated branches of SCSBs collecting the ASBA Bid cum Application Form, please refer to the above-mentioned SEBI link.

STATUTORY AUDITORS

AGRAWAL & KEDIA

Chartered Accountants Mezzanine Floor, Business Plaza, 6, Farmland, Central Bazar Road, Lokmat Square, Nagpur - 440 010 Ph. No. 0712 - 2438181, Fax No. 0712 - 2435068 Email: agrawalkedia@hotmail.com **Contact Person:** Mr. Ravi Agrawal

ESCROW COLLECTION BANKERS TO THE ISSUE

[•]

SYNDICATE MEMBER(S)

[•]

IPO GRADING

CRISIL LIMITED

CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai - 400 076 Tel: +91-22-3342 3000 Fax: +91-22- 3342 8088 Contact person: Vinaya Dongre E-mail: <u>vdongre@crisil.com</u> Website: www.crisil.com

We have appointed above-mentioned IPO Grading Agency for grading of proposed Initial Public Offering of our Company. This IPO Grading Agency has assigned [•] Grade to the Initial Public Offering of our Company. The rationale of the IPO Grading Agency for assigning [•] Grade is enclosed on page [•] of the Red Herring Prospectus.

Investors should carefully consider all of the information provided in this Draft Red Herring Prospectus including IPO Grading Information and should make their own judgment prior to making any investment in this Issue. This IPO Grading does not take cognizance of the Issue Price of our Equity Shares and it is not a recommendation to buy, sell or hold our Equity Shares.

Credit Rating

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

Trustees

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

Brokers to the Issue

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

Monitoring Agency

As the net proceeds of the Issue will be less than Rs. 50,000 Lakhs, under the SEBI (ICDR) Regulations it is not required that a monitoring agency be appointed by our Company.

Inter-se allocation of Responsibilities

Comfort Securities Limited being the sole Book Running Lead Manager shall be responsible for the following:

- 1. Capital structuring with the relative components and formalities such as type of instruments.
- 2. Due diligence of our Company including our operations, management and business plans. Drafting and design of the Draft Red Herring Prospectus, Red Herring Prospectus, prospectus and statutory advertisement including memorandum containing salient features of the Prospectus. (The BRLM shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, the RoC and SEBI including finalization of Prospectus and the RoC filing of the same.)
- 3. Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, road show presentations, FAQs and corporate films.
- 4. Appointment of other intermediaries namely, Registrar, printers, advertising agency and Bankers to the Issue.
- 5. Institutional marketing of the Issue, which will cover, inter alia,
 - a. Finalizing the list and division of investors for one to one meetings and
 - b. Finalizing road show schedule and investor meeting schedules
 - c. Selection of Underwriters
 - d. Holding Conferences and Brokers Meetings
- 6. Non-Institutional and retail marketing of the Issue, which will cover, inter alia,
 - a. Formulating marketing strategies, preparation of publicity budget;
 - b. Finalizing media and public relations strategy;

- c. Finalizing centres for holding conferences of stock brokers, investors etc;
- d. Finalizing collection centres;
- e. Follow-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Issue material;
- f. Co-ordination with Stock Exchanges for book building software, bidding terminals and mock trading;
- g. Selection of Underwriters;
- h. Holding Conferences and Brokers Meetings;
- 7. Follow up with the bankers to the issue to get quick estimates of collection and advising the issuer about closure of the issue, based on the correct figures.
- 8. The post bidding activities including management of escrow accounts, coordination of noninstitutional allocation, intimation of allocation and dispatch of refunds to Bidders etc.
- 9. The post issue activities will involve essential follow up steps, which include the finalization of listing of instruments, dispatch of certificates and demat delivery of shares, with the various agencies connected with the work such as the Registrar to the Issue and Bankers to the Issue and the bank handling refund business. The merchant banker shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with our Company.
- 10. Underwriting arrangements involving invoking underwriting obligations in case of under-subscription.

Experts

Except as stated in "Statement of Tax Benefits", the Company has not obtained any expert opinion.

BOOK BUILDING PROCESS

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

The principal parties involved in the Book Building Process are:

- The Company;
- The Book Running Lead Manager, in this case being Comfort Securities Limited.;
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. The Syndicate Members are appointed by the Book Running Lead Manager;
- Registrar to the Issue;
- Escrow Collection Banks and
- Self Certified Syndicate Banks

This Issue is being made through a 100% Book Building Process wherein upto 50% of the Issue shall be allotted on a proportionate basis to eligible Qualified Institutional Buyers ("QIBs"), provided that our Company in consultation with the BRLM may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis, out of which at least one third will be available for allocation to domestic mutual funds only ("Anchor Investor Portion"). In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. Further 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB portion shall be available for allocation on a proportionate basis to all eligible Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion (excluding the Anchor Investor Portion) and allocated proportionately to the QIB Bidders. If the aggregate demand for mutual funds is greater than 5% of the QIB Portion, allocation shall be made to the Mutual Funds proportionately to the extent of Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion. Further, not less than 15% of the Issue shall be made available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall made available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

The Company shall comply with the SEBI Regulations and any other directions issued by SEBI for this Issue. In this regard, we have appointed the Comfort Securities Limited as the Book Running Lead Manager to manage the Issue.

The process of Book Building under the SEBI Regulations is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue. In accordance with the SEBI ICDR Regulations, QIBs are not allowed to withdraw their Bids after the Bid/Issue Closing Date. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bidding Date. Allocation to the Anchor Investors will be on a discretionary basis. For further details, please refer to chapter titled – *Issue Procedure* on page 233.

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

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs. 40/- to Rs. 48/- per share, issue size of 6,000 equity shares and receipt of nine bids from bidders, details of which are shown in the table below, the illustrative book would be as below. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book as shown below indicates the demand for the shares of the Company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	48	500	8.33%
700	47	1200	20.00 %
1,000	46	2200	36.67%
400	45	2600	43.33%
500	44	3100	51.67%
200	43	3300	55.00%
2,700	42	6000	100.00%
800	41	6800	113.33%
1,200	40	8000	133.33%

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. 42/- 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. 42/-. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

Steps to be taken by the Bidders for Bidding

1. Check eligibility for making a bid (for further details, please refer to the section titled "*Issue Procedure*" on page 233). Specific attention of ASBA Bidders is invited to the section titled "*Issue Procedure*" on page 233;

- 2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form, as the case may be;
- 3. Ensure that the Bid cum Application Form is duly completed as per the instructions given in the Red Herring Prospectus and in the respective forms;
- 4. Ensure that you have mentioned your PAN in the Bid cum Application Form or ASBA Form (for further details, see the section titled "*Issue Procedure*" on page 233). Bidders are specifically requested not to submit their GIR number instead of the PAN as the Bid is liable to be rejected on this ground;
- 5. Ensure the correctness of your Demographic Details (as defined under the paragraph titled "*Bidder's Depository Account Details*", in section titled "*Issue Procedure*" on page 233), given in the Bid cum Application Form, and the details recorded with your Depository Participant; and
- 6. Bids by ASBA Bidders have to be submitted to the SCSBs at the Designated Branches or Members of the Syndicate (at ASBA Bidding Locations). ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSBs to ensure that their ASBA Form is not rejected.

Bid/Issue Programme

Bidding Period/Issue Period

BID / ISSUE OPENS ON*: [•]	BID / ISSUE CLOSES ON: [•]

*Our Company may consider participation by Anchor Investors in terms of the SEBI ICDR Regulations. The Anchor Investor Bid/Issue Period shall be one Working Day prior to the Bid/ Issue Opening Date. Bids by Anchor Investors may be submitted to the members of Syndicate or their affiliates. The number of Equity Shares allocated to each Anchor Investor shall be made available in the public domain by the BRLM, before the Bid/ Issue Opening Date.

Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form. On the Bid/Issue Closing Date, Bids shall be uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non- Institutional Bidders where the Bid Amount is in excess of Rs. 200,000 and (ii) until 5.00 p.m. or such extended time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders where the Bid Amount is up to Rs. 200,000. 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-a-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 the times mentioned above on the Bid/Issue Closing Date. All times is 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 get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded,

the Issuer, BRLMs and Syndicate members will not be responsible. Bids will be accepted only on Business Days, i.e. Monday to Friday (excluding any public holidays).

The Company reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI Guidelines provided that the Cap Price is less than or equal to 20% of the Floor Price. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price advertised at least one day before the Bid /Issue Opening Date.

In case of revision of the Price Band, the Issue Period will be extended for three additional working days after revision of the Price Band subject to the total Bid /Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid/Issue, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release and also by indicating the changes on the web sites of the BRLMs and at the terminals of the Syndicate.

Under-subscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories, at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange and in accordance with applicable laws, rules, regulations and guidelines, subject to valid Bids being received at or above the Issue Price. For further details, please see the section titled *"Issue Procedure"* on page 233.

Pursuant to SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011 all non- retail Investors i.e. QIBs and Non Institutional Investors are mandatorily required to utilize the ASBA facility to submit their Bids and participate in this Issue. For further details please see the chapter titled "Issue Procedure" on page 233.

Attention of all QIBs is specifically drawn to the fact that all QIBs (including Anchor Investors) are required to pay the entire Bid Amount at the time of the submission of the Bid cum Application Form. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bid / Issue Period. In accordance with the SEBI ICDR Regulations, QIBs Bidding in the Net QIB Portion are not allowed to withdraw their Bids after the QIB Bid Closing Date. Further, allocation to QIBs will be on a proportionate basis.

For further details, see the sections titled "*Terms of the Issue*" and "*Issue Procedure*" on pages 226 and 233 respectively. Our Company will comply with the SEBI ICDR Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, our Company has appointed the BRLM to manage this Issue and procure subscriptions to this Issue.

The Book Building Process is subject to change from time to time and investors are advised to make their own judgment about an investment through this process prior to submitting a Bid in the Issue.

Withdrawal of the Issue

The Company, in consultation with the BRLM, reserves the right not to proceed with the issue after the bidding and if so, the reason thereof shall be given as a public notice within two days of the closure of the issue. The public notice shall be issued in the same newspapers where the pre-issue advertisement had appeared. The stock exchanges where the specified securities were proposed to be listed shall also be informed promptly. If the Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh Draft Red Herring Prospectus with the SEBI.

Notwithstanding the foregoing, this Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for only 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 this Issue anytime after the Bid/Issue Opening Date, our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of the 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, on and from the expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money.

In the event that our Company decides not to proceed with this Issue after Bid/ Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI.

Underwriting Agreement

After the determination of the Issue Price but prior to filing of the Prospectus with Registrar of Companies, Mumbai, Maharashtra, Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and not joint, and are subject to certain conditions as specified in such agreement.

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

Name and Address of the Underwriters	Indicative Number of Equity shares to be Underwritten	Amount Underwritten (Rupees In Lakhs)
COMFORT SECURITIES LIMITED A-301, Hetal Arch, Opposite Natraj Market, S. V. Road, Malad (West), Mumbai- 400 064. Tel : 022 28449765 Fax: 022 28892527 Email: mbdivision@comfortsecurities.co.in Website: www.comfortsecurities.co.in Contact Person: Mr. Sarthak Vijlani / Mr. Deepak Mor SEBI Regn. No: INM 000011328	[•]	[•]
[•]	[•]	[•]
Total	[•]	[•]

The above-mentioned amount is an indicative underwriting and would be finalized after pricing and actual allocation. The above underwriting agreement is dated [•]. In the opinion of the Board of Directors of the Company (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI and are eligible to underwrite as per applicable guideline.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM and the Syndicate Members shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default, the respective underwriter in addition to other obligations to be defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount. For further details about allocation please refer to "Other Regulatory and Statutory Disclosures" on page 216 of this Offer Document.

CAPITAL	STRUCTURE
CALLAC	STRUCTORE

(Rs. In Lakhs) Aggregate Nominal Aggregate value Value at Issue Price (A) Authorized Share Capital 3,00,00,000 Equity Shares of Rs. 10/- each 3,000.00 (B) Issued, Subscribed and Paid-up Equity Capital 1,68,44,875 Equity Shares of Rs. 10/- each 1,684.49 (C) Present Issue in terms of this Draft Red Herring Prospectus¹ 1,25,00,000 Equity Shares of Rs. 10/- each 1,250.00 [•] Of which Qualified Institutional Buyers Portion of up to 62,50,000 Equity 625.00 [•] Shares² Non Institutional Portion of at least 18,75,000 Equity Shares 187.50 [•] Retail Portion of at least 43,75,000 Equity Shares 437.50 [•] (D) Issued, Subscribed and Paid-up Equity Capital after the Issue 2,93,44,875 Equity Shares of Rs. 10/- each (fully paid up) 2,934.49 (E) Share Premium Account Before the Issue Nil After the Issue³ [•]

¹This Issue has been authorized by the Board of Directors pursuant to a board resolution dated 06/07/2011 and by the shareholders of our Company pursuant to a special resolution dated 08/07/2011 passed at the EGM of shareholders under section 81 (1A) of the Companies Act.

Our Company is considering a Pre-IPO Placement of upto 25,00,000 Equity Shares ("Pre-IPO Placement"). The Pre-IPO Placement is at the discretion of our Company. If undertaken, our Company shall complete the Pre-IPO placement prior to the filing of the Red Herring Prospectus with the ROC. If the Pre-IPO Placement is completed, the number of Equity Shares in this Issue will be reduced to the extent of the Equity Shares proposed to be allotted/ transferred in the Pre-IPO Placement, if any, subject to the Issue being atleast 25% of the fully diluted post-Issue paid up capital of our Company.

Under-subscription, if any, in QIB, Retail and Non-Institutional Category would be met with spill-over from other categories or a combination of categories. Such inter-se spillover, if any, will be at the discretion of our Company in consultation with the BRLM and 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. Investors may note that in case of over-subscription in the Issue, allotment to QIB Bidders, Non-Institutional Bidders and Retail Bidders shall be on a proportionate basis.

²Our Company may allocate up to 30% of the QIB Portion to Anchor Investors on discretionary basis in accordance with applicable SEBI ICDR Regulations. 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. 5% of the Net QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% reservation in the Net QIB Portion will also be eligible for allocation in the remaining QIB Portion. Further attention of all **QIBs** (except Anchor Investors) is specifically drawn to the following: (a) QIBs will not be allowed to withdraw their Bid-cum-Application Forms after the Bid/Issue Closing Date[for QIB Bidders]; and (b) each QIB, including a Mutual Fund, is required to deposit an amount of 100% with its Bid-cum-Application Form. **Anchor Investors** are required to note that (a)the Bidding for Anchor Investors shall open one Working Day prior to the Bid/ Issue Opening Date and shall be completed the same day; (b) All Anchor Investors are required to deposit an amount of 100%

with its Bid-cum-Application Form; and (c) In the event the Issue Price is greater than Anchor Investor Issue Price, the additional amount being the difference between the Issue Price and such price shall be paid by the Anchor Investors by the Pay-in-Date. In the event the Issue Price is lower than the said price, the Allotment to Anchor Investors shall be at the higher price i.e. the Anchor Investor Issue Price. For further details, please refer to chapter titled "Issue Procedure" on page 233 of this Draft Red Herring Prospectus.

³The Securities Premium Account shall be determined after the Book Building Process

DETAILS OF CHANGES IN AUTHORISED CAPITAL

Sr. No.	Date	Authorised Capital (Rs.)	Face Value (Rs.)	No. of Shares	Particulars
1	12/02/1988	Rs. 5 Lakhs	100/-	5,000	Incorporation
2	20/07/1993	From Rs. 5 Lakhs to Rs. 20 Lakhs	100/-	20,000	Increase
3	14/11/1994	Sub-division of 20,000 equity shares of Rs. 100 each into 2,00,000 equity shares of Rs. 10 each	10/-	200,000	Sub-division
4	14/11/1994	From Rs. 20 Lakhs to Rs. 65 Lakhs	10/-	6,50,000	Increase
5	06/12/1994	From Rs. 65 Lakhs to Rs. 100 Lakhs	10/-	10,00,000	Increase
6	07/03/2011	From Rs. 100 Lakhs to Rs. 3000 Lakhs	10/-	3,00,00,000	Increase

NOTES FORMING PART OF THE CAPITAL STRUCTURE:

1. Equity Share Capital History of our Company

Date of					Consideration			Cumulative
Issue/	Equity Shares				(cash, bonus,		Premium	Share
Allotment	allotted	shares	(Rs.)	(Rs.)	consideration	• • •	Account	Premium
					other than	etc.)	(Rs. in	(Rs. in
					cash*)		Lakhs)	Lakhs)
12/02/1988	100	100	100	100	Cash	Subscription to MOA	Nil	Nil
12/08/1988	2390	2,490	100	100	Cash	Further Allotment	Nil	Nil
07/09/1988	10	2,500	100	100	Cash	Further Allotment	Nil	Nil
22/09/1988	1150	3,650	100	100	Cash	Further Allotment	Nil	Nil
03/12/1988	800	4,450	100	100	Cash	Further Allotment	Nil	Nil
05/12/1989	130	4,580	100	100	Cash	Further Allotment	Nil	Nil
16/10/1991	420	5,000	100	100	Cash	Further Allotment	Nil	Nil
14/11/1994		50,000	10	-	-	-	Nil	Nil
	shares of Rs.							
	100 each into							
	were Sub-							
	Divided into							
	50,000 equity							
	shares of Rs.							
	10 each							
22/10/1997	,	228,000	10	10	Cash	Further Allotment	Nil	Nil
31/10/2003	46,500	274,500	10	10	Cash	Further Allotment		8.14
31/03/2005	100,000	374,500	10	10	Cash	Further Allotment	20	28.14
28/02/2006	(100,000)	274,500	Forfe			eting due to non-	-	28.14
				F	payment of Call	Money		

Date of	Number of	Cumulative	Face	Issue	Consideration	Nature for	Securities	Cumulative
lssue/	Equity Shares	no. of	Value	Price	(cash, bonus,	allotment	Premium	Share
Allotment	allotted	shares	(Rs.)	(Rs.)	consideration	(bonus, swap	Account	Premium
					other than	etc.)	(Rs. in	(Rs. in
					cash*)		Lakhs)	Lakhs)
12/02/2009	23,500	298,000	10	210	Cash	Further Allotment	47	75.14
18/03/2010	40,000	338,000	10	260	Cash	Further Allotment	100	175.14
01/10/2010	400,000	738,000	10	50	Cash	Further Allotment	160	335.14
25/03/2011	800,000	1,538,000	10	80	Cash	Further Allotment	560	895.14
25/03/2011	100,000	1,638,000	10	80	Cash	Re-issue of	70	965.14
						Forfeited Shares		
27/05/2011	343,750	1,981,750	10	80	Cash	Further Allotment	240.62	1205.76
07/06/2011	14,863,125	16,844,875	10	Nil	Nil	Shares issued as	Nil	Nil
						Bonus		
						@ 15:2		

*Other than bonus issue as above, none of the Equity Shares have been issued for consideration other than cash.

2. ISSUE OF EQUITY SHARES IN THE LAST ONE YEAR

Except as stated below we have not issued any Equity Shares in the preceding one year and some of these Equity Shares may have been issued at a price lower than the Issue Price:

Date of Allotment	Number of Equity Shares	Name of the Allottee	Relationship with the Promoters	Reasons for the Allotment	Face Value (in Rs.)	lssue Price (in Rs.)
01/10/2010	400,000	Gainmore Savings Pvt Ltd	Group Company		10	50
	136,125	Gainmore Savings Pvt Ltd	Group Company		10	80
	182,125	Demure Dealers Pvt Ltd	Group Company		10	80
	5,000	Tejal Khara	Promoter Group	- .	10	80
	47,500	Manasi Khara	Promoter Group	To increase the capital base for working capital Requirements and Procuring	10	80
25/03/2011	20,000	Amit Khara HUF	Promoter Group		10	80
	202,500	Amit Khara	Promoter		10	80
	19,375	Mayur Khara HUF	Promoter Group		10	80
	82,500	Mayur Khara	Promoter	long term	10	80
	33,500	Arun Khara HUF	Promoter Group	financial	10	80
	171,375	Arun Khara	Promoter		10	80
	52,500	Amit Khara	Promoter		10	80
27/05/2011	131,250	Mayur Khara	Promoter		10	80
	160,000	Arun Khara	Promoter		10	80

Date of Allotment	Number of Equity Shares	Name of the Allottee	Relationship with the Promoters	Reasons for the Allotment	Face Value (in Rs.)	lssue Price (in Rs.)
07/06/2011	14,863,125	To all the shareholders holding shares as on the record date i.e. 07/06/2011	Promoter & Promoter Group	Issue of bonus Equity Shares in the ratio of 15:2	10	-

3. ISSUE OF EQUITY SHARES FOR CONSIDERATION OTHER THAN CASH

Date of Issue	Face Value (In Rs.)	Person to whom shares are issued	Reason for Issue	Number of Equity Shares Issued	Benefits accrued to our Company
07/06/2011	10	To all the shareholders holding shares as on the record date i.e. 07/06/2011	Issue of bonus Equity Shares in the ratio of 15:2	14,863,125	NIL

4. We have not issued any Equity Shares out of revaluation reserves or in terms of any scheme approved under Sections 391- 394 of the Companies Act, 1956.

5. SHAREHOLDING OF OUR PROMOTERS

Date of	Consideration	No. of shares	Face	lssue	Remarks	Pre-	Post
Allotment /	(Cash/ other		Value	Price/		lssue	lssue
Transfer	than Cash		(Rs.)	Purchase		Shareh	Share
	etc.)			Price		olding	holdi
				(Rs.)		%	ng %
1. Mr. Ar	un D. Khara						
12/02/1988	Cash	50	100	100	Allotment due	-	-
					to Subscription		
					of MOA		
12/08/1988	Cash	1,695	100	100	Further	-	-
					Allotment		
16/10/1991	Cash	180	100	100	Further	-	-
					Allotment		
14/11/1994	Sub-division of 1,	925 Equity Share	s into 19	,250 equity	shares of Rs. 10 eac	ch	
22/10/1997	Cash	36,800	10	10	Further	-	-
					Allotment		
13/05/1999	Cash	(4,250)	10	10	Transfer to	-	-
					Hansabhen A		
					Deliwala		
22/11/2001	Cash	5,000	10	10	Transfer from	-	-
					Mahendra Khara		
26/12/2001	Cash	5,000	10	10	Transfer from	-	-
					Mahendra Khara		
11/04/2002	Cash	2,500	10	10	Transfer from	-	-
					Mahendra Khara		
20/04/2004	Cash	5,000	10	10	Transfer from	-	-
					Rashid Siddiqui		
25/03/2011	Cash	171,375	10	80	Further	-	-
					Allotment		

Date of Allotment / Transfer	Consideration (Cash/ other than Cash etc.)	No. of shares	Face Value (Rs.)	Issue Price/ Purchase Price (Rs.)	Remarks	Pre- Issue Shareh olding %	Post Issue Share holdi ng %
27/05/2011	Cash	160,000	10	80	Further Allotment	-	-
07/06/2011	NIL	3,005,062	10	Nil	Allotment of Bonus Shares	-	-
	TOTAL (X)	3,405,737				20.22%	[•]
1A. Mr. Arun [D. Khara jointly w	ith Mayur A. Kha	ara and A	Ar. Amit A. H	(hara**		
05/07/2010	Cash	23,500	10	10	Transfer from Neeraj Agrawal	-	-
07/06/2011	NIL	176,250	10	Nil	Allotment of Bonus Shares	-	-
	TOTAL (Y)	199,750				1.19%	[•]
	TOTAL A (X+Y)	3,605,487				21.41%	[•]

Date of Allotment / Transfer	Consideration (Cash/ other than Cash etc.)	No. of shares	Face Value (Rs.)	Issue Price/ Purchase Price (Rs.)	Remarks	Pre- Issue Shareh olding %	Post Issue Share holdi ng %
2. Mr. Ma	iyur A. Khara						
07/09/1988	Cash	10	100	100	Further Allotment	-	-
22/09/1988	Cash	240	100	100	Further Allotment	-	-
16/10/1991	Cash	240	100	100	Further Allotment	-	-
14/11/1994	Sub-division of 4	90 Equity Shares	into 4,90	0 equity sha	res of Rs. 10 each		
22/10/1997	Cash	53,700	10	10	Further Allotment	-	-
26/12/2001	Cash	2,500	10	10	Transfer from Siddesh M Khara		
14/01/2004	Cash	4,500	10	10	Transfer from Rakesh Anandpara		
25/03/2011	Cash	82,500	10	80	Further Allotment	-	-
27/05/2011	Cash	131,250	10	80	Further Allotment	-	-
07/06/2011	NIL	2,095,125	10	Nil	Allotment of Bonus Shares	-	-
	TOTAL	2,374,475				14.10%	[•]

Date of Allotment / Transfer	Consideration (Cash/ other than Cash etc.)	No. of shares	Face Value (Rs.)	Issue Price/ Purchase Price (Rs.)	Remarks	Pre- Issue Shareh olding %	Post Issue Share holdi ng %
3. Mr. An	nit A. Khara						
20/08/1999	Cash	750	10	10	Transfer from Anant Rai		

Date of Allotment / Transfer	Consideration (Cash/ other than Cash etc.)	No. of shares	Face Value (Rs.)	Issue Price/ Purchase Price (Rs.)	Remarks	Pre- Issue Shareh olding %	Post Issue Share holdi ng %
					Deliwala		
20/08/1999	Cash	4,250	10	10	Transfer from Hansabhen A Deliwala		
05/05/2000	Cash	5,000	10	10	Transfer from Mahendra D Khara		
02/11/2000	Cash	5,000	10	10	Transfer from Pratimabhen R Khara		
05/01/2001	Cash	5,000	10	10	Transfer from Pratimabhen R Khara		
28/02/2001	Cash	10,000	10	10	Transfer from Pratimabhen R Khara		
28/02/2001	Cash	5,000	10	10	Transfer from Ravin D Khara		
14/04/2001	Cash	7,500	10	10	Transfer from Pratimabhen R Khara		
14/04/2001	Cash	7,500	10	10	Transfer from Ruchi R Khara		
05/05/2001	Cash	12,500	10	10	Transfer from Ruchi R Khara		
26/10/2001	Cash	5,000	10	10	Transfer from Siddesh M Khara		
20/04/2004	Cash	2,500	10	10	Transfer from Anant Choudhry		
25/03/2011	Cash	202,500	10	80	Further Allotment	-	-
27/05/2011	Cash	52,500	10	80	Further Allotment	-	-
07/06/2011	NIL	2,437,500	10	Nil	Allotment of Bonus Shares	-	-
	TOTAL	2,762,500				16.40%	[•]

* With effect from November 14, 1994; one Equity Share each of Rs. 100 had been sub-divided into ten Equity Shares of Rs. 10 each. The number of Equity Shares issued/allotted/transferred from February 12, 1988 to November 14, 1994 is treated as if the face value of Equity shares is of Rs. 10 each

** includes 199,750 Equity Shares which are jointly held by Mr. Arun D Khara with Mr. Mayur A. Khara and Mr. Amit A. Khara, with Mr. Arun D. Khara being the 1st holder

6. Details of Promoters contribution locked-in for three years

Pursuant to the SEBI ICDR Regulations, an aggregate of 20% of the post-Issue Paid-up Equity Share Capital of our Company held by our Promoters shall be locked in for a period of three (3) years from

the date of Allotment. All Equity Shares of our Company held by our Promoters are eligible for Promoters contribution. None of the Shares held by our Promoters are held in dematerialized form.

5,868,975 Equity Shares, aggregating to 20.00% of the post-Issue Paid-up Equity Share Capital of our Company, held by our Promoters, shall be locked in for a period of three (3) years from the date of Allotment in the Issue.

As per clause (a) sub-regulation (1) Regulation 32 of the SEBI ICDR Regulations, and in terms of the aforementioned table of Promoters share capital build-up, the below mentioned Equity Shares, held by our Promoters, as per sub-regulation (a) of Regulation 36 of SEBI ICDR Regulations shall be locked in for a period of three (3) years from the date of Allotment:

Name of Promoters	No. of shares locked in	Face value (Rs.)	% of Pre Issue Paid up Equity capital	% of Post Issue Paid up Equity capital
Mr. Arun D. Khara	3,405,737	10	20.22%	11.61%
Mr. Mayur A. Khara	1,163,238	10	6.91%	3.96%
Mr. Amit A. Khara	1,300,000	10	7.72%	4.43%
Total	5,868,975		34.85%	20.00%

Specific written consent has been obtained from the Promoters for inclusion of the Equity Shares for ensuring lock-in of three years to the extent of minimum 20% of post -Issue paid-up Equity Share Capital from the date of allotment in the proposed public issue. Promoters' contribution does not consist of any private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.

Shares held by the person other than the Promoters, prior to this Issue, which are subject to lock in as per Regulation 37 of SEBI (ICDR) Regulations, 2009 may be transferred to any other person holding shares which are locked in, subject to continuation of lock -in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.

Shares held by Promoter(s) which are locked in as per the relevant provisions of Regulation 36 of the SEBI Regulations, may be transferred to and amongst Promoter/Promoter group or to a new promoter or persons in control of the Company, subject to continuation of lock -in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1997, as applicable. As per Regulation 39 of SEBI (ICDR) Regulations, 2009, the locked-in Equity Shares held by the Promoter(s) can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of such loan.

Provided that if securities are locked in as minimum promoters' contribution under Regulation 36 of the SEBI Regulations, the same may be pledged, only if, in addition to fulfilling the requirements of this clause, 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. Other than those shares that are locked in as promoters' contribution for three years, the entire pre-issue share capital will be locked in for a period of one year from the date of allotment in this public issue.

Details of Equity Shares locked in for one year

In terms of regulation 37 of the SEBI ICDR Regulations, other than the above Equity Shares that are locked in for a period of three (3) years, the entire pre-Issue Equity Share Capital of our Company would be locked-in for a period of one (1) year from the date of Allotment of Equity Shares in the Issue.

Lock-in of Equity Shares allotted to Anchor Investors

Further, if our Company decides to issue Equity Shares to Anchor Investors, these Equity Shares Allotted, 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.

7. Shareholding Pattern of our Company:

[A] The following table presents the Shareholding pattern of our Company:

Category Code	Category of Shareholder	No. of Shareholders	Total No. of Shares	Number of Shares held in Dematerialized form	Shareh a % c num	otal olding as of total ber of ares As a %	Share Pledged otherwi encumbe Number	or ise
					of (A+B)	of (A+B+C)	of shares	a %
Α	Shareholding of Pro	moters and Pror	noter group					
1	INDIAN							
a.	Individuals/HUFs	9	10,399,750	NIL	61.74%	61.74%		
	Directors/Relatives							
b.	Central Govt. /							
	State Govts.	-						
с.	Bodies Corporate	2	6,445,125	NIL	38.26%	38.26%		
d.	Financial Institutions/Banks							
.			44 044 075	NIII	4000/	400%		
	b Total A (1)	11	16,844,875	NIL	100%	100%		
2.	FOREIGN	[[1	Γ	Γ	
a.	Bodies Corporate							
b.	Individual							
с.	Institutions							
d.	Any Others (specify)							

Category Code	Category of Shareholder	No. of Shareholders	Total No. of Shares	Number of Shares held in Dematerialized form	Total Shareholding as a % of total number of shares As a % As a %		Shares Pledged or otherwise encumbered Number As	
					of	of	of	a
					(A+B)	(A+B+C)	shares	%
Su	b Total A (2)							
Total Shar	eholding of Promoter	11	16,844,875	NIL	100%	100%		
grou	ıp A (1) + A (2)							
В	PUBLIC SHAREHOLDI	NG						
1.	Institutions							
a.	Central Govt./							
	State Govts.							
b.	Financial							
	Institutions/Banks							
с.	Mutual Funds/UTI							
d.	Venture Capital Funds							
e.	Insurance							
	Companies							
f.	Foreign							
	Institutions							
	Investors							
g.	Foreign Venture							
_	Capital Investors							
h.	Any Others							
	(Specify)							
	b Total B (1)							
2.	Non Institutions							
a.	Bodies Corporate							
b1	Individuals-							
	shareholders							
	holding normal							
	share capital upto							
L 2	Rs. 2 lacs							
b 2	Individuals-							
	shareholders							
	holding normal							
	Share capital in excess of Rs.2 lacs							
С	Trust							
D	Any Other (i)							
	Clearing Member							
(ii)	Directors/Relatives							
(iii)	Employees							
(iv)	Foreign Nationals							
(IV) A	NRIs							
V	OCB'S							
Vi	Person Acting in							
	Concert							
Su	b Total B(2)							

Category Code	Category of Shareholder	No. of Shareholders	Total No. of Shares	Number of Shares held in Dematerialized form	Total Shareholding as a % of total number of shares		Shares Pledged otherwi encumbe	or ise
					As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a %
Total Pub	lic Shareholding B(1) + B(2)							
	Total A+B							
С	Shares held by Custodians and against which Depository receipts have been issued							
Grar	nd Total A+B+C	11	16,844,875	NIL	100%	100%		

[B] Shareholding of our Promoters and Promoter Group

The table below presents the current shareholding pattern of our Promoters and Promoter Group (individuals and companies) as per clause 35 of the Equity Listing Agreement.

Sr. No.	Name of the Shareholder	Total share	es held	Shares pledged or o encumbere		
		Number	As a % of Issued Share Capital	Number	As a percentage	As a % of grand Total (a)+(b)+(c) of Sub-clause (i)(a)
1	Mrs. Tejal A. Khara	127,500	0.76%	-	-	-
2	Mrs. Manasi M. Khara	502,350	2.98%	-	-	-
3	Mrs. Jyotsna A Khara	127,500	0.76%	-	-	-
4	Arun D Khara HUF	497,250	2.95%	-	-	-
5	Mayur A Khara HUF	207,188	1.23%	-	-	-
6	Mayur A Khara	2,374,475	14.10%	-	-	-
7	Amit A Khara HUF	195,500	1.16%	-	-	-
8	Amit A Khara	2,762,500	16.40%	-	-	-
9	Arun Khara *	3,605,487	21.40%	-	-	-
10	Demure Dealers Pvt Ltd	1,888,063	11.21%	-	-	-
11	Gainmore Savings Pvt Ltd	4,557,062	27.05%	-	-	-
	Total	16,844,875	100%			

* includes 199,750 Equity Shares which are jointly held by Mr. Arun D Khara with Mr. Mayur A. Khara and Mr. Amit A. Khara, with Mr. Arun D. Khara being the 1st holder

 $[{\rm C}]$ Shareholding of persons belonging to the category 'Public' and holding more than 1% of our Equity Shares

NIL

8. The average cost of acquisition of or subscription to Equity Shares by our promoters is set forth in the table below:

Name of the Promoters	No. of Shares held	Average cost of Acquisition (in Rs.)
Mr. Arun D. Khara*	3,605,487	Rs. 7.61
Mr. Mayur A. Khara	2,374,475	Rs. 7.48
Mr. Amit A. Khara	2,762,500	Rs. 7.64

* includes 199,750 Equity Shares which are jointly held by Mr. Arun D Khara with Mr. Mayur A. Khara and Mr. Amit A. Khara, with Mr. Arun D. Khara being the 1st holder

9. Except as stated below none of our Directors or KMP holds Equity Shares of our Company as on date of this Draft Red Herring Prospectus:

Sr. No.	Shareholder	No. of Equity Shares	Percentage of Post Issue capital
1	Mr. Arun D. Khara*	3,605,487	12.50%
2	Mr. Mayur A. Khara	2,374,475	8.23%
3	Mr. Amit A. Khara	2,762,500	9.58%

* includes 199,750 Equity Shares which are jointly held by Mr. Arun D Khara with Mr. Mayur A. Khara and Mr. Amit A. Khara, with Mr. Arun D. Khara being the 1st holder

- **10.** Details of Top ten Shareholders of our Company
- (a) Top shareholders as on the date of filing of the Draft Red Herring Prospectus.

No.	Name of Shareholders	No. of Equity shares held	% of pre-issue shareholding
1.	Gainmore Savings Pvt Ltd	4,557,062	27.05%
2.	Arun Khara *	3,605,487	21.40%
3.	Amit A Khara	2,762,500	16.40%
4.	Mayur A Khara	2,374,475	14.10%
5.	Demure Dealers Pvt Ltd	1,888,063	11.21%
6.	Mrs. Manasi M. Khara	502,350	2.98%
7.	Arun D Khara HUF	497,250	2.95%
8.	Mayur A Khara HUF	207,188	1.23%
9.	Amit A Khara HUF	195,500	1.16%
10.	Mrs. Tejal A. Khara	127,500	0.76%
	Total	16,717,375	99.24%

* includes 199,750 Equity Shares which are jointly held by Mr. Arun D Khara with Mr. Mayur A. Khara and Mr. Amit A. Khara, with Mr. Arun D. Khara being the 1st holder

(b) Top shareholders, ten (10) days prior to filing of Draft Red Herring Prospectus

No.	Name of Shareholders	No. of Equity shares held	% of pre-issue shareholding
1.	Gainmore Savings Pvt Ltd	4,557,062	27.05%
2.	Arun Khara *	3,605,487	21.40%
3.	Amit A Khara	2,762,500	16.40%
4.	Mayur A Khara	2,374,475	14.10%
5.	Demure Dealers Pvt Ltd	1,888,063	11.21%
6.	Mrs. Manasi M. Khara	502,350	2.98%
7.	Arun D Khara HUF	497,250	2.95%

No.	Name of Shareholders	No. of Equity shares held	% of pre-issue shareholding
8.	Mayur A Khara HUF	207,188	1.23%
9.	Amit A Khara HUF	195,500	1.16%
10.	Mrs. Tejal A. Khara	127,500	0.76%
	Total	16,717,375	99.24%

* includes 199,750 Equity Shares which are jointly held by Mr. Arun D Khara with Mr. Mayur A. Khara and Mr. Amit A. Khara, with Mr. Arun D. Khara being the 1st holder

(c) Top shareholders, two (2) years prior to filing the Draft Red Herring Prospectus

No.	Name of Shareholders	No. of Equity shares held	% of pre-issue shareholding
1.	Amit A Khara	70,000	23.49%
2.	Arun Khara	69,300	23.26%
3.	Mayur A Khara	65,600	22.01%
4.	Arun D Khara HUF	25,000	8.39%
5.	Mrs. Jyotsna A Khara	15,000	5.03%
6.	Amul Merchantile Pvt Ltd	13,500	4.53%
7.	Mrs. Manasi M. Khara	11,600	3.89%
8.	Mrs. Tejal A. Khara	10,000	3.36%
9.	Frank Merchantile Pvt Ltd	10,000	3.36%
10.	Mayur A Khara HUF	5,000	1.68%
	Total	295,000	99.00%

11. There is no "Buyback", "Standby", or similar arrangement for the purchase of Equity Shares by our Company/Promoters/Directors/BRLM for purchase of Equity Shares offered through the Draft Red Herring Prospectus.

- 12. Our Company has not raised any bridge loans against the proceeds of this Issue.
- **13.** Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed in paragraph on "Basis of Allotment" on page 262 of this Draft Red Herring Prospectus.
- 14. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off while finalizing the basis of allotment to the nearest integer during finalizing the allotment, subject to minimum allotment lot.

Consequently, the actual allotment may go up by a maximum of 10% of the Issue, 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 Promoters and subject to lock-in shall be suitably increased to ensure that 20% of the post issue paid-up capital is locked-in.

- **15.** 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. The Equity Shares offered through this Public Issue will be fully paid up.
- 16. On the date of filing the Draft Red Herring Prospectus with SEBI, there are no outstanding financial instruments or any other rights that would entitle the existing Promoters or shareholders or any other person any option to receive Equity Shares after the Issue.
- 17. Our Company has not issued any Equity Shares out of revaluation reserves and not issued any bonus Shares out of capitalization of revaluation reserves.

- **18.** Lead Manager to the Issue viz. Comfort Securities Limited does not hold any Equity Shares of our Company.
- **19.** Our Company has not revalued its assets since incorporation.
- 20. Our Company has not made any public issue since incorporation.
- 21. There will be only one denomination of the Equity Shares of our Company unless otherwise permitted by law, our Company shall comply with such disclosure, and accounting norms as may be specified by SEBI from time to time.
- 22. There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed.
- 23. Except as disclosed in the DRHP, our Company presently does not have any intention or proposal to alter its capital structure for a period of six (6) months from the date of opening of the issue, by way of spilt/consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise. However, during such period or a later date, it may issue Equity Shares or securities linked to Equity Shares to finance an acquisition, merger or joint venture or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by its Board of Directors to be in the interest of our Company.
- 24. At any given point of time, there shall be only one denomination for a class of Equity Shares of our Company.
- 25. Our Company does not have any ESOS/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.
- 26. In the Issue, in case of over-subscription in all categories, upto 50% of the Issue shall be available for allocation on a proportionate basis to QIBs out of which up to 5% of the QIB portion shall be available for allocation on a proportionate basis to Mutual Funds and the balance of the Net QIB portion to QIBs including Mutual Funds, a minimum of 15% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLM.
- 27. An investor cannot make a Bid for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
- **28.** No payment, direct, indirect in the nature of discount, commission, and allowance, or otherwise shall be made either by us or by our Promoters to the persons who receive allotments, if any, in this issue.
- 29. Our Company has eleven (11) members as on the date of filing of this Draft Red Herring Prospectus.

OBJECTS OF THE ISSUE

The objects of the Issue are to finance Our business expansion plans and achieve the benefits of listing on the Stock Exchanges. We believe that listing will enhance Our corporate image and brand name of Our Group.

The objects of the Issue are as stated below:

- 1. Purchase of Road Marking Machines to increase the contracting capacity and setting up a plant for manufacture of thermoplastic Road Marking Machines
- 2. Setup of thermoplastic Road Marking Materials manufacturing and contracting facility in Kenya/ Uganda to service the market of COMESA
- 3. Investment in Subsidiary, namely Automark Technologies (India) Private Limited (ATPL) for funding capital expenditure
- 4. Implementation of Enterprise Resource Planning (ERP) system in the organization
- 5. To part-finance incremental working capital requirements
- 6. General corporate expenses
- 7. To meet the expenses of the Issue

The main objects of our Memorandum of Association permits us to undertake our existing activities and the activities for which the funds are being raised by us, through the present Issue. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution.

We propose to meet the entire requirement of funds for the Objects from the Net Proceeds of the Issue. Accordingly, the requirement under Regulation 4(2)(g) of the SEBI ICDR Regulations of firm arrangements of finance through verifiable means for the 75% of the stated means of finance excluding the Issue Proceeds does not arise.

Our funding requirements are dependent on a number of factors which may not be in the control of our management, changes in our financial condition and current commercial conditions. Such factors may entail rescheduling and / or revising the planned expenditure and funding requirement and increasing or decreasing the expenditure for a particular purpose from the planned expenditure.

(Rs. In Lacs)

No.	Particulars					
I	A. Purchase of Road Marking Machines to increase the contracting capacity					
	B. Setting up a plant for manufacture of thermoplastic Road Marking machines					
П	Setup of thermoplastic Road Marking Material manufacturing and contracting facility in Kenya/ Uganda to service the market of COMESA	576.22				
	Investment in Subsidiary, namely Automark Technologies (India) Private Limited (ATPL) for funding capital expenditure	967.34				
IV	Implementation of Enterprise Resource Planning (ERP) system in the organization	50.00				
V	To part-finance incremental working capital requirements	3,200.00				

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

No.	Particulars	Amount
VI	General Corporate Purposes	[•]
VII	Issue Expenses	[•]
	TOTAL	[•]

MEANS OF FINANCE

(Rs. in Lakhs)

Particulars	Amount
Initial Public Offering	[•]
Internal Accruals	[•]
Total	[•]

The entire fund requirement towards the aforesaid Objects of the Issue is proposed to be funded through the proceeds from the Issue.

In the event of a shortfall in raising the requisite capital from the proceeds of the Issue, towards meeting the Objects of the Issue, the extent of the shortfall will be met by internal accruals and/or from fresh debt.

DETAILS OF THE OBJECTS OF THE ISSUE

I. PURCHASE OF ROAD MARKING MACHINES TO INCREASE THE CONTRACTING CAPACITY AND SETTING UP A PLANT FOR MANUFACTURE OF ROAD MARKING MACHINES

(A) Purchase of Road Marking Machines to increase the contracting capacity

Currently we are operating with total capacity of 8 (eight) lacs square meter per annum for contracts related to Road Marking contracts, i.e. we have the machineries with which we can apply Road Markings on 8 (eight) lacs square meters of the surface of the road in a year. With the growing investments in India as well as across the globe for the development of the road infrastructure, the need for Road Marking is increasing exponentially. Since the completion of these projects is deadline oriented with hefty penalties for delays there is a need for quicker Road Marking systems. Other than the new projects which are under construction, the projects already completed also need to be re-marked and ongoing maintenance. In this era of heavy traffic, where traffic cannot be blocked for long, faster marking machineries are a necessity for re-marking on existing roads. To cater to this demand we intend to automate our projects by increasing our application capacity with new machines.

Sr.	Expenditure Items	Amount	
No.		(Rs. in Lacs)	
1.	Plant & Machinery	1,751.05	
2.	Preliminary and Pre-operative expenses	35.00	
3.	Provision for Contingencies	35.00	
	Total	1,821.05	

The estimated break up of cost for increase in existing capacity is as under:

Plant and Machinery

The total estimated cost of plant and machinery to be installed in the facility is Rs. 1,751.05 Lacs. The estimates of cost of plant and machinery are based on the quotations and correspondences received from various suppliers as listed below. The cost break-up of plant and machinery is as follows:

Sr. No.	Particulars	Supplier / Manufacturer	Purchase Qty	Rate (INR)	Amount (Rs. in Lacs)	Customs and Other Statutory Levies	Total Cost
1	Borum machines	Borum Industri A/S, Denmark	5	113.50	567.52	141.88	709.40
2	Borum preheaters (Used to heat the Road Marking material beforehand of application)	Borum Industri A/S, Denmark	5	16.49	82.47	20.63	103.10
3	Unimark extrusion machines	Unimark Limited, Thailand	3	21.83	65.48	16.37	81.85
4	Unimark spray plastic machine	Unimark Limited, Thailand	1	22.63	22.63	5.66	28.29
5	Profile machine from Unimark	Unimark Limited, Thailand	1	22.92	22.92	5.73	28.65
6	ATOM machines	Donear Trading Pvt. Ltd., Mumbai, India	10	21.00	210.00	Nil	210.00
7	Pre-Heaters for Unimark and atom machines(750 Lt capacity)	Unimark Limited, Thailand.	15	6.39	95.81	23.96	119.77
8	Trucks for carrying pre- heaters and marking machines	Girnar Motors, India	25	10.94	273.38	Nil	273.38
9	Equipment for testing at site - luminance meter, skid tester	Jay Instruments and Systems Private Limited	5	16.76	83.79	20.95	104.74
10	Mobile reflectometer (To test the reflectivity of Road Marking)	Not Identified	1	73.50	73.50	18.37	91.87
	Total						1751.05

Preliminary and Pre-Operative Expenses

Pre-operative and preliminary expenses mainly consist of start up and trial run expenses, establishment and project management expenses, engineering and consultancy fees, upfront fees, etc. The pre operative and preliminary expenses as estimated by the management would be Rs. 35 Lacs.

Provision for Contingencies

In the event of any cost overruns due to any changes in quoted prices of plant & machinery for which orders have not yet been placed, or on account of time variation, transportation cost, insurance, unexpected price rise due to factors beyond our control, contingencies have been provided to cover any such eventuality which may occur. Contingencies of Rs. 35.00 Lacs have been estimated, which is approximately 2% of the cost of plant & machinery.

(B) Setting up a plant for manufacture of thermoplastic Road Marking machines

The demand for Road Marking Machinery has been increasing manifolds from domestic as well as international customers. In the past we have catered mainly to our in-house requirements of machinery. Worldwide there is a large market for economical automatic Road Marking machines. With our experience in Road Marking and manufacture of machines we intend to expand our facilities to cater to this demand.

We intend to set up the plant at the land situated at Nagpur adjacent to our factory of manufacturing Road Marking material. The land is owned by M/s. Ashirwad Real Estate, our group enterprise, which has leased the land to our Subsidiary i.e. Automark Technologies (I) Pvt Ltd. We have demarked approximately 10,000 sq. feet of area for setting up the plant for manufacture of Road Marking machines. Due to availability of this land, the Company need not to identify the location for setting the plant and also we can curtail the investment in land.

The estimated break up of cost for the setting up plant for manufacture of Road Marking machines are as follows:

Sr. No.	Expenditure Items	Amount (Rs. in Lacs)
1	Establishment of factory shed for manufacture of thermoplastic Road Marking machines (Approx. 10,000 Sq. ft)	84.23
2	Production machines for manufacture of thermoplastic Road Marking machines	97.00
3	Genset	7.18
	TOTAL	188.41

1. Establishment of factory shed for manufacture of thermoplastic Road Marking machines (Approx. 10,000 Sq. ft)

We plan to establish the factory shed at the above land for a total cost of Rs. 84.23 Lacs. The same cost has been arrived based on certificate issued by Design Cell, our architects and planners.

2. Production machines for manufacture of thermoplastic Road Marking machines

We intend to setup machine manufacturing facility in the factory shed to be constructed as detailed herein above. The cost of Rs. 97.00 Lacs is inclusive of local taxes and based on the quotation received from Central Engineering Corporation.

3. Genset

The cost of the Genset is Rs. 7.18 Lacs inclusive of taxes based on quotation from Shubham Sales, Nagpur.

II. SETUP OF THERMOPLASTIC ROAD MARKING MATERIAL MANUFACTURING AND CONTRACTING FACILITY IN KENYA/ UGANDA TO SERVICE THE MARKET OF COMESA

The Common Market for Eastern and Southern Africa (COMESA) consists of 19 countries with no tariff barriers among them. This is a fast developing region with increasing investments in the road infrastructure. Setting up a unit in Kenya/Uganda will provide us value addition of operating in the COMESA. We are already exporting thermoplastic Road Marking Material to this region and willing to penetrate in this market to operate the manufacturing facility thereon. With a local presence in this market we would be able to derive an advantage in terms of competitiveness and market penetration.

We have not yet identified any specific land or location for the set up of our plant in Kenya/Uganda. Initially we will take the land on lease basis to set up the plant for thermoplastic Road Marking Material manufacturing. We have already entered into an arrangement with a company in Kenya named Beltpro (K) Ltd. for distributing and marketing our products in Kenya & Uganda for exploring the local needs and to establish the brand image. It's a step forward towards our plans for setting up manufacturing unit in the COMESA region.

The estimated break up of cost for setup of thermoplastic Road Marking Material manufacturing facility in Kenya/Uganda is as follows:

Sr.	Expenditure Items	Amount
No.		(Rs. in Lacs)
1	Plant & machinery	564.22
2	Provision for contingencies	12.00
	TOTAL	576.22

Plant and Machinery

The total estimated cost of plant and machinery to be installed in Kenya/Uganda would is Rs. 564.22 Lacs. The estimates of cost of plant and machinery are based on the quotations received from various suppliers. The cost break-up of plant and machinery is as follows:

Sr.	Particulars	Supplier /	Purchase	Rate	Amount	Excise	Total
No.		Manufacturer	Qty	(INR)	(Rs. in	and Other	Cost
					Lacs)	Statutor y Levies	
1	Borum machines	Borum Industri A/S, Denmark	1	113.50	113.50	28.38	141.88
2	Borum Preheaters	Borum Industri A/S, Denmark	1	20.62	16.49	4.13	20.62
3	Promax Plant	Promax Industries APS, Denmark	1	219.45	219.45	54.87	274.35
4	ATOM machine	Donear Trading Pvt. Ltd., Mumbai, India	2	21.00	21.00	Nil	42.00
5	Pre-heaters for atom machines	Unimark Limited, Thailand	2	6.39	12.78	3.19	15.97
6.	Hand Push Road Marking machine	Not identified	2	1.50	3.00	Nil	3.00
7.	Preheaters for Hand push Machine (500 Lt capacity)	Unimark Limited, Thailand	2	5.53	11.05	2.77	13.82
8.	Forklift (inclusive of duty and freight)	L N Services, India	1	13.23	13.23	Nil	13.23
9,	Equipment for Road teams, Vehicles (Jeeps, Trucks, Camping trailors)	Not identified			39.35		39.35
	Total						564.22
Provision for Contingencies

In the event of any cost overruns due to any changes in quoted prices of plant & machinery for which orders have not yet been placed, or on account of time variation, transportation cost, insurance, unexpected price rise due to factors beyond our control, contingencies have been provided to cover any such eventuality which may occur. Contingencies of Rs. 12.00 Lacs have been estimated, which is approximately 2% of the cost of plant & machinery.

III. INVESTMENT IN SUBSIDIARY, NAMELY AUTOMARK TECHNOLOGIES (INDIA) PRIVATE LIMITED FOR FUNDING CAPITAL EXPENDITURE:

Automark Technologies (India) Private Limited is wholly owned Subsidiary of Automark Industries (India) Limited i.e. the Issuer, we intend to invest Rs. 967.34 Lacs in our Subsidiary, the form of investment is not yet decided, the details of the utilization of the investment in the Subsidiary are as under:

We manufacture Road Marking material through our Subsidiary, which is used for application on both bituminous and concrete surface. AlL acquires the Road Marking material from its Subsidiary ATPL for contracting as well as direct selling in the domestic market. For further details, please see the section "*Our Business*" on page 92. The proceeds of the investment in Subsidiary would be utilized for modernization and automation of existing plant for thermoplastic and setting up hightech lab for testing all sorts of paints and thermoplastic to be used as per various international standards; procure latest equipments like skid resistance tester, yellowness index tester etc. The details of the utilisation of investment proceeds are as under:

Sr.	Expenditure Items	Amount
No.		(Rs. in Lacs)
1	Site development & creating an in-house test track	92.00
2	Automated plant for production from Denmark	274.35
	(Promax) capacity 80 MT per shift	
3	Development of factory shed & workers quarters,	417.11
	guest house and storage space for raw materials	
4	Establishment of factory shed for manufacture of	47.20
	cold paints (5000 Sq. ft)	47.20
5	Production machines for manufacture of cold paints	107.31
6	Testing and lab equipments & Forklift	22.19
7	Genset (125 KVA)	7.18
	Total	967.34

Site development & creating an in-house test track

We have spare land in vicinity of existing manufacturing facility of our Subsidiary at Nagpur owned by our group enterprise Ashirwad Real Estate, which will be utilized for setting up the automated plant for production and for test track whereby the materials manufactured can be tested at the production site itself. The development cost of the test track is estimated to be Rs. 31.08 Lacs and the bifurcation is as below:

- Excavation for roadway in earth soil amounting to Rs. 0.43 Lacs, providing soiling amounting to Rs. 2.08 Lacs & laying cement concrete for foundation and bedding for Rs. 9.86 Lacs and providing, compacting, finishing, cutting and filling joints with bitumen amounting to 16.22 Lacs and blending, hooking and laying in position steel bars for reinforcement for an amount of Rs. 2.49 Lacs.

The estimated cost for development and construction of internal roads in the factory premises for smooth transition of the materials and machinery including provision for construction of R.C.C. drain within the premises is estimated to be Rs. 60.92 Lacs as per the quotation from contractor and the bifurcation are as below:

- Construction of internal roads amounting to Rs. 41.04 Lacs and civil work for R.C.C. drain amounting to Rs. 19.88 Lacs; the procedure involves excavation of earth soil providing soiling, leveling, laying cement concrete for foundation and bedding; cutting and fixing of steel bars, binding with wires or track welding, filing in plinth & floors etc.

The total cost of the site development and creation of in-house test track is estimated to be around Rs. 92.00 Lacs.

Automated Plant for production from Denmark (Promax):

ATPL is currently using semi-automatic machines for production purposes. To cope up with the surge in demand for road infrastructure at macro level and to automate the process of manufacturing of thermoplastic Road Marking Material, We plan to install fully automatic plant for production manufactured by Promax to be imported from Denmark while retaining our existing semi-automatic plant as well. The cost of the fully automated Promax plant would be Rs. 274.35 Lacs as per below mentioned quotations received.

As per quotation received from Promax Industries APS, Denmark the total cost of the plant is Rs. 274.35 Lacs, the whole thermoplastic Road Marking Material manufacturing plant consist of hoppers for sand, dolomite, beads, resin, plasticizers and pigments, oil injection, pneumatic and weighting system, different conveyors, mixer, bag filling and weight, electrical system and Promax manual control system.

Development of factory shed & workers quarters guest house and storage space for raw materials

ATPL is proposing to get the factory shed refurbished for its existing and proposed facility approximating to 30,000 sq. ft. of area at an estimated cost of Rs. 253.55 Lacs as per details below:

- Earthwork/soling in excavation for foundation in earth soil and hard murum, removal of surplus soil, filling in plinth and floors, providing and laying in cement, fixing in position mild steel, providing burnt brick masonry, plastering, painting, finishing with internal cement plaster, providing three coats of water proof cement; providing and applying whitewash and fixing steel windows of various sizes. Roofing & ceiling, providing structural steel work, providing structural steel work.

Further we wish to develop storage space for raw material near the factory premises approximating to 10,000 sq. ft. of area at an estimated cost of Rs. 78.66 Lacs. ATPL proposes to construct 15 residence quarters for workers in the vicinity of the factory for the factory workers at an estimated cost of Rs. 84.90 Lacs. The same has been arrived based on certificate issued by Design Cell, our architects and planners.

The overall cost for development of factory shed, storage space and workers' quarters comes to Rs. 417.11 Lacs.

Establishment of factory shed for manufacture of cold paints (5000 Sq. ft)

We plan to establish the factory shed for cold paints for total cost of Rs. 47.20 Lacs. The same cost has been arrived based on certificate issued by Design Cell, our architects and planners.

Production machines for manufacture of cold paints

We also intend to setup cold paints manufacturing facility in the factory shed to be constructed as detailed herein above. The costs are based on the quotations received from the vendors as under:

Sr. No.	Particulars	Supplier / Manufacturer	Purchase Qty	Rate (INR)	Amount (Rs. in Lacs)	Excise and Other Statutory Levies	Total Cost
1	Production machine for manufacturing Cold Paints (DYNO - MILL KD 45D)	Milltech Engineering Pvt Ltd	1	45.27	45.27	5.66	50.93
2	Production machine for manufacturing Cold Paints (DYNO - MILL ECM POLY)	Milltech Engineering Pvt Ltd	1	50.11	50.11	6.27	56.38
	Total						107.31

In other global markets, cold paints are used extensively for Road Marking. We plan to target exports to these markets to tap international marketplace; hence we propose to expand our facility to manufacture cold paints.

Testing & lab equipments and Genset

With our increasing exposure to global markets, We would also need to test our materials as per the different standards prevailing worldwide. For this we would need to expand the facilities in our in-house testing laboratory and we estimate around Rs. 12.01 Lacs to be incurred on testing equipments. In addition to this our Company proposes to invest Rs. 10.18 Lacs for forklift, used for checking reflectivity of the Road Markings. Entire cost for testing equipments and lab equipments comes to Rs. 22.19 Lacs.

The Company is proposing to buy a Genset to cope with any power failure as power back up. The estimated cost of the Genset (125 KVA) is Rs. 7.18 Lacs.

IV. IMPLEMENTATION OF ENTERPRISE RESOURCE PLANNING (ERP) SYSTEM IN THE ORGANIZATION

With the spread of our operations increasing over wider geographical areas we intend to integrate our management information systems and enterprise resource planning in a more efficient manner. For this we intend to implement better connectivity and a ERP System over our various locations. We estimate a cost of Rs. 50 Lacs for implementation of ERP System in our organization.

V. TO PART-FINANCE INCREMENTAL WORKING CAPITAL REQUIREMENTS

We are presently engaged in the business of manufacturing Road Marking materials, Road Marking machineries and also engaged in contracting application of Road Marking. With the increasing demand for Road Marking, we plan to increase production capacity of our existing products as well as producing cold paints. Therefore, our anticipated growth would push up the increase in sales and thereby need of additional long term working capital on account of providing credit period sought by our clients. We would also intend to keep shorter credit period from our creditors in order to avail cash discounts and increase our bargaining power and this will ultimately result in to surge in our bottom-line.

In the usual course of our business we have availed working capital limits from Bank of India, Yavatmal. As on March 31, 2011, Our Company and its Subsidiary working capital facility consisted of aggregate fund based limit of Rs. 1200.00 Lacs and non fund based limit of Rs. 1400.00 Lacs. As of March 31, 2011, the aggregate amounts outstanding under the fund based working capital facilities was Rs. 1187.22 Lacs.

The working capital requirement of the Company as per the latest consolidated financial statements i.e. 31st March, 2011 is Rs. 1,615.25 Lacs excluding cash. The working capital of Fiscal 2013 has been assessed at Rs.

5,345.85 Lacs. This will entail the incremental working capital requirement of Rs. 3,730.60 in fiscal 2013. The funding pattern of the requirement for the working capital is as below:

- (A) Cash Credit Facility: We have a cash credit facility sanctioned by Bank of India on 07th January, 2011. We estimate that Rs. 1,200.00 Lakhs will be utilized to meet the working capital requirement for fiscal 2013.
- (B) Issue Proceeds: We intend to utilize Rs. 3,200.00 Lakhs towards the total working capital requirements for Fiscal 2013.
- (C) Internal Accruals: We intend to utilize Rs. 945.85 Lakhs towards the total working capital requirements for Fiscal 2013.

We have estimated the working capital requirement, which is as under:

			(Rs. In Lakhs)
Par	ticulars	Basis (days)	Amount (Fiscal 2013) Estimated
	Raw Material	25	1,226.01
Inventories	Finished Goods	30	1,243.41
Debtors	Sales	135	7,460.49
Total (A)			9,929.91
Less:			
Creditors			4,418.27
Expenses Pag	yable		165.79
Total (B)			4,584.06
Net Working	g Capital (A-B)		5,345.85

The working capital requirement of our Company including Subsidiary as per the latest audited annual accounts i.e. 31st March, 2011 is Rs. 1,615.25 Lacs Lakhs excluding cash. The working capital of Fiscal 2013 has been assessed at Rs. 5,345.85 Lakhs. The funding pattern of the incremental working capital is tabled as below:

	(Rs. lı	n Lakhs)
Particulars	Period upto 31.03.2011	Fiscal 2013
Total Working Capital	1,615.25	5,345.85
Funding Pattern :		
Proceeds from the public Issue	Nil	3,200.00
Proceeds from fund based facility	1,187.22	1200.00
Own funds including internal accruals already in the system	428.03	945.85

Justification of Holding Level

• Raw materials

The level of raw material holding for the Fiscal 2011 is at 22 days while we have estimated the same as 25 days for Fiscal 2013.

• Finished goods:

The level of finished goods is at 27 days for Fiscal 2011. It is estimated to be maintained at a level of 30 days for Fiscal 2013 and this level assumed is considered satisfactory.

• Receivables (Sales):

The level of receivables as at 31.03.2011 is 145 days. The receivables levels for subsequent financial years are estimated at 135 days. This level assumed is considered satisfactory.

• Creditors:

Actual level of creditors as at 31.03.2011 is 119 days. As against the same, creditor levels for subsequent financial year are estimated at 98 days Fiscal 2013. The Company has estimated to avail shorter credit period from its creditors to avail cash discounts and increase its margin level.

VI. GENERAL CORPORATE EXPENSES

Our Company in accordance with the policies set up by our Board, will have flexibility in applying the remaining Net proceeds of this issue aggregating [•] Lacs, for general corporate purpose towards, financing normal capital expenditure, strategic initiatives, expanding into new geographies, pre-operative expenses, brand building exercise and strengthening our marketing capabilities.

VII. TO MEET THE EXPENSES OF THE ISSUE

The total estimated expenses are Rs. [•] Lacs which is [•] % of Issue Size. The details of Issue expenses are tabulated below:

				(Rs. In lacs)
No.	Particulars	Amount	% of Total Issue size	% of Issue Expenses
1	Issue management fees	[•]	[•]	[•]
2	Registrars fees	[•]	[•]	[•]
3	IPO Grading expenses	[•]	[•]	[•]
3	Fee for legal counsel	[•]	[•]	[•]
4	Printing and distribution of issue stationery	[•]	[•]	[•]
5	Advertising and marketing expenses	[•]	[•]	[•]
6	Other expenses (stamp duty, initial listing fees, depository fees, charges for using the book building software of the exchanges and other related expenses)	[•]	[•]	[•]
7	Contingencies	[•]	[•]	[•]
	Total	[•]	[•]	[•]

Proposed year-wise deployment of funds:

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

			(Rs.	. In Lakhs)
Particulars	Already Incurred	FY 2011 - 12	FY 2012 - 13	TOTAL
A. Purchase of Road Marking Machines to increase the contracting capacity	Nil	1400.00	421.05	1821.05
B. Setting up a plant for manufacture of thermoplastic Road	Nil	100.00	88.41	188.41

Particulars	Already Incurred	FY 2011 - 12	FY 2012 - 13	TOTAL
Marking machines				
Setup of thermoplastic Road Marking Material manufacturing and contracting facility in Kenya/ Uganda to service the market of COMESA	Nil	350.00	226.22	576.22
Investment in Subsidiary, namely Automark Technologies (India) Private Limited (ATPL) for funding capital expenditure	Nil	500.00	467.34	967.34
Implementation of Enterprise Resource Planning (ERP) system in the organization	Nil	Nil	50.00	50.00
To part-finance incremental working capital requirements	Nil	Nil	3200.00	3200.00
General Corporate Purposes	Nil	[•]	[•]	[•]
Issue Expenses	25.31	[•]	Nil	[•]

Details of funds already deployed till date and sources of funds deployed

The funds deployed up to 30th June, 2011 pursuant to the object of this Issue on the Project as certified by the Auditors of our Company, viz. Agrawal & Kedia, Chartered Accountants pursuant to their certificate dated 9th July, 2011 is given below:

	(Rs. in Lakhs)
Deployment of Funds	Amount
Project related	Nil
Issue Related Expenses	25.31
Total	25.31

	(Rs. in Lakhs)
Sources of Funds	Amount
Internal Accruals	25.31
Bank Finance	Nil
Total	25.31

Appraisal by Appraising Agency

The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution.

Shortfall of Funds

Any shortfall in meeting the Project cost will be met by way of internal accruals and / or through additional funding by banks and/ or unsecured loans.

Interim Use of Funds

We in accordance with the policies established by the Board, will have flexibility in deploying Issue proceeds received by us from the Issue. The particular composition, timing and schedule of deployment of the Issue proceeds will be determined by us based upon the deployment of the projects. Pending utilization for the purposes described above, we intend to temporarily invest the funds from the Issue in interest bearing liquid instruments including deposits with banks and investments in mutual funds and other financial products, such as principal protected funds, derivative linked debt instruments, other fixed and variable return instruments, listed debt instruments and rated debentures.

Monitoring of Utilization of Funds:

As the Net Proceeds of the Issue will be less than Rs. 50,000 Lakhs, under the SEBI Regulations it is not mandatory for us to appoint a monitoring agency.

Our Company undertakes to disclose the utilization of proceeds in its financial statements. We will disclose the utilization of Issue proceeds under a separate head in our Company's financial statement for fiscal 2012, 2013 & 2014 clearly specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of our listing agreement with the Stock Exchanges.

According to clause 43A of the Listing Agreement, we shall furnish to stock exchange on a quarterly basis along with the quarterly results under clause 41 of the listing agreement, a statement indicating the material deviations in the use of proceeds of the Issue from the object of Issue as indicated on page 66 of this DRHP. The information shall be published in the newspapers and also be available for publicly dissemination on the website of stock exchange & our Company.

According to Clause 49 of the Listing Agreement, Our Company shall on a quarterly basis along with the quarterly results under clause 41 of the listing agreement disclose to our Audit Committee the statement of uses / application of funds (bifurcating in to major category heads) raised through this Issue and also a statement indicating the material deviations in the use of proceeds of the Issue from the object of Issue as indicated on page 66 of this DRHP. Audit Committee shall review these statements and shall accordingly make the appropriate recommendations to our Board.

No part of the proceeds of this Issue will be paid as consideration to our Promoters, directors, key managerial employees, or companies promoted by our Promoters.

BASIS FOR ISSUE PRICE

The issue price will be determined by our Company in consultation with the BRLM based on assessment of market demand for the Equity Shares offered by way of book building.

Investors should read the following summary with the Risk Factors included from page number 13 and the details about our Company and its financial statements included on page 87 and 150 respectively in this Draft Red Herring Prospectus. The trading price of the Equity Shares of our Company could decline due to these risks and you may lose all or part of your investments.

Qualitative Factors:

• Integrated Road Marking Activities

We are into manufacturing and application of the thermoplastic Road Marking material. In addition to this, the machinery for applying the material on the roads is also manufactured by our Company. This entire set of activities, completes the value chain by providing the synergy of backward as well as forward integration.

• Organized Player

Automark is one of the few organized players in the Indian Road Marking Industry.

• Strong management team and motivated and efficient work force

Our Promoters have more than a decade years of experience in the Road Marking industry. Our Company is managed by a team of experienced and professional personals with experience in different aspects of Road Marking industry including mix of the material, machinery, application of the material, marketing and finance. The faith of the management in the staff and their dedicated performance has enabled us to build up capabilities to operate at different locations in the country.

• Research & development and Quality Standards

Our very presence in the Industry for past 22 years has helped us to develop our brand on technical front. In the manufacture of our products we follow the major quality standards of the world.

• Locational Advantage

The manufacturing unit of thermoplastic Road Marking Material operated through our Subsidiary situated at Nagpur, Maharashtra has the location advantage of ease in access due to its connectivity with state and national highways. Further Nagpur is at the center of the country resulting into the advantage of ease in transport to any corner of the country at an effective cost. This provides us with efficient logistics thereby reducing our transportation and raw material cost in comparison to competitors.

• Strong Order Book

We have strong order book for an amount of Rs. 3,100 Lacs (approx), consisting of approximately 11 Lacs Sq. Meters of roads to be marked out of which works contract to the tune of Rs. 1,600 Lacs, approximately are still due for completion.

• Strong relationships with our customers

Our record of strong performance has helped us to build strong relationships over a number of years with our customers in India, including L&T (ECC) Ltd, HCC, GVK, GMR and IVRCL. We also

manufacture machineries for application of the Road Marking material, which allows us to customize the machineries as well as process according to the nature of the application material.

Quantitative Factors:

Information presented in this section is derived from our restated financial statements certified by the Statutory Auditors of the Company.

1. Basic Earning Per Equity Share (EPS) (on Rs. 10 per share)

ON CONSOLIDATED BASIS

Year	Earnings per Share (Rs.)
FY 2010-11	1.23

ON STANDALONE BASIS

Year	Earnings per Share (Rs.)	Weight
FY 2008-09	0.44	1
FY 2009-10	0.83	2
FY 2010-11	1.08	3
Weighted Average	0.89	

- EPS Calculations have been done in accordance with Accounting Standard 20-"Earning per Share" issued by the Institute of Chartered Accountants of India.
- Basic earnings per share are calculated by dividing the net profit after tax by the weighted average number of Equity Shares outstanding during the period. Weighted Average number of Equity Shares outstanding at the beginning of the year/period adjusted by the number of Equity Shares issued during year/period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.
- The weighted average number of Equity Shares outstanding during the period is adjusted for events of bonus issue.
- For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares except where the results are anti-dilutive.
- 2. Price / Earnings Ratio (P/E) in relation to the Issue Price [•]
 - a) Based on fiscal year as on 31^{st} March, 2011; at EPS of Rs. 1.08 as per Standalone Restated Financial Statements, the P/E ratio is $[\bullet]$
 - b) Based on fiscal year as on 31st March, 2011; at EPS of Rs. 1.23 as per Consolidated Restated Financial Statements, the P/E ratio is [•]
 - c) Based on weighted average EPS of Rs. 0.89 as per Standalone Restated Financial Statements, the P/E ratio is $[\bullet]$
 - d) Industry PE There are no comparable listed companies with the same business as our Company.

3. Return on Net Worth

ON CONSOLIDATED BASIS

Year	RONW (%)
FY 2010-11	9.92 %

ON STANDALONE BASIS

Year	RONW (%)	Weight
FY 2008-09	23.63 %	1
FY 2009-10	24.60 %	2
FY 2010-11	10.39 %	3
Weighted Average	17.33 %	

4. Minimum RONW to maintain the Pre-issue EPS is [•]

- a) At the Floor price of Rs. [•] per share [•] % and [•]% based on standalone and consolidated restated financial Statements respectively
- b) At the Cap price of Rs. [•] per share [•] % and [•]% based on standalone and consolidated restated financial Statements respectively

5. Net Asset Value per Equity Share

		NAV (In Rs.)	
	Particulars	On the basis of	On the basis of
		Standalone Financial	Consolidated Financial
		Statements	Statements
a)	As on 31 st March, 2011	10.38	12.39
b)	After Issue	[•]	[•]
c)	Issue Price	[•]	[•]

6. Peer Group Comparison of Accounting Ratios

There are no listed companies in India that engage in a business similar to that of Our Company. Hence, it is not possible to provide an industry comparison in relation to our Company.

- 7. The face value of our shares is Rs.10/- per share and the Issue Price is of Rs. [•] per share is [•] times of the face value.
- 8. The Issue Price of Rs. [•] has been determined by our Company in consultation with the BRLM and on the basis of assessment of market demand for the Equity Shares through the Book Building Process. BRLM believes that the Issue Price of Rs. [•] is justified in view of the above qualitative and quantitative parameters. The investors may also want to peruse the risk factors and our financials as set out in the Auditors Report in the Draft Red Herring Prospectus to have a more informed view about the investment proposition.

STATEMENT OF TAX BENEFITS

To, The Board of Directors Automark Industries (India) Limited 'Gurukripa', Datta Square, Yavatmal, Maharashtra - 445001

Dear Sirs, Statement of Possible Direct Tax Benefits

We hereby confirm that the enclosed Annexure, prepared by Automark Industries (India) Limited ('the **Company'**), states the possible tax benefits available to the Company and the shareholders of the Company under the Income-tax Act, 1961 ('IT Act') and the Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions which, based on business imperatives which the Company may face in the future, the Company may or may not fulfill.

The benefits discussed in the Annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and hence 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.

Our confirmation is based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of the current tax laws in force in India.

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

- the Company or its shareholders will continue to obtain these benefits in future; or
- the Conditions prescribed for availing the benefits have been or would be met.

The contents of the 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.

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. The views are exclusively for the use of Automark Industries (India) Limited. We shall not be liable to Automark Industries (India) Limited for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

Thanking you, Yours faithfully, For **Agrawal & Kedia** Chartered Accountants Sd/-**Ravi Agrawal** Partner Firm's registration number: 100114W Membership No: 034492

ANNEXURE STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO AUTOMARK INDUSTRIES (INDIA) LIMITED AND TO ITS SHAREHOLDERS

UNDER THE INCOME TAX ACT, 1961 ("THE ACT")

A. TO COMPANY

I. SPECIAL TAX BENEFITS

There are no special benefits accruing to the company.

II. GENERAL TAX BENEFITS

1. As per section 10(34) of the Act, income earned by the company by way of dividend from another domestic company referred to in section 115-O of the Act is exempt from tax.

2. As per section 10(35) of the Act, the following income will be exempt from tax in the hands of the company:

a. Income received in respect of the units of a Mutual Fund specified under section 10(23D);

or

b. Income received in respect of units from the Administrator of the specified undertaking;

or

c. Income received in respect of units from the specified company

3. As per section 10(38) of the Act, long term capital gains arising to the company from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax, will be exempt in the hands of the company.

4. Under section 32 of the Act, the company is entitled to claim depreciation subject to the conditions specified therein, at the prescribed rates on its specified assets used for its business.

5. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from tax if the capital gains are invested in a "long term specified asset" within a period of six months after the date of such transfer, subject to the limit of Rupees Fifty Lacs in a year.

6. As per section 111A of the Act, short term capital gains arising to the company from the sale of equity shares or units of an equity oriented mutual fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15%.

7. As per section 112 of the Act, the tax on capital gains on transfer of listed securities or units where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of:-

- a. 20% of the capital gains as computed after indexation of the cost; or
- b. 10% of the capital gains as computed without indexation.

8. As per Section 80G of the Act, the company is entitled to claim deduction of a specified amount in respect of eligible donations subject to the fulfillment of the conditions specified in that section as per the provisions of Chapter XVII-B of the Income-Tax Act.

9. The amount of tax paid under section 115JB by the company will be available as credit to the extent specified in section 115JAA for ten years succeeding the assessment year in which MAT credit becomes allowable in accordance with the provisions of Section 115JAA.

B. TO MEMBERS

I. Special Benefits

There are no special benefits accruing to the members.

II. General Benefits

(A) Resident Members

1. As per section 10(34) of the Act, income earned by the resident members by way of dividend from the domestic company referred to in section 115-O of the Act is exempt from tax.

2. As per section 10(38) of the Act, long term capital gains arising to the resident members from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax, will be exempt in the hands of such members.

3. As per section 111A of the Act, short term capital gains arising to the resident members from the sale of equity shares or units of an equity oriented mutual fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15%.

4. As per section 112 of the Act, the tax on capital gains on transfer of listed securities or units where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of:-

- a. 20% of the capital gains as computed after indexation of the cost; or
- b. 10% of the capital gains as computed without indexation.

5. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from tax if the capital gains are invested in a "long term specified asset" within a period of six months after the date of such transfer, subject to the limit of Rupees Fifty Lacs in a year.

6. As per the provisions of section 54F of the Act, long term capital gains (in cases not covered under section 10(38)) arising on the transfer of the shares of the company held by an individual or Hindu Undivided Family will be exempt from tax if the net consideration is utilized, within a period of one year before, or two years after the date of transfer, in the purchase of a residential house, or for construction of a residential house within three years.

(B) Non-Resident Indian Members

1. As per section 10(34) of the Act, income earned by way of dividend from the domestic company referred to in section 115-0 of the Act is exempt from tax.

2. As per section 10(38) of the Act, long term capital gains arising from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax, will be exempt.

3. As per section 111A of the Act, short term capital gains arising from the sale of equity shares or units of an equity oriented mutual fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15%.

4. As per section 112 of the Act, the tax on capital gains on transfer of listed securities or units where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of:-

a. 20% of the capital gains as computed after indexation of the cost; or

b. 10% of the capital gains as computed without indexation.

5. As per the first proviso to section 48 of the Act, in case of a non resident shareholder, the capital gain/loss arising from transfer of shares or debentures of the company, acquired in convertible foreign exchange, will be computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively incurred in connection with such transfer, into the same foreign currency which was initially utilized in the purchase of shares. Cost indexation benefit will not be available in such a case.

6. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from tax if the capital gains are invested in a "long term specified asset" within a period of six months after the date of such transfer, subject to the limit of Rupees Fifty Lacs in a year.

7. As per the provisions of section 54F of the Act, long term capital gains (in cases not covered under section 10(38)) arising on the transfer of the shares of the company held by an individual or Hindu Undivided Family will be exempt from tax if the net consideration is utilized, within a period of one year before, or two years after the date of transfer, in the purchase of a residential house, or for construction of a residential house within three years.

8. As per section 115E of the Act, income from investment or income from long term capital gains on transfer of assets other than specified asset shall be taxable at the rate of 20%. Income by way of long term capital gains in respect of a specified asset (as defined in section 115C (f) of the Act) shall be chargeable at 10%.

9. In accordance with section 115F of the Act, subject to the conditions and to the extent specified therein, long term capital gains arising from transfer of shares of the company acquired out of convertible foreign exchange, and on which securities transaction tax is not payable, shall be exempt from capital gains tax, if the net consideration is invested within six months of the date of transfer in any specified asset.

10. In accordance with section 115G of the Act, It is not necessary for a non-resident Indian to file a return of income under section 139 (1) of the Act, if his total income consist only of investment income earned on shares of the company acquired out of convertible foreign exchange or Income by way of long term capital gains earned on transfer of shares of the company acquired out of convertible foreign exchange, and the tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Income-Tax Act.

11. As per section 115H of the Act, where a non-resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under section 139 of the Act to the effect that the provisions of 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.

12. In accordance with section 115-I of the Act, Where a non-resident Indian opts not to be governed by the provisions of Chapter XII-A for any assessment year, his total Income for that assessment year (Including Income arising from Investment in the company) will be computed and tax will be charged according to the other provisions of the Income-Tax Act.

13. The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident has Fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.

(C) Foreign Institutional Investors (FII's)

1. As per section 10(34) of the Act, any income earned by way of dividend income from the domestic company referred to in section 115-0 of the Act is exempt from tax.

- 2. As per section 10(38) of the Act, long term capital gains arising from the transfer of a long term capital asset being an equity share of the company, where such transaction is chargeable to securities transaction tax, will be exempt.
- 3. As per section 115AD read with section 111A of the Act, short term capital gains arising from the sale of Equity Shares of the company transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15%.
- 4. As per section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under the provisions of section 10(38) of the Act at the following rates:

Nature of income	Rate of tax (%)
Long term capital gains	10
Short term capital gains	30
(other than referred to in section 111A)	

In case of long term capital gains, (in cases not covered under section 10(38) and section 115 AD of the Act), the tax is levied on the capital gains computed without considering the cost indexation and without considering foreign exchange fluctuation.

- 5. The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any between India and the country in which the FII has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.
- 6. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from tax if the capital gains are invested in a "long term specified asset" within a period of six months after the date of such transfer, subject to the limit of Rs. Fifty Lacs in a year.

(D) Mutual Funds

As per section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may by notification in the Official Gazette, specify in this behalf.

(E) Venture Capital Companies / Funds

As per section 10(23FB) of the Act, all Venture Capital Companies/Funds registered with the Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on their entire income, including income from sale of shares of the company. However, under section 115U of the Act, income received by a person out of investment made in a venture capital company or in a venture capital fund will be chargeable to tax in the hands of such person.

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 are not liable to wealth tax.

NOTES

- (i) In the above statement only basic tax rates have been enumerated and the same is subject to surcharge and education cess, wherever applicable.
- (ii) 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.
- (iii) All the above benefits are as per the current tax laws, legislation, its judicial interpretation and the policies of the regulatory authorities are subject to change from time to time, and these may have a bearing on the benefits listed above. Accordingly, any change or amendments in the law or relevant regulations would necessitate a review of the above.
- (iv) Several of these benefits are dependent on the company and its shareholders fulfilling the conditions prescribed under the provisions of the relevant sections under the relevant tax laws.
- (v) This statement is only extended 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 tax consequences, being based on all the facts, in totality, of the investors, each investor is advised to consul this/her/its own tax advisor with respect to specific tax consequences of his/her/its investments in the shares of the company.

SECTION IV

ABOUT OUR COMPANY INDUSTRY OVERVIEW

(The information in this chapter has been extracted from publicly available documents prepared by various sources etc. This data has not been prepared or independently verified by us or the BRLM or any of their or our 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**" on page 13 of this Draft Red Herring Prospectus. Accordingly, investment decisions should not be based on such information)

The Indian Economy

India is the world's most populous democracy (approximately 116 Crores) (Source: The National Commission on Population, Government of India, <u>http://populationcommission.nic.in/welcome.html</u>) and the fourth largest economy in the world with a GDP (by purchasing power parity) of US \$ 4,046 billion as on April 2010. This makes it the 4th largest economy in the world in terms of GDP after the European Union (not ranked) United America, Japan (Source: States China and of http://en.wikipedia.org/wiki/List_of_countries_by_GDP_%28PPP%29). (Source: CIA World Factbook) According to the Reserve Bank of India, India's real GDP increased by 6.7% and 7.4% in Fiscal Years 2009 and 2010, respectively. (Source: Reserve Bank of India).

Between fiscal year 2006 and 2008, India has experienced rapid economic growth, with GDP growing at more than 9%. As a result of the global economic downturn, this high growth trajectory was impeded in Fiscal Year 2009, with the growth rate of India's GDP decelerating to 6.8%. However, the Indian Economy has emerged with remarkable rapidity from the slowdown. There has been deceleration in Industry and manufacturing, in particular, as indicated by IIP data pertaining to November, 2010. The medium to long term prospect of the economy including the industrial sector continues to be positive. On the demand side, a rise in savings and investment and pick up in private consumption has resulted in strong growth of the GDP at constant market prices at 9.7% in 2010-11. A sequenced and gradual withdrawal of monetary accommodation is helping contain inflationary pressures. A moderation in the current account of balance in payments position is likely with deceleration in imports and acceleration in exports as per the latest monthly merchandise trade data. Though downside risks of global events, particularly movement in prices of commodities like crude oil, remain, the Indian Economy is poised to further improvement and consolidate in terms of key macroeconomic indicators.

Annual growth rates of Real GDP at Factor Cost at 2004-05 Prices %					
Year> 2005-06 2006-07 2007-08 2008-09 ^p 2009					
Agriculture, forestry & fishing, mining & quarrying	4.6	4.6	5.5	0.0	1.3
				•	
Manufacturing, construction, electricity, gas & water supply	10.7	12.7	10.3	4.7	8.1
Trade, hotels, transport & communication	12.2	11.6	11.0	7.5	9.7
Financing, Insurance, real estate and business services	12.7	14.0	11.9	12.5	9.2
	7.0	2.0	()	40.7	11.0
Public administration & defense and other services	7.0	2.9	6.9	12.7	11.8
	0				

Growth in GDP at factor cost at 2004-05 prices (%)

^{P:} Provisional Estimates

^{Q:} Quick Estimates

(Source: Economic Survey - 2010-11)

INFRASTRUCTURE INDUSTRY IN INDIA

Good quality infrastructure is the most critical physical requirement for attaining faster growth in a competitive world and also for ensuring investment in backward regions. The fast growth of the economy in recent years has placed increasing stress on physical infrastructure such as electricity, railways, roads, ports, airports, irrigation, and urban and rural water supply and sanitation, all of which already suffer from a substantial deficit from the past in terms of capacities as well as efficiencies in the delivery of critical infrastructure services. The pattern of inclusive growth of the economy projected for the Eleventh Plan, with GDP growth averaging 9% per year can be achieved only if this infrastructure deficit can be overcome and adequate investment takes place to support higher growth and an improved quality of life for both urban and rural communities. The investment required by the Central and State Governments and the private sector in each of the ten major physical infrastructure sectors for sustaining a growth rate of 9% in GDP over the Eleventh Plan (2007-08 to 2011-12) and corresponding to the quantitative targets for the Eleventh Plan is given in the table below. The total investment amounts to Rs. 20,56,150 Crs. This level of investment amounts to an average of 7.6% of GDP during the Eleventh Plan as a whole.

Sector-wise Investment Antici	pated in the Tenth	Plan and Projected	for the Eleventh Plan
Sector-wise investment/Antice	pated in the fentil	r fair and r rojecceu	for the merchant fail

					(Rs crore at 20	06–07 prio
		Tenth Plan			Eleventh Plan	
	(An	ticipated investm	ent)	(P	rojected investmer	nt)
Sectors	Rs	US\$ billion	Shares	Rs	US\$ billion @	Shares
	crore	@ Rs 40/\$	(%)	crore	Rs 40/\$	(%)
Electricity (incl. NCE)	291850	72.96	33.49	666525	166.63	32.42
Roads and Bridges	144892	36.22	16.63	314152	78.54	15.28
Telecommunication	103365	25.84	11.86	258439	64.61	12.57
Railways (incl. MRTS)	119658	29.91	13.73	261808	65.45	12.73
Irrigation (incl. Watershed)	111503	27.88	12.80	253301	63.32	12.32
Water Supply and Sanitation	64803	16.20	7.44	143730	35.93	6.99
Ports	14071	3.52	1.61	87995	22.00	4.28
Airports	6771	1.69	0.78	30968	7.74	1.51
Storage	4819	1.20	0.55	22378	5.59	1.09
Gas	9713	2.43	1.11	16855	4.21	0.82
Total (Rs crore)	871445	217.86	100.00	2056150	514.04	100.00

(Source: Eleventh Five Year Plan 2007-12, Planning Commission; Volume I)

ROAD INFRASTRUCTURE IN INDIA

The main thrust is to create world-class road infrastructure, with the objective of improving mobility and accessibility while reducing the cost of transportation. The expanded National Highway Development Program, when implemented will bring about a major improvement in the riding quality and capacity of around 46000 km of arterial roads out of a total of 66590 km of National Highways, which carry around 40% of the road traffic. Furthermore, it is necessary to significantly up-scale the expressways project determining the alignments, and completing the acquisition of land for 6000 km within the Eleventh Plan period.

Some of the road sector objectives for the Eleventh Plan

- Develop roads as an integral part of transport system, supplementing other modes, with high priority being accorded to balanced development of road network
- Expedite implementation of enhanced National Highway Development Program.
- Completion of balance work of GQ and North-South and East-West corridors.
- Formulate comprehensive Master Plan for development of 15600 km of access-controlled expressways:
 - ✓ Acquire land for about 6000 km.
 - ✓ Expedite and complete construction of 1000 km.
 - ✓ Connect all district headquarters with two-lane NHs/SHs.

- Focus on proper upkeep and maintenance of the existing road network and on attaining higher maintenance standards for optimum utilization of existing network capacity and preserving road assets already created. Adopt modern management techniques for scientific assessment of maintenance strategies/priorities.
- Ensure road connectivity where rail link is not possible.

(Source: Eleventh Five Year Plan 2007-12, Planning Commission; Volume III)

ROAD MARKINGS

Road marking is any kind of device or material that is used on a road surface in order to convey official information. They are used to guide and control traffic on a highway. They supplement the function of traffic signs. The markings serve as a psychological barrier and signify the delineation of traffic path and its lateral clearance from traffic hazards for the safe movement of traffic. Hence they are very important to ensure the safe, smooth and harmonious flow of traffic. Road surface markings are used on roadways to provide guidance and information to drivers and pedestrians. Road surface markings are mechanical, non-mechanical, or temporary. They can be used to delineate traffic lanes, inform motorists and pedestrians or serve as noise generators when run across a road, or attempt to wake a sleeping driver when installed in the shoulders of a road.

Various types of Road Markings and their utility are as below:

Longitudinal markings: They are placed along the direction of traffic on the roadway surface, for the purpose of indicating to the driver, his proper position on the roadway. Various types of longitudinal markings are centre line, traffic lane lines, no passing zones, warning lines, edge lines.



Transverse markings: They are marked across the direction of traffic. They are marked at intersections etc. The site conditions play a very important role. The type of Road Marking for a particular intersection depends on several variables such as speed characteristics of traffic, availability of space etc. Stop line markings, markings for pedestrian crossing, direction arrows, etc. are some of the markings on approaches to intersections.



Object markings: They are used to mark physical obstructions in a carriageway like traffic island or obstructions near carriageway like signal posts, pier etc. which cause serious hazard to the flow of traffic. They may be marked on the objects adjacent to the carriageway.



Markings for Word messages: Information to guide, regulate, or warn the road user may also be conveyed by inscription of word message on road surface.



Markings for parking: The marking of the parking space limits on urban roads promotes more efficient use of the parking spaces and tends to prevent encroachment on places like bus stops, fire hydrant zones etc. where parking is undesirable.



Markings for indicating Hazardous location: Special Road Markings are used to warn the driver about a change in the width of the road or any hazardous location in the road.



(Source: Road markings Lecture notes in Transportation Systems Engineering, http://www.civil. iitb.ac.in/tvm/1100_LnTse/123_lntse/plain/plain.html)

There is continuous effort to improve the Road Marking system, and technological breakthroughs include adding reflectivity, increasing longevity, and lowering installation cost.

Thermoplastic Road Marking

Thermoplastic Road Marking is one of the most common types of Road Marking based on its balance between cost and performance longevity. Thermoplastic coatings are generally homogeneous dry mixes of binder resins, plasticizers, glass beads, pigments, and fillers. Their use has increased over paints mainly due to the performance benefits of increased durability, retro-reflectivity, and a lack of VOC solvents. Thermoplastic markings are applied using specially designed vehicles. The thermoplastic mix is heated to about 200 °C (400 °F) before being fed to the application apparatus. This is often a screed box or extrusion type. Immediately after the thermoplastic material has been applied, glass beads are laid on the hot material so that they embed before the plastic hardens. These beads provide initial retro-reflection. As the marking wears during use and the initial beads are lost, the beads mixed with the binder are uncovered, providing long term reflectivity. Most thermoplastic is produced in white and yellow colors, but other colors may also be produced.

The economic development of the country and the consequent surge in the demand for transport services, and also the strategic needs of the country necessitated expansion as well as improvement of the road network. The Indian Roadways play a crucial role in connecting the different parts of India. Over the years after independence there has been an extensive development of the network of roads across the length and breadth of India.

According to Ministry of Road Transport & Highways, India's total Road Network consists of 33 Lakhs Kilometers (approx) which ranks as the second largest in the world. Out of the total road network only 2 Lakhs Kilometers are covered by way of State or National Highways, the remaining 31 Lakhs Kilometers are in the nature of Major District road, rural road & urban roads. The State or National Highways comprises only 2 per cent of the total road network, but carries over 40 per cent of the total traffic.

In order to cope with the growing needs of infrastructure for industrial growth in the country the Government has the major role to play by way of investing in the development of Highways. To boost the economic development of the country, the Government had introduced a massive National Highways Development Project (NHDP) in the country. (*Source: NHAI's website:* <u>http://nhai.org/roadnetwork.htm</u>). The then union minister of Road Transport and Highways, Shri Kamal Nath had announced the 20-kilometer-per day road project that would involve the construction of 20 kilometers of road per day in the country.

With the amplified need of the road infrastructure, the road safety has to be preserved all the time.

OUR BUSINESS

In this section, unless the context otherwise requires, a reference to "we", "us" and "our" refers to Automark Industries (India) Limited, and our Subsidiary i.e. Automark Technologies (India) Private Limited on a consolidated basis. Unless otherwise stated or the context otherwise requires, the financial information used in this section is derived from our restated consolidated financial information. This section should be read together with "Risk Factors" on page 13 and "Industry Overview" on page 87.

Overview

BUSINESS OVERVIEW

Our Company was incorporated in Maharashtra as "Automark Traffic Systems Private Limited" on 12th February, 1988 under the Companies Act, 1956 vide Certificate of Incorporation issued by the Registrar of Companies, Mumbai, Maharashtra. For further details in relation to the changes to the name of our Company, please refer to the section titled "Our History and Corporate Structure" beginning on page 117 of this Draft Red Herring Prospectus.

We are engaged into manufacturing of thermoplastic Road Marking materials, primers for application of thermoplastic Road Marking materials on concrete roads, water borne marking paints, cobralite retro reflective paint.

We are also engaged in to the manufacturing of Road Marking machineries which are used in the application process of Road Marking paints.

We undertake contracting assignments for application of Road Marking paints in major National Highway projects in India. This entire set of activities, completes the value chain by providing the synergy of backward as well as forward integration.

We operate our machinery manufacturing and contracting businesses through the Issuer i.e. Automark Industries (India) Limited ("AIL") and Road Marking paint manufacturing business through our Subsidiary i.e. Automark Technologies (India) Private Limited ("ATPL").

We entered into the world of road safety products by venturing in to road safety products and Road Marking industry in the year 1988. In the year 2006, we have expanded our operation by penetration into manufacturing of thermoplastic Road Marking materials with a production capacity of about 300 MT per month, which gradually increased as demand grew. Currently we are producing 1200 MT per month which utilizes 70 % of our installed production capacity. We are an ISO 9001: 2000 Company certified for all areas of operation.

Our significant businesses, their products, manufacturing facilities and capacity are as follows:

Road Marking materials: Automark Industries (India) Limited manufactures thermoplastic Road Marking materials through its Subsidiary Automark Technologies (India) Pvt Ltd. We produced 14,572 MT of the thermoplastic material in the year 2010-11 whereas we have an installed capacity of 20,000 MT p.a. We also manufacture water borne paints for roads, highways, runways and kerbs. The manufacturing unit of Road Marking material is located at Nagpur - Wardha Road, Bothali Village, Nagpur, Maharashtra - 441 108.

Road Marking machinery: We manufacture the Road Marking machinery under Automark Industries (India) Limited with its manufacturing facility located at - A-43, MIDC, City: Lohara, Yavatmal, Maharashtra - 445 001. We currently have installed capacity of 20 machines per annum at our above located unit.

Contracting Applicators of Road Marking: AIL is also into contracting application of the Road Marking material which facilitates us to complete the in house value chain in the Road Marking industry. For application assignments, AIL utilizes in house manufactured machineries as well as imported and indigenous

machinery. AIL has already executed more than 40,00,000 Sq. Meters of Road Marking successfully which includes more than 50 projects of the National Highways Authority of India (NHAI) among others.

Our Competitive Strengths

Experienced management team and a motivated & efficient work force

Our Company is managed by a team of experienced and professional personnel with experience in different aspects of Road Marking industry. They have an in-depth knowledge of the material, machinery, application of the material, marketing and finance. We believe that our qualified and experienced management has substantially contributed to the growth of our business operations. Our Promoters have more than a decade of experience in Road Marking industry. The faith of the management in the staff and their dedicated performance has enabled us to build up capabilities to operate at different locations in the country. We believe that the experience of our senior management team has resulted into improved product quality and increased profitability which give us a competitive edge.

Availability of comprehensive value chain in-house

We are into manufacturing and application of the thermoplastic Road Marking material. In addition to this, the machinery for applying the material on the roads is also manufactured by our Company. This entire set of activities, completes the value chain by providing the synergy of backward as well as forward integration. The Company procures the raw material for the manufacturing operations from outside the group.

Established Manufacturing facility

Our existing manufacturing facility for Road Marking material is located near Nagpur. We have produced 14,572 MTs of Thermoplastic materials in the financial year 2010-11. Currently we are having an installed capacity of 20,000 MTs per annum and planning to increase the same to 70,000 MTs per annum, more detailed in the chapter titled "Objects of the Issue" on the page 66 of this DRHP.

Strong relationships with our customers

Our record of strong performance has helped us to build strong relationships over a number of years with our customers in India, including L&T (ECC) Ltd, HCC, GVK, GMR and IVRCL among others. We also manufacture the machinery for application of the Road Marking material, which allows us to customize the machineries as well as process according to the nature of the application material.

Growth driven

Our Company has witnessed substantial growth in past few years. Turnover of our Company on a standalone basis have increased from Rs. 1,317.27 Lacs in the fiscal 2006-07 to Rs. 6,496.03 Lacs in the fiscal 2010-11 resulting in the increase of 393 % over the past 5 years. Profit after tax of our Company have increased from Rs. 16.09 Lacs to Rs. 166.34 Lacs resulting in the increase of 934 % over the past 5 years.

Research & development and Quality Standards

Our very presence in the industry for past 22 years has helped us to develop our brand on technical front. In the manufacture of our products we follow the major quality standards of the world including BS 3262, BSEN 1871, AASHTO M - 249 -79 (1990) & MORTH.

Location advantage of the Unit

The manufacturing unit of our Subsidiary in Nagpur, Maharashtra has the location advantage of ease in access due to its connectivity with state and national highways. Further Nagpur is at the center of India resulting

into the advantage of ease in transport to any corner of India at an effective cost. This provides us with efficient logistics thereby reducing our transportation and raw material cost in comparison to competitors.

OUR MANUFACTURING UNIT

Automark Industries (India) Limited manufactures thermoplastic Road Marking material through its Subsidiary Automark Technologies (India) Pvt Ltd. We produced 14,572 MT of the thermoplastic material in the year 2010-11 whereas we have an installed capacity of 20,000 MT p.a. We also manufacture water borne paints for roads, highways, runways and kerbs. The manufacturing unit of Road Marking Material is located at Nagpur - Wardha Road, Bothali Village, Nagpur, Maharashtra - 441 108.

Stated below are the brief details of some of the major equipments utilized at our manufacturing unit.

Name of Equipment	Capacity	Utility
Thermoplastic Road Marking	22 MT per shift (three shifts	Manufacturing of
material manufacturing	a day)	thermoplastic Road
composite plant		Marking material

Other than this we have various machineries used in contracting business which are as under:

Name of Equipment	No of Machines	Capacity in square meters (p.a.)	Utility
BORUM Extrusion applicator with preheater	1	90,000	Application of thermonlastic read
UNIMARK Extrusion applicator	1	60,000	Application of thermoplastic road material on the road surface &
ATOM	7	245,000	kerbs
SEMI Automatic Machines	3	60,000	Keids
Manual Machines (alongwith prehaters)	23	345,000	

Images of our unit and machineries:











MANUFACTURING OF THERMOPLASTIC MATERIAL:

The thermoplastic material is manufactured through composition of, a light colored aggregate (silica sand), white pigment (titanium dioxide), glass beads, and it is all held together with a thermoplastic resin.

Step 1: The Company procures the basic raw materials ingredients of thermoplastic Road Marking material from the manufacturers indigenously and by way of import.

Step 2: The proper mix of materials is put in the machine and blended in the powder form

Step 3: The thermoplastic material so manufactured is packed in the bags

Step 4: Packed bags of the materials are sent to the site for application or is sold to third party consumers.

APPLICATION PROCESS OF THERMOPLASTIC MATERIAL

The above manufactured thermoplastic material alongwith glass beads of a suitable grade / quality for the contract specification requirements which are procured from outside the group are supplied in bags to the respective sites of Road Marking. Glass beads are applied to the surface of the still hot thermoplastic to ensure that the retro-reflectivity requirement of the Road Markings is achieved.



Step 1: The thermoplastic material is melted in preheaters at a temperature of 180°C - 220°C.

Step 2: The requisite material is then transferred into the heated tank of the application machine where it is maintained at $180\degree$ C - $220\degree$ C

Step 3: The molten material is then applied on the dry & clean surface of the road directly from the heated tank of the application machine in intermittent or continuous lines of uniform thickness. This is applicable to the bituminous surface whereas in case of concrete surface; primer is applied on the road surface before application of the thermoplastic material so as to create the adhesion with the road.

Step 4: Glass beads are sprayed by the application machine on the freshly applied molten paint; the flow of beads is adjusted to a rate to achieve the initial retro-reflectivity required by the specifications. A surface application rate of 250 - 300 gms/sqm is recommended for maximum reflectivity and durability.

Step 5: The material applied needs less than 15 minutes for drying and thereafter the road is instantly ready to be used for vehicles.

Machinery used in the application process is as under:

Sr. No.	Description of Machine alongwith utility of the same		
1	Borum fully automatic thermoplastic Road Marking machine loaded with preheater attached to the machine itself used for Road Marking		
2	Atom automatic thermoplastic Road Marking machine		
3	Graco cold paint Road Marking machine used for cold paint Road Marking		

COLLABORATIONS

The Company has so far not entered into any technical or financial collaboration agreement.

RAW MATERIAL & OTHER UTILITIES

Raw Material required

The main raw material consumed by our Company for manufacturing of the thermoplastic material is resin which constitutes approximately 50% of the total raw material cost, which can be imported from China and USA or can also be procured indigenously. Other raw materials are such as silica sand, white pigment and intermix glass beads etc. which are available in plenty.

Sr. No.	Name of the Raw material	Name of the Supplier	Imported/ Indigenous
1.	Resin	Aquent Impex, Mumbai Onwards Chemical P Ltd, Mumbai] Indigenous
2.	Titanium Di Oxide	Kay Agencies	Indigenous
3.	Silica Sand, White Pigment	Vraj Mineral Grinding Industries Radhika Mineral Grinding Industries Krishna Micro Minerals Hariyana Minerals	Indigenous
4.	Glass Beads	Chiye Glass Bead (Hebei) Co. Ltd.	Imported

The details of the major raw material suppliers are as under:

Utilities

Our manufacturing unit for manufacturing of thermoplastic material is located near Nagpur, a well developed industrial belt for industry where the utilities like power and manpower are easily available.

Power

Total sanction load of Power as on date is 25 KVA. Our Company has two DG Sets totaling to a generating capacity of 19.5 KVA installed at the unit which takes care of any power failure for uninterrupted production.

Water

The manufacturing process does not require any water. For all other needs we have a borewell in the factory premises.

Manpower

With the Issuer

Sr. No.	Category	No. of employees
1.	Factory Managers	1
2.	Excise Manager & Assistant	1
3.	Supervisors	2
4.	Workers - Permanent	12
5.	Workers - Contracted	5
	TOTAL	21

The details of manpower (at works) employed as on 31st May 2011 are as under:

The details of manpower (other than works) employed as on 31st May 2011 are as under:

Sr. no	Category	No. of
		employees
1.	Company Secretary	1
2.	Administration & Finance	3
3.	Marketing Managers	4
4.	Accounts Manager and	2
	Executives	
5.	Purchase and Sales Manager	2
6.	Logistics	1
7.	Projects Management	12
8.	Office & Branch Staff	10
	TOTAL	35

With our Subsidiary i.e. Automark Technologies (I) Pvt Ltd

The details of manpower (at works) employed as on 31st May 2011 are as under:

Sr. no	Category	No. of employees
1.	Factory Managers	1
2.	Excise Manager & Assistant	1
3.	Supervisors	2
4.	Workers - Permanent	14
5.	Workers - Contracted	6
	TOTAL	24

The details of manpower (other than works) employed as on 31st May 2011 are as under:

Sr. no	Category	No. of employees
1.	Company Secretary	-
2.	Administration & Finance	3
3.	Marketing Managers	1
4.	Accounts Manager and	2
	Executives	
5.	Purchase and Sales Manager	1
6.	Logistics	1
7.	Office & Branch Staff	1
	TOTAL	9

Major Customers

Our customer base for Road Marking Material is spread all over the country. The following are our major customers:

- Shree G R Enterprises
- Navyuga Engineering Co. Ltd.
- V S projects
- Savvy Projects Pvt Ltd.
- Gammon India Ltd.
- L&T (ECC) Ltd,
- HCC Ltd.
- GVK Power & Infrastructure Ltd.
- GMR Infrastructure Ltd.
- IVRCL Ltd

Competition

The Road Marking industry is highly fragmented and unorganized. However, we have been able to leverage economies of scale to gain an advantage. To further counter competition, we are proposing expansion and full automation of our business activities so as to achieve capacity to serve a larger area, economies of scale and cost competitiveness.

We believe that, in selecting a supplier/contractor, our potential customers often take into account the following factors:

- Accuracy, timeliness and consistency in application of material;
- Service capability, quality and convenience offered by the supplier/contractor;
- Pricing of the products;
- Technology used in the manufacturing and application.

We believe that we compete favorably with our principal competitors in each of these areas. We also believe that our offering of full value chain solutions in the Road Marking industry from manufacturing of Road Marking materials till application of paints provides us with a competitive advantage that enables us to compete on more than price alone.

Three major functions of Road Marking are - machine manufacturing, material manufacturing & contracting. We cater to all these functional areas thereby gaining an edge on competition. The strength of Automark's channel partners has led us to penetrate across the country.

Name of competitors

In manufacturing of paints segment, Asian Paints Limited is one of the competitors, though the concentration of Asian Paints Ltd into Road marking paints is relatively low. Further in contracting business there are local and unorganized players who compete with us but due to lack of availability of integrated facilities in relation to Road Marking we overcome such competition with ease. Kataline Infraproducts Private Limited, Nagpur which is one of the competitor, into all three segments of manufacturing of Road Marking machinery and material and application of the same.

Marketing Arrangement

The nature of our business involves two sales processes - The sales of our products and sales of our contracting services.

DOMESTIC SALES

To handle our product sales, Automark has a network of sales representatives located in 9 cities all over India. We also have stocking points to cater to our customers in these regions. Sales are handled by our sales personnel stationed at various regional office and at our central office.

INTERNATIONAL SALES

In order to tap the export markets we have inked a MOU with Mr. Geoff Miller, stationed at the United Kingdom having experience of over 30 years in the International Road Marking Industry; he has worked with some of the major manufacturers of Road Marking materials in the international arena in the past.

We have also entered into an arrangement with a company in Kenya named Beltpro (K) Ltd. for distributing and marketing our products in Kenya & Uganda for exploring the local needs and to build the brand image. It's a step forward towards our proposed plans for setting up manufacturing unit in the COMESA region.

CONTRACTING

Our track record of timely completion of projects with the reputed companies itself provides us the repetitive orders from our existing clientele base. Further we have our dedicated team who keeps track of new contracts being awarded in the industry and follow up for the procurement of the Road Marking contract portion by showcasing our growth in the industry. We are in constant touch with the major road building contractors and infrastructure companies all over India through our team of representatives headed by projects manager who operate from our central/regional offices.

In addition to this we also have our in-house monthly newsletter named "STRIPES" for circulation within our group and valued customers. We also conduct conference every year with our dealers and our sales team under the banner "Autocon" whereby we discuss about industry and business session, future plans, which strengthens our relationship with our clientele and we also introduce/exhibit the trends being followed in the global Road Marking industry. We have conducted the first Autocon 2009 in Thialand and our latest conference was in Dubai i.e. Autocon 2010.

Quality

Automark is wholly committed to build and sustain itself as a Road Marking organization where quality shall be the hallmark of every aspect. The department of our quality checks consists of competent team who are engaged in the inspection process right from procurement of raw materials to final execution of contracts. Our maximum attention is paid to upgrade our skills, quality system and manufacturing facility to achieve consistent product quality and customer satisfaction.

Quality Policy

We have a qualified team which is dedicated towards quality. With the help of a systematic process orientation and unwavering and unflinching focus and commitment enables us to turn out products with a guarantee of absolute quality. Automark is dedicated towards total customer satisfaction, timely execution of contracts and optimum cost for manufacture and supply of Road Marking materials. We are committed to achieve this goal through training of employees, continual improvement of processes & Quality Management Systems.

Our quality assurance program involves the following:

- Implement quality management systems
- Process capability study

- Process inspection in all stages
- Solving customer complaints
- Corrective and preventive actions

Quality Control

Research & development and Quality Standards

Our very presence in the Industry for past 22 years has helped us to develop our brand on technical front. In the manufacture of our products we follow the major quality standards of the world including BS 3262, BSEN 1871, AASHTO M - 249 -79 (1990) & MORTH

Enhance product quality

A good quality product is the foundation for a good brand. As mentioned above, we have the ISO 9001:2000 certification. Products manufactured by our Company meet the quality standards of BIS. We believe that consistency of quality products can only be achieved by process orientation. In India the Indian Roads Congress (IRC) and the Ministry of Road Transport and Highways (MORTH) have laid down the standards for Road Marking; we also manufacture our product as per major International Standards like BS (British Standards), AASHTO, BS EN (British Standards - European Union), and export it to International markets. We at Automark follow the best international practices & standards for Road Marking. We capitalize on our experienced management team and our dedicated workforce. Our focus on quality will help us in retaining our customers and adding new ones.

Our Existing Products

We are principally engaged in the manufacturing of Road Marking material, manufacturing of Road Marking machinery and application of such material on the surface of the road.

Products manufactured/Services offered:

(A) Road Marking machinery:

We manufacture Road Marking machinery through the Issuer, Automark Industries (India) Ltd. at our factory located at Yavatmal. Such machinery is used for contract application and also sold to third parties. This factory is also used for overhauling and maintenance of our other machinery used in the contracting segment. We manufacture both kind of Road Marking machinery namely extrusion and screed type.

(B) Contracting:

The Issuer is also into contracting Road Marking whereby we procure the Road Marking contracts and for execution of these contracts we also acquire machinery from outside the group alongwith the machinery manufactured at our own manufacturing facility.

(C) Road Marking Material:

Our Subsidiary Automark Technologies (I) Pvt Ltd is into manufacturing of Road Marking material under our brand Automark and used in application process with the assistance of the Road Marking machinery.

Capacity & Capacity Utilization

For Contracting Road Marking jobs

Existing

Particulars	2010-11		2009-10		2008-09	
Surface in Sq. Meters	Installed Capacity	Capacity Utilisation	Installed Capacity	Capacity Utilisation	Installed Capacity	Capacity Utilisation
(per annum)	800,000	612,531	650,000	601,144	650,000	458,051

Proposed

Particulars	2011-12		2012-13		2013-14	
Surface in Sq. Meters	Installed Capacity	Capacity Utilisation	Installed Capacity	Capacity Utilisation	Installed Capacity	Capacity Utilisation
(per annum)	800,000	630,000	1,900,000	1,450,000	2,000,000	1,500,000

Note: The details of installed capacity are not ascertainable in case of contracting business as it depends on the volume of the contracts received during the period and it can be suitably increased in commensuration with the increase in the contracts as we have our own machinery manufacturing facility, also the machines can be rented out from outside.

For Materials

Existing

Particulars	2010-11		2009-10		2008-09	
Volume in Metric Tonnes (per annum)	Installed Capacity	Capacity Utilisation	Installed Capacity	Capacity Utilisation	Installed Capacity	Capacity Utilisation
	20,000	14,572	20,000	14,006	15,000	11,223

Proposed

Particulars	2011-12		2012-13		2013-14	
Volume in Metric Tonnes (per annum)	Installed Capacity	Capacity Utilisation	Installed Capacity	Capacity Utilisation	Installed Capacity	Capacity Utilisation
	20,000	17,000	72,000	46,000	72,000	51,500

EXPORT POSSIBILITY AND OBLIGATION

Our Company doesn't have any export obligation as we are not exporting any material directly. Our Subsidiary is currently exporting to various countries like Kenya, Shri Lanka, Bangladesh, Uganda, Nepal, Hongkong, Yangon etc. The Company's drive is to expand its business and provide the best to many other countries of the world.

Our Subsidiary has an export obligation towards advance licenses which it has acquired to import goods. Therefore as on 15/06/2011 the Subsidiary has an export obligation to the tune of Rs. 132.36 Lacs and the details of the same are given herein below:

Sr. No.	Advance License No.	Advance License Date	Due Date of license	Export Obligation (Rs. In Lacs)
1.	5010000227	05.01.2010	04.01.2013	132.36

Our Business Strategy

Our strategy is to build upon our competitive strengths and business opportunities to become one of the vital Road Marking companies. Our aim is to make roads safer with the adoption of modern Road Marking technique and to comply with the accepted national and international standards in Road Marking. We intend to achieve this by implementing the following strategies:

Enhance profitability by increasing our contracting capacity

With the projected huge investments in India for the development of the Road infrastructure the needs for Road Marking will increase exponentially. To keep pace with the increasing needs of the industry we plan to increase our contracting capacity by deploying advanced machines for speedy and proficient completion of the time bound projects.

To reap the benefit by enhancing manufacturing capacities

We are focused on establishing and increasing our manufacturing facilities of Road Marking materials, as this will allow us to exercise control over manufacturing costs and the quality of the finished products. We believe that an increase in manufacturing capacity will help us reap the benefits of economies of scale. Higher volumes would enable us to also make competitive raw material purchases and this would eventually lead to an improvement in the price competitiveness of our products.

Constant Technology Upgradation

Our Company has focused on constant upgradation of its machineries and equipments used in our business from various parts of the world keeping in mind its usage in the Indian conditions.

Pursue strategic acquisitions and investments abroad

In order to expand, we seek to identify acquisition targets and/or joint venture partners whose resources, capabilities, technologies and strategies are complementary to and are enabling us to establish our presence abroad.

Enhance product quality

A good quality product is the foundation for a good brand. As mentioned above, we have the ISO 9001:2000 certification. Products manufactured by our Company meet the quality standards of BIS. We believe that consistency of quality products can only be achieved by process orientation. In India the Indian Roads Congress (IRC) and the Ministry of Road Transport and Highways (MORTH) have laid down the standards for Road Marking; we also manufacture our product as per major International Standards like BS (British Standards), AASHTO, BS EN (British Standards - European Union), and export it to International markets. We at AUTOMARK follow the best international practices & standards for Road Marking. We capitalize on our experienced management team and our dedicated workforce. Our focus on quality will help us in retaining our customers and adding new ones.

Penetration in Global Market

We are looking forward to enter into global markets and we have identified the Common Market for Eastern and Southern Africa as our first step towards tapping growth across the globe whereby we are planning to set up thermoplastic material manufacturing and contracting facility in Kenya / Uganda. As a first step we have appointed a distributor in Kenya to service these markets.

Strengthening our brand

We intend to invest in developing and enhancing recognition of our brand – Automark, through brand building efforts, communication and promotional initiatives such as exhibitions fairs, electronic media, organizing events, participation in industry events, public relations and investor relations efforts. This will help us to maintain and improve our global and local reach. We believe that our branding exercise will enhance the recall value and trust in the minds of our customers and will help in increasing demand for our products.

SWOT

Strengths

- > Cordial relations with Customers
- > In depth knowledge of Industry Commercial & Technical
- Established manufacturing facility
- Low overhead cost
- > Very few organized player in the industry
- Strong market share
- Experienced management team

Weaknesses

- > Dependent upon growth in Road infrastructure industry
- Insufficient international market reach
- > Surge in finance needs to cope up with the increased demand.

Opportunities

- > Growth and investment in road & infrastructure will create demand for Road Markings
- The Common Market for Eastern and Southern Africa (COMESA) comprising of 19 member states with a developing road infrastructure offers huge opportunities in overseas market.

Threats

- Industry is prone to changes in government policies, any material changes in the duty or international raw material prices may adversely impact our financials.
- Currently there are few organized players in the Road Marking industry, but there are no entry barriers in our industry which puts us to the threat of competition from new entrants.

Intellectual Property

We have registered our corporate logo "Automark" under Class 19 with the Registrar of Trademarks. For further details of approvals relating to intellectual property, see "Government and Other Approvals" beginning on page 212 of the DRHP.

Our Properties

Our Registered Office is located at 'Gurukripa', Datta Square, Yavatmal, Maharashtra, India - 445 001. Our manufacturing facility is located at A-43, MIDC, City: Lohara, Yavatmal, Maharashtra - 445 001 & at Wardha Road, Bothali Village, Nagpur, Maharashtra - 441 108. The details of Property occupied, leased or owned by the Company are as under:

Sr.	Location	Title	Date of	Agreement	
No.		(Leased	Agreement /	Valid till	
		/Owned)	Acquisition		
1.	Jaitala Scheme, Plot No. 8, Khasra No. 2,3/1 & 5/1,	Owned	06/02/2007	N.A.	
	City Survey No. 3, Sheet No. 186B-6, Ward No, 75,				
	Nagpur				
2.	'Gurukripa', Datta Square, Yavatmal - 445001	Leased	05/04/2011	29/02/2012	
3.	Plot No. A-43 & 62, MIDC, Lohara,	Leased	25/03/1998	31/12/2082	
	Dist - Yavatmal - 445 001				
4.	1st Floor, Saraf Court, Opp. Yashwant Stadium,	Leased	05/04/2011	29/02/2012	
	Dhantoli, Nagpur				
5.	Behind Islamic Madarsa, Bothali	Leased	05/04/2011	29/02/2012	
6.	1st Floor, "Saraf Court"	Leased	24/11/2010	31/09/2015	
	Opposite Yashwant Stadium, Dhantoli, Nagpur -				
	440012, Maharashtra				
7.	H. No. 8-4-315/6/L, Shop No. 68,	Leased	01/04/2011	29/02/2012	
	C-Block, Laxmi Complex, Erragadda, Hyderabad -				
	500018				
	Andhra Pradesh				
8.	Shop No. 112, Mahalaxmi, Cloth Market, Pandri,	Leased	01/02/2007	-	
	Raipur - 492004 Chhattisgarh				
9.	Door No.17 D, Kaveri Street,	Leased	01/04/2011	29/02/2012	
	Sri Nagar Colony, Thirumullaivayal,				
	Chennai - 600 062 Tamilnadu				
10.	Kailash Plaza, Plot No. 18, Sector G/Lda Colony,	Leased	01/04/2011	29/02/2012	
	Kanpur Road,				
	Lucknow, Uttar Pradesh				
11.	Shop No.35, Vasant Vihar Shopping Complex,	Leased	27/06/2011	31/03/2012	
	Kathwada Road, New Naroda, Ahmedabad - 382 330				
	Gujarat				
12.	Plot No, A 119, Basement Shop No. 2,	Leased	05/11/2010	05/10/2011	
	Shyam Mitra Mandal Nagar, Opposite V K I, Road No.				
	5, Jaipur, Rajasthan				
13.	S. No. 1632, Vinayak Park, Awhalwadi Road,	Leased	01/07/2011	31/05/2012	
	Wagholi, Tq. Havelt, Dist. Pune-412207, Maharashtra				
14.	Shop No. 1, Satlapur, Mandideep, Teh. Goharganj,	Leased	01/03/2011	29/02/2012	
Sr.	Location	Title	Date of	Agreement	
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No.		(Leased	Agreement /	Valid till	
		/Owned)	Acquisition		
	Distt. Raisen, Bhopal, Madhya Pradesh				
15.	R.P.S. More, Saguna Danapur,	Leased	01/02/2011	31/01/2011	
	Patna - Bihar				
16.	At. Rundal, Tehsil Aamer,	Leased	05/11/2010	05/10/2011	
	Dist. Jaipur				
- Aut	- Automark Technologies (India) Pvt Ltd				
17.	Khasra No. 91, Patwari Halka No. 74, Mouza Bothali,	Leased	01/04/2011	31/03/2036	
	Nagpur				
18.	'Gurukripa', Datta Square, Yavatmal - 445001	Leased	01/04/2011	29/02/2012	
19.	1st Floor, Saraf Court, Opp. Yashwant Stadium,	Leased	01/04/2011	29/02/2012	
	Dhantoli, Nagpur				

Note 1: Interest in Property by our Promoters and Promoter Group

- a. Our registered office situated at 'Gurukripa', Datta Square, Yavatmal 445001 is on lease for eleven (11) months starting from 01/04/2011. The office is taken on lease from Mr. Arun D. Khara [HUF], HUF of our promoter Mr. Arun D. Khara for a monthly rental of Rs. 17,500/- who is deemed to be interested to the extent of lease rent received by it from our Company.
- b. The factory and godown of our Subsidiary situated at Khasra No. 91, Patwari Jalka No. 74, Mouza Bothali, Nagpur is on lease for Twenty Five (25) years starting from 01/04/2011. The property has been taken on lease from our group enterprise, M/s Ashirwad Real Estate for a monthly rental of Rs. 25,000/- which is deemed to be interested to the extent of lease rent received by it from our Subsidiary.
- c. Our Subsidiary's registered office situated at 'Gurukripa', Datta Square, Yavatmal 445001 is on lease from for eleven (11) months starting from 01/04/2011. The office is taken on lease from Mr. Arun D. Khara [HUF], HUF of our promoter Mr. Arun D. Khara for a monthly rental of Rs. 9,000/- who is deemed to be interested to the extent of lease rent received by it from our Subsidiary.
- d. Our Subsidiary's corporate office situated at 1st Floor, Saraf Court, Opp. Yashwant Stadium, Dhantoli, Nagpur is on lease for eleven (11) months starting from 01/04/2011. The property has been taken on lease from our group enterprise, M/s Ashirwad Real Estate for a monthly rental of Rs. 40,000/- which is deemed to be interested to the extent of lease rent received by it from our Subsidiary.

Note 2: Purchase of Property

We have not entered into any agreement to buy/sell any property with the promoters or director or a proposed director who had any interest direct or indirect during the preceding two years.

Insurance Policies

We have taken insurance policies insuring major risks relating to its stocks, building, plant & machinery, accessories at its manufacturing facilities & at their commercial premises. However the insurance policies

may not provide adequate coverage in certain circumstances and are subject to deductibles, exclusions and limit on coverage.

Insured	Automark Industries (I) Ltd	
Policy type Standard Fire and Special Perils Policy		
Property insured	On office block, office equipments, furniture and fixture $\&$ /or other office equipments	
Coverage	Standard Fire and Special Perils & Earthquake (fire and shock)	
Policy no.	230200/11/10/11/00000775	
Agency	United India Insurance Company Limited	
Sum insured	45,00,000	
Total premium (Rs.)	1,513.00	
From	31/03/2011	
Valid up to	30/03/2012	

We have taken different insurance policies covering the following:

Insured	Automark Industries (I) Ltd
Policy type	Standard Fire and Special Perils Policy
Property insured	On Stock in Trade of Merchandise consisting of raw materials, goods in process and finished goods & other stocks.
Coverage	Standard Fire and Special Perils & Earthquake (fire and shock)
Policy no.	230200/11/10/13/00000776
Agency	United India Insurance Company Limited
Sum insured	5,00,00,000
Total premium (Rs.)	63,646.00
From	31/03/2011
Valid up to	30/03/2012

Insured	Automark Technologies (India) Pvt Ltd
Policy type	Standard Fire and Special Perils Policy
Property insured	On factory shed, plant & machinery, furniture & fixture and stocks
Coverage	Standard Fire and Special Perils & Earthquake (fire and shock)
Policy no.	230200/11/10/11/00000777
Agency	United India Insurance Company Limited
Sum insured	5,35,00,000
Total premium (Rs.)	55,972.00
From	31/03/2011
Valid up to	30/03/2012

KEY INDUSTRY REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Central / State Governments that are applicable to our Company in India. The information detailed in this chapter has been obtained from publications available in the public domain. The 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.

The Companies Act, 1956

The Act deals with laws relating to companies and certain other associations. It was enacted by the parliament in 1956. The Companies Act primarily regulates the formation, financing, functioning and winding up of companies. The Act prescribes regulatory mechanism regarding all relevant aspects including organizational, financial and managerial aspects of companies. Regulation of the financial and management aspects constitutes the main focus of the Act. In the functioning of the corporate sector, although freedom of companies is important, protection of the investors and shareholders, on whose funds they flourish, is equally important. The Companies Act plays the balancing role between these two competing factors, namely, management autonomy and investor protection.

Regulation of Foreign Investment in India

Foreign investment in India is primarily governed by the provisions of the Foreign Exchange Management Act, 1999 ("FEMA") and the rules and regulations promulgated there under. The RBI, in exercise of its powers under FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("FEMA Regulations") which prohibit, restrict and regulate, transfer or issue of securities, to a person resident outside India. Pursuant to the FEMA Regulations, no prior consent or approval is required from the RBI for foreign direct investment under the "automatic route" within the specified sectoral caps prescribed for various industrial sectors. In respect of all industries not specified under the automatic route, and in respect of investments in excess of the specified sectoral limits under the automatic route, approval for such investment may be required from the FIPB and/or the RBI. Further, FIIs may purchase shares and convertible debentures of an Indian company under the portfolio investment scheme through registered brokers on recognized stock exchanges in India. Regulation 1 (4) of Schedule II of the FEMA Regulations provides that the total holding by each FII or SEBI approved sub-account of an FII shall not exceed 10% of the total paid-up equity capital of an Indian company or 10% of the paid-up value of each series of convertible debentures issued by an Indian company and the total holdings of all FIIs and sub accounts of FIIs added together shall not exceed 24% of the paid-up equity capital or paid-up value of each series of convertible debentures. However, this limit of 24% may be increased up to the statutory ceiling as applicable, by the Indian company concerned passing a resolution by its board of directors followed by the passing of a special resolution to the same effect by its shareholders.

Environment (Protection) Act, 1986

The Environment (Protection) Act, 1986 was enacted as a general legislation to safeguard the environment from all sources of pollution by enabling coordination of the activities of the various regulatory agencies concerned, to enable creation of an authority with powers for environmental protection, regulation of discharge of environmental pollutants etc. The purpose of the Act is to act as an "umbrella" legislation designed to provide a frame work for Central government co-ordination of the activities of various central and state authorities established under previous laws, such as Water Act & Air Act. It includes water, air and land and the inter-relationships which exist among water, air and land, and human beings and other living creatures, plants, micro-organisms and property.

Consent for operation of the plant under the Air (Prevention and Control of Pollution) Act 1981 ("Air Act")

The Air (Prevention and Control of Pollution) Act 1981 has been enacted to provide for the prevention, control and abatement of air pollution. The statute was enacted with a view to protect the environment and surroundings from any adverse effects of the pollutants that may emanate from any factory or manufacturing operation or activity. It lays down the limits with regard to emissions and pollutants that are a direct result of any operation or activity. Periodic checks on the factories are mandated in the form of yearly approvals and consents from the corresponding Pollution Control Boards in the state.

Consent for operation of the plant under the Water (Prevention and Control of Pollution) Act, 1974 ("Water Act")

The Water Act was enacted in 1974 in order to provide for the prevention and control of water pollution by factories and manufacturing industries and for maintaining or restoring the wholesomeness of water. In respect to an Industrial Undertaking it applies to the (i) Occupier (the owner and management of the undertaking) (ii) Outlet (iii) Pollution and (iv) Trade effluents. The Act requires that approvals be obtained from the corresponding Pollution Control Boards in the state.

Water (Prevention and Control of Pollution) Cess Act, 1977

The Water Cess Act is a legislation providing for the levy and collection of a Cess on local authorities and industries based on the consumption of water by such local authorities and industries so as to enable implementation of the Water Act by the regulatory agencies concerned.

The Competition Act, 2002

The Competition Act, 2002 (the "Competition Act") prohibits anti competitive agreements, abuse of dominant positions by enterprises and regulates "combinations" in India. The Competition Act also established the Competition Commission of India (the "CCI") as the authority mandated to implement the Competition Act. The provisions of the Competition Act relating to combinations were notified recently on March 4, 2011 and came into effect on June 1, 2011. Combinations which are likely to cause an appreciable adverse effect on competition in a relevant market in India are void under the Competition Act. A combination is defined under Section 5 of the Competition Act as an acquisition, merger or amalgamation of enterprise(s) that meets certain asset or turnover thresholds. There are also different thresholds for those categorized as 'Individuals' and 'Group'. The CCI may enquire into all combinations, even if taking place outside India, or between parties outside India, if such combination is likely to have an appreciable adverse effect on competition in India. Effective June 1, 2011, all combinations have to be notified to the CCI within 30 days of the execution of any agreement or other document for any acquisition of assets, shares, voting rights or control of an enterprise under Section 5(a) and (b) of the Competition Act (including any binding document conveying an agreement or decision to acquire control, shares, voting rights or assets of an enterprise); or the board of directors of a company (or an equivalent authority in case of other entities) approving a proposal for a merger or amalgamation under Section 5(c) of the Competition Act. The obligation to notify a combination to the CCI falls upon the acquirer in case of an acquisition, and on all parties to the combination jointly in case of a merger or amalgamation.

Trade Marks Act, 1999

The Indian law on trademarks is enshrined in the Trade Marks Act, 1999. Under the existing legislation, a trademark is a mark used in relation to goods so as to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark. A 'mark' may consist of a word or invented word, signature, device, letter, numeral, brand, heading, label, name written in a particular style and so forth. The trademark once applied for, is advertised in the trademarks journal, oppositions, if any are invited and after satisfactory adjudications of the same, a certificate of registration is issued. The right to use the mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is ten years, which may be renewed for similar periods on payment of prescribed renewal fee.

The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008

The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008, as amended (the "Hazardous Wastes Rules"), which superseded the Hazardous Wastes (Management and Handling) Rules, 1989, state that the occupier will be responsible for safe and environmentally sound handling of hazardous wastes generated in his establishment. The hazardous wastes generated in the establishment of the occupier should be sent or sold to a recycler or re-processor or re-user registered or authorized under the Hazardous Wastes Rules or should be disposed of in an authorized disposal facility. The MOEF has been empowered to deal with the trans-boundary movement of hazardous wastes and to grant permission for transit of hazardous wastes through any part of India. No import of hazardous waste is permitted in India. The State Government, occupier, operator of a facility or any association of the occupier will be individually or jointly or severally responsible for, and identify sites for, establishing the facility for treatment, storage and disposal of hazardous wastes for the State.

Road Marking Regulations

The Ministry of Surface Road Transport and Highways (the "MOSRTH") & The India Roads Congress (IRC) are the governing bodies in India which lays down the standards for Road Marking. The MOSRTH has laid down the specifications called as MORTH 803 and The IRC has issued IRC: 35-1997 Code of Practice for Road Markings. The basic standards to be complied with in case of the Road Marking material and the application of the material on the surface of the road are laid down in these codes.

Property related laws:

The company is required to comply with central and state laws in respect of property. Central Laws that may be applicable to the company's operations include the Land Acquisition Act, 1894, the Transfer of Property Act, 1882, Registration Act, 1908, Indian Stamp Act, 1899, and Indian Easements Act, 1882. In addition, regulations relating to classification of land may be applicable. Usually, land is broadly classified under one or more categories such as residential, commercial or agricultural. Land classified under a specified category is permitted to be used only for such specified purpose. Where the land is originally classified as agricultural land, in order to use the land for any other purpose the classification of the land is required to be converted into commercial or industrial purpose, by making an application to the relevant municipal or town and country planning authorities. In addition, some State Governments have imposed various restrictions, which vary from state to state, on the transfer of property within such states. Land use planning and its regulation including the formulation of regulations for building construction, form a vital part of the urban planning process. Various enactments, rules and regulations have been made by the Central Government, concerned State Governments and other authorised agencies and bodies such as the Ministry of Urban Development, State land development and/or planning boards, local -153- municipal or village authorities, which deal with the acquisition, ownership, possession, development, zoning, planning of land and real estate. Each state and city has its own set of laws, which govern planned development and rules for construction (such as floor area ratio or floor space index limits). The various authorities that govern building activities in states are the town and country planning department, municipal corporations and the urban arts commission. Certain state laws like the Bombay Stamp Act, as amended 1958 regulate land related transactions in the state of Maharashtra. The Maharashtra Land Revenue Code, 1966 (the "MLRC") was enacted to unify and amend the laws relating to land and land revenues in Maharashtra. The MLRC empowers the state government to specify revenue areas. The MLRC empowers the State Government to appoint a Collector who is in charge of the revenue administration for a district and also the powers and duties of other officers appointed in this regard.

Income-tax Act, 1961

The Income Tax Act, 1961 deals with the taxation of individuals, corporates, partnership firms and others. As per the provisions of this Act the rates at which they are required to pay tax is calculated on the income declared by them or assessed by the authorities, after availing the deductions and concessions accorded

under the Act. The maintenance of Books of Accounts and relevant supporting documents and registers are mandatory under the Act. Filing of returns of Income is compulsory for all assesses.

Central Excise Act, 1944

Excise duty is levied on production of goods but the liability of excise duty arises only on removal of goods from the place of storage, i.e., factory or warehouse. Unless specifically exempted, excise duty is levied even if the duty was paid on the raw material used in production.

Customs Regulations

All imports into India are subject to duties under the Customs Act, 1962 at the rates specified under the Customs Tariff Act, 1975. However, the Indian Government has the power to exempt certain specified goods from excise duty by notification.

Service Tax

Chapter V of the Finance Act 1994 (as amended), and Chapter V-A of the Finance Act 2003 requires that where provision of certain listed services, whole taxable services exceeds Rs. 10,00,000, a service tax with respect to the same must be paid. Every person who is liable to pay service tax must register himself for the same.

Central Sales Tax Act (CST)

The main object of this act is to formulate principles for determining (a) when a sale or purchase takes place in the course of trade or commerce (b) When a sale or purchase takes place outside a State (c) When a sale or purchase takes place in the course of imports into or export from India, to provide for levy, collection and distribution of taxes on sales of goods in the course of trade or commerce, to declare certain goods to be of special importance trade or commerce and specify the restrictions and conditions to which State laws imposing taxes on sale or purchase of such goods of special importance (called as declared goods) shall be subject. CST Act imposes the tax on interstate sales and states the principles and restrictions as per the powers conferred by Constitution.

Value Added Tax ("VAT")

VAT is a system of multi-point levy on each of the purchases in the supply chain with the facility of set-off input tax on sales whereby tax is paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. VAT is based on the value addition of goods, and the related VAT liability of the dealer is calculated by deducting input tax credit for tax collected on the sales during a particular period. VAT is a consumption tax applicable to all commercial activities involving the production and distribution of goods and the provisions of services, and each state that has introduced VAT has its own VAT Act, under which, persons liable to pay VAT must register and obtain a registration number from Sales Tax Officer of the respective State.

Explosives Act, 1884

This is a comprehensive law which regulates the manufacture, possession, sale, transportation, exportation and importation of explosives. As per the definition under the Act, an explosive includes any substance, whether a single chemical compound or a mixture of substances, whether solid or liquid or gaseous, used or manufactured with a view to produce a practical effect by explosion or pyrotechnic. The Government may also by notification declare that any substance, which appears to be specifically dangerous to life or property, by reason either of its explosive properties or of any process in the manufacture thereof being liable to explosion, as an explosive within the meaning of the Act. The Act requires that licenses are to be obtained for the manufacture, possession, use, sale, transport and importation of explosives.

Standards of Weights and Measures Act, 1976

This legislation and the rules made there under apply to any packaged commodity that is sold or distributed. It provides for standardization of packages in specified quantities or numbers, in which the manufacturer, packer or distributor shall sell, distribute or deliver some specified commodity to avoid undue proliferation of weights, measures or number in which such commodities may be packed. Any person intending to pre-pack or import any commodity for sale, distribution or delivery has to make an application to the Director of Legal Metrology for registration.

Standards of Weights and Measures Enforcement Act, 1985

The Standards of Weights and Measures Enforcement Act, 1985 regulates the classes of weights and measures manufactured, sold, distributed, marketed, transferred, repaired or used and the classes of users of weights and measures. The Act was passed with a view to regulating and modernizing the standards used in India based on the metric system. The units of weight which are sought to be used in day to day trade are required to be periodically inspected and certified by the designated authorities under this act for their accuracy.

Electricity Act, 2003

The Electricity Act, 2003 has been recently introduced with a view to rationalize electricity tariff, and to bring about transparent policies in the sector. The Act provides for private sector participation in generation, transmission and distribution of electricity, and provides for the corporatization of the state electricity boards. The related Electricity Regulatory Commissions Act, 1998 has been enacted with a view to confer on these statutory Commissions the responsibility of regulating this sector.

State laws governing entry tax

Entry Tax provides for the levy and collection of tax on the entry of goods into the local areas of the state for consumption, use or sale therein and matters incidental thereto and connected therewith. It is levied at such rate as may be specified by the State Government and different rates may be specified for different goods. The tax leviable under this Act shall be paid by every dealer in scheduled goods or any other person who brings or causes to be brought into a local area such scheduled goods whether on his own account or on account of his principal or customer or takes delivery or is entitled to take delivery of such goods on such entry.

Approvals from Local Authorities

Setting up of a Factory or Manufacturing/Housing unit entails the requisite Planning approvals to be obtained from the relevant Local Panchayat(s) outside the city limits and appropriate Metropolitan Development Authority within the city limits. Consents from the state Pollution Control Board(s), the relevant state Electricity Board(s), the State Excise Authorities, Sales Tax, are required to be obtained before commencing the building of a factory or the start of manufacturing operations.

Industrial (Development and Regulation) Act, 1955

The Industrial (Development and Regulation) Act, 1951 has been liberalized under the New Industrial Policy dated July 24, 1991, and all industrial undertakings are exempt from licensing except for certain industries such as distillation and brewing of alcoholic drinks, cigars and cigarettes of tobacco and manufactured tobacco substitutes, all types of electronic aerospace and defense equipment, industrial explosives including detonating fuses, safety fuses, gun powder, nitrocellulose and matches and hazardous chemicals and those reserved for the small scale sector. An industrial undertaking, which is exempt from licensing, is required to file an Industrial Entrepreneurs Memorandum ("IEM") with the Secretariat for Industrial Assistance, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and no further approvals are required.

Foreign Trade (Development and Regulation) Act, 1992

This statute seeks to increase foreign trade by regulating the imports and exports to and from India. This legislation read with the Indian Foreign Trade Policy provides that no export or import can be made by a person or company without an importer exporter code number unless such person or company is specifically exempt. An application for an importer exporter code number has to be made to the office of the Joint Director General of Foreign Trade, Ministry of Commerce. An importer-exporter code number allotted to an applicant is valid for all its branches, divisions, units and factories.

The Factories Act, 1948

The Factories Act, 1948 is a social legislation which has been enacted to regulate the occupational safety, health and welfare of workers at work places. This legislation is being enforced by the Government through officers appointed under the Act i.e. Inspectors of Factories, Deputy Chief Inspectors of Factories who work under the control of the Chief Inspector of Factories and overall control of the Labour Commissioner. The ambit of operation of this Act includes the approval of Factory Building Plans before construction/extension, investigation of complaints with regard to health, safety, welfare and working conditions of the workers employed in a factory, the maintenance of registers and the submission of yearly and half-yearly returns.

State laws governing Labour Welfare Funds

The concept of Labour Welfare Fund has been evolved in order to extend a measure of social assistance to workers in the unorganized sector. Towards this end, separate legislations have been enacted by Parliament to set up five Welfare Funds to be administered by Ministry of Labour. The Government is authorized to constitute the Labour Welfare Fund and all unpaid accumulations owed to the workers shall be paid, at such intervals as may be prescribed, to the State Board, and be credited to the Fund and the Board has to maintain account of the same and settle worker claims.

Payment of Wages Act, 1936 ("Wages Act")

Wages Act applies to the persons employed in the factories and to persons employed in industrial or other establishments where the monthly wages payable to such persons is less than Rs 10,000/-. The Act confers on the person(s) responsible for payment of wages certain obligations with respect to the maintenance of registers and the display in such factory/establishment, of the abstracts of this Act and Rules made there under.

The Minimum Wages Act, 1948 ("Minimum Wages Act")

Minimum Wages Act was enacted to provide for minimum wages in certain employments. Under this Act, the Central and the State Governments are the authorities to stipulate the scheduled employment and to fix minimum wages. The Act contains list of Agricultural and Non Agricultural employment where the prescribed minimum rate of wages is to be paid to the workers. The minimum wages are calculated and fixed based on the basic requirement of food, clothing, housing required by an average Indian adult.

Employees (Provident Fund and Miscellaneous Provisions) Act, 1952

The Act is applicable to factories employing more than 20 employees and may also apply to such establishments and industrial undertakings as notified by the Government from time to time. All the establishments under the Act are required to be registered with the Provident Fund Commissioners of the State. Also, in accordance with the provisions of the Act the employers are required to contribute to the Employees' Provident Fund the prescribed percentage of the basic wages, dearness allowances and remaining allowance (if any) payable to the employees. The employee shall also be required to make the equal contribution to the fund. As per the provision of the Act, employers are to contribute 12% of the basic wages, dearness allowances and remaining allowances (if any) payable for the time being to the employees. A

monthly return in Form 12 A is required to be submitted to the commissioner in addition to the maintenance of registers by the employers.

Payment of Gratuity Act, 1972

A terminal lump sum benefit paid to a worker when he or she leaves employment after having worked for the employer for a prescribed minimum number of years is referred to as "gratuity". The provisions of the Act are applicable to all the factories. The Act provides that within 30 days of opening of the establishment, it has to notify the controlling authority in Form A and thereafter whenever there is any change in the name, address or change in the nature of the business of the establishment a notice in Form B has to be filed with the authority. The Employer is also required to display an abstract of the Act and the rules made there-under in Form U to be affixed at the or near the main entrance. Further, every employer has to obtain insurance for his liability towards gratuity payment to be made under Payment of Gratuity Act 1972, with Life Insurance Corporation or any other approved insurance fund.

Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 is applicable to every establishment employing 20 or more employees. The said Act provides for payment of the minimum bonus to the employees specified under the Act. It further requires the maintenance of certain books and registers such as the register showing computation of the allocable surplus; the register showing the set on & set off of the allocable surplus and register showing the details of the amount of Bonus due to the employees. Further it also require for the submission of Annual Return in the prescribed form (FORM D) to be submitted by the employer within 30 days of payment of the bonus to the Inspector appointed under the Act.

Contract Labour (Regulation and Abolition) Act, 1970

The purpose of Contract Labour (Regulation and Abolition) Act 1970, is to regulate the employment and protect the interests of the workers who are hired on the basis of individual contracts in certain establishments. In the event that any activity is outsourced, and is carried out by laborers hired on contractual basis, then compliance with the Contract Labour (Regulation and Abolition) Act, including registration will be necessary and the principal employer will be held liable in the event of default by the contractor to make requisite payments towards provident fund etc.

Employment (Standing Orders) Act, 1950

The Industrial Employment (standing orders) Act requires employers in industrial establishments to formally define conditions of employment under them. It applies to every industrial establishment wherein 100 (reduced to 50 by the Central Government in respect of the establishments for which it is the Appropriate Government) or more workmen are employed. The Act calls for the submission of such conditions of work to the relevant authorities for their approval.

The Equal Remuneration Act, 1976 ("Equal Remuneration Act") and Equal Remuneration Rules, 1976

The Constitution of India provides for equal pay for equal work for both men and women. To give effect to this provision, the Equal Remuneration Act, 1976 was implemented. The Act provides that no discrimination shall be shown on the basis of sex for performing similar works and that equal remuneration shall be paid to both men and women when the same work is being done.

Employees State Insurance Act, 1948

All the establishments to which the Employees State Insurance (ESI) Act applies are required to be registered under the Act with the Employees State Insurance Corporation. The Act applies to those establishments where 20 or more persons are employed. The Act requires all the employees of the factories and establishments to which the Act applies to be insured in the manner provided under the Act. Further, employer and employees both are required to make contribution to the fund. The return of the contribution made is required to be filed with the ESI department.

The Maternity Benefit Act, 1961 ("Maternity Act")

The purpose of Maternity Act 1961 is to regulate the employment of pregnant women and to ensure that they get paid leave for a specified period during and after their pregnancy. It provides inter-alia for payment of maternity benefits, medical bonus and enacts prohibition on dismissal, reduction of wages paid to pregnant women etc.

Registrations under the applicable Shops & Commercial Establishments Acts of the respective States in which Our Company has an established place of business/ office ("Shops Act")

The Shops Act provides for the regulation of conditions of work in shops, commercial establishments, restaurants, theatres and other establishments. The Act is enforced by the Chief Inspector of Shops (CIS) and various inspectors under the supervision and control of Deputy/Assistant Labour Commissioners of the concerned District, who in turn functions under the supervision of Labour Commissioner.

OUR HISTORY AND CORPORATE STRUCTURE

History & Background

Our Company was originally incorporated in Maharashtra as "Automark Traffic Systems Private Limited" on 12th February, 1988 under the Companies Act, 1956 vide Certificate of Incorporation issued by the Registrar of Companies, Mumbai. The status of our Company was changed to a public limited company and our name was changed to "Automark Traffic Systems Limited" pursuant to a fresh certificate of incorporation issued by the RoC, Mumbai, Maharashtra on April 04, 1996. Thereafter name of our Company was changed to "Automark Industries (India) Limited", vide a fresh certificate of incorporation issued by RoC, Mumbai, Maharashtra on October 1, 1996. The status of our Company was again changed to a private limited company and our name was changed to "Automark Industries (India) Private Limited" pursuant to a fresh certificate of incorporation issued by the RoC, Mumbai, Maharashtra on January 23, 2009. The status of our Company was again changed to a public limited company was again changed to a public limited company was again changed to a public limited company and consequently the name was changed to "Automark Industries (India) Limited" pursuant to a fresh certificate of incorporation issued by the RoC, Mumbai, Maharashtra on January 23, 2009. The status of our Company was again changed to a public limited company and consequently the name was changed to "Automark Industries (India) Limited" pursuant to a fresh certificate of incorporation issued by the RoC, Maharashtra, Mumbai on July 05, 2011.

Our Company is registered under the Companies Act, 1956 with registration no. U29290MH1988PLC046196.

Our Company is currently engaged in manufacturing of thermoplastic Road Marking materials, primers for application of thermoplastic Road Marking materials, water borne marking paints, cobralite retro reflective paint and we are also in involved in the execution of Road Marking contracts. Further we are engaged in to the manufacturing of Road Marking machineries which are used in to the application process of Road Marking paints. We undertake contracting assignments for application of Road Marking paints. This entire set of activities, completes the value chain by providing the synergy of backward as well as forward integration. For further details of the business of the Company, please refer to the section entitled "*Our Business*" on page 92 in this Draft Red Herring Prospectus.

The Registered Office of our Company is situated at 'Gurukripa', Datta Square, Yavatmal, Maharashtra, India - 445001.

The Corporate office of our Company is situated at 1st Floor, "Saraf Court" Opp. Yashwant Stadium, Dhantoli, Nagpur, Maharashtra, India - 440012

Changes in the Registered Office of our Company since inception:

There has not been any change in the registered office of the Company.

Main objects of our Company

The object clauses of the Memorandum of Association of our Company enable us to undertake the activities for which the funds are being raised in the present issue. Furthermore, the activities of our Company which we have been carrying out until now are in accordance with the objects of the Memorandum. The objects for which our Company is established are:

- 1. To carry on the business as manufactures, assemblers, commission agents, brokers, traders, importers, exporters, distributors, buyers, sellers or dealers in all kind of Road Marking machines, equipment tools, traffic signals, signboards and electronic equipments, colors, paints and all types of tools, plants, equipments, instruments, appliances, and hardware of all kinds, general fittings, accessories and things of all description connected with Road Markings, traffic signals and control systems and traffic and road safety systems.
- 1 A To carry on in India or abroad the business as producers, manufacturers, importers, exporters of and dealers in Road Marking materials, cold paints, primer and raw materials used for the preparation of the above, and to carry on the business of manufacturing, fabricating, developing, improving,

repairing or otherwise dealing in all such machinery, plant, equipment and other related facilities for the production of the aforesaid and execution of Road Marking contracts in India or abroad.

Changes in the Memorandum of Association:

The following changes have been made in the Memorandum of Association of our Company since inception:

Date	Amendment
	Increase in the authorized share capital of our Company from Rs. 5 Lacs divided
20-Jul-93	into 5,000 Equity Shares of Rs. 100 each to Rs. 20 Lacs divided into 20,000 Equity
	Shares of Rs. 10 each.
	Sub-division of 20,000 equity shares of Rs. 100 each into 2,00,000 equity shares
	of Rs. 10 each and increase in the authorized share capital of our Company from
14-Nov-94	Rs. 20 Lacs divided into 2,00,000 Equity Shares of Rs. 10 each to Rs. 65 Lacs
	divided into 6,50,000 Equity Shares of Rs. 10 each.
	Increase in the authorized share capital of our Company from Rs. 65 Lacs divided
6-Dec-94	into 6,50,000 Equity Shares of Rs. 10 each to Rs. 100 Lacs divided into 10,00,000
	Equity Shares of Rs. 10 each.
	Conversion of our Company from Private Limited to Limited and subsequently
6-Dec-94	name changed from Automark Traffic Systems Private Limited to Automark
	Traffic Systems Limited.
1.0.1.04	Change in name from Automark Traffic Systems Limited to Automark Industries
1-Oct-96	(India) Limited.
	Conversion of our Company from Limited to Private Limited and subsequently
3-Dec-08	name changed from Automark Industries (India) Limited to Automark Industries
	(India) Private Limited.
	Increase in the authorized share capital of our Company from Rs. 100 Lacs
7-Mar-11	divided into 10,00,000 Equity Shares of Rs. 10 each to Rs. 3000 Lacs divided into
	3,00,00,000 Equity Shares of Rs. 10 each.
	Conversion of our Company from Private Limited to Limited and subsequently
5-Jul-11	name changed from Automark Industries (India) Private Limited to Automark
	Industries (India) Limited

Major Events and Milestones

Year	Particulars
1988	Incorporation of the Company in the name and style of Automark Traffic systems Pvt. Ltd.
1996	Name was changed to Automark Traffic systems Ltd. to Automark Industries (India) Ltd.
1997	The Company started Thermoplastic Road Marking contracting with National Highway divisions
2002	Automark Technologies (India) Pvt. Ltd. was formed as our associate Company

Year	Particulars
2004	Received ISO 9001: 2000 certificate from International Certification Ltd
2006	The Company started manufacturing thermoplastic Road Marking material through its associate Company Automark Technologies (India) Pvt. Ltd. with an initial capacity of 300 MT per month
2011	Signed MOU with Beltpro (K) Ltd, Kenya for marketing and selling our products in Kenya & Uganda
2011	Expansion of capacity in Automark Technologies (India) Pvt. Ltd. to approx 1200 MT per month
2011	Conversion of Company from Private Limited to Public Limited

Holding company of our Company

Our Company has no holding company as on the date of filing of the Draft Red Herring Prospectus.

Subsidiary of our Company

We have one Subsidiary in the name of Automark Technologies (India) Private Limited, as on the date of filing of the Draft Red Herring Prospectus. The details of the same are as under:

Corporate information

Automark Technologies (India) Private Limited was incorporated on April 29, 2002 under the Companies Act, 1956. It has its registered office at 'Gurukripa', Datta Square, Yavatmal, Maharashtra, India - 445001. Automark Technologies (India) Private Limited is an unlisted company.

Automark Technologies (India) Private Limited has been authorised by its Memorandum of Association to carry on the business to manufacture, assemble, act as commission agents, brokers, to trade, import, export, distribute, buy, sell or deal in all kinds of Road Marking machines, equipments, tools, traffic signals, signboards and electronic equipments, colours, chemicals, paints & all types of tools, plants, equipments, instruments, appliances and hardware of all kinds, general fittings, accessories and things of all description connected with Road Markings, traffic signals and control systems and traffic and road safety systems with indigenous or foreign technologies.

Board of Directors

The present Board of Directors of Automark Technologies (India) Private Limited comprises of Mr. Arun D. Khara, Mr. Mayur A. Khara, Mr. Amit A. Khara and Dr. Harish Balkrishnaji Zawar.

Capital Structure

	Number of Shares
Authorised Capital	300,000
Issued, subscribed & paid up capital	280,000

Shareholding Pattern

Our Company holds 280,000 equity shares, aggregating to 100% of the issued equity share capital of Automark Technologies (India) Private Limited.

Financial Performance

The brief financials of Automark Technologies (India) Private Limited for the last three (3) years based on audited financial statements are as under:

		(Rs. in Lakhs exce	ept per share data)
Particulars	31 Mar- 11	31 Mar- 10	31-Mar-09
Equity Share Capital	28.00	28.00	28.00
Reserves (excluding revaluation reserves)	376.43	275.86	188.02
Net Worth	404.43	303.86	216.02
Net Sales & Other Income	4,808.81	3,965.54	3,037.00
Profit/(Loss) After Tax	100.57	87.84	67.27
E.P.S. (Rs.)	35.92	31.37	24.03
N.A.V. (Rs.)	144.44	108.52	77.15
Face Value per share (in Rs.)	10	10	10

Accumulated profits or losses not accounted for

The accumulated profits or losses of our Subsidiary have been accounted for by our Company in the restated audited consolidated financial statements of our Company included in this Draft Red Herring Prospectus. For further details, please refer to the chapter titled "Financial Information" on page 150 of this Draft Red Herring Prospectus.

Sales or purchases exceeding 10% in aggregate of the total sales or purchases of our Company

Except as stated in the Annexure titled – **Standalone Statement of details of Related Party Transactions** in chapter titled "**Financial Information**" beginning on page 194 of this Draft Red Herring Prospectus, there are no sales or purchases between our Subsidiary exceeding 10% in aggregate in value of the total sales or purchases of our Company.

Shareholders agreement

As of date of this Draft Red Herring Prospectus, our Company has not entered into any shareholders agreement.

Other Material Agreements

As of date of this Draft Red Herring Prospectus, our Company has not entered into any material agreement other than in the ordinary course of business.

Strategic Partners

As of date of this Draft Red Herring Prospectus, our Company has no strategic partners and is not part of any strategic partnerships.

Financial Partners

At present, our Company does not have any financial partners

Shareholders / Members:

Our Company has Eleven (11) members as on the date of filing of this Draft Red Herring Prospectus.

OUR MANAGEMENT

Board of Directors

Under our Articles of Association, our Company is required to have not less than three (3) directors and not more than twelve (12) directors. Our Company currently has six (6) directors on Board. The following table sets forth current details regarding our Board of Directors:

Name, Father's name, Address, Occupation, Nationality, tenure & DIN	Age	Status of Directorship in our Company	Other Directorships
1. Mr. Arun Dalichand Khara S/o Mr. Dalichand Khara 'Gurukripa', Datta Square, Yavatmal, Maharashtra, India - 445 001 Occupation: Business Nationality: Indian Tenure: Retire by rotation DIN: 00171580	67 Yrs	Chairman & Non Executive Director	 Automark Technologies (India) Private Limited Gain More Savings Private Limited Automark Polyions Private Limited
2. Mr. Mayur Arun Khara S/o Mr. Arun Khara 'Gurukripa', Datta Square, Yavatmal, Maharashtra, India - 445 001 Occupation: Business Nationality: Indian Tenure: Five years w.e.f. 1 st June, 2011 DIN: 00171615	41 Yrs	Managing Director	 Automark Technologies (India) Private Limited Demure Dealers Private Limited Gain More Savings Private Limited Automark Polyions Private Limited
3. Mr. Amit Arun Khara S/o Mr. Arun Khara 'Gurukripa', Datta Square, Yavatmal, Maharashtra, India - 445 001 Occupation: Business Nationality: Indian Tenure: Five years w.e.f. 1 st June, 2011 DIN: 00171661	32 Yrs	Whole-time Director	 Automark Technologies (India) Private Limited Demure Dealers Private Limited Gain More Savings Private Limited Automark Polyions Private Limited
4. Mr. Dhawalkumar K. Shah S/o Mr. Kirankumar D. Shah Jain Mandir Road, 20, Rajendra Nagar, Dhamangaon Road, Yavatmal, Maharashtra, India - 445 001 Occupation: Professional Nationality: Indian Tenure: Retire by rotation DIN: 01445352	29 Yrs	Independent Director	Nil

Name, Father's name, Address, Occupation, Nationality, tenure & DIN	Age	Status of Directorship in our Company	Other Directorships
5. Dr. Harish Balkirishanaji Zawar S/o Mr. Balkrishnaji Zawar 17, Anjaneya Society, Wadgaon Road, Yavatmal, Maharashtra, India - 445 001 Occupation: Professional Nationality: Indian Tenure: Retire by rotation DIN:00556928	66 Yrs	Independent Director	1. Automark Technologies (India) Private Limited
 6. Mr. Amin Haji Aziz Nagani S/o Haji Aziz Nagani 4, Gulshan Colony, Shaheed Society, Yavatmal, Maharashtra, India - 445 001 Occupation: Business Nationality: Indian Tenure: Retire by rotation DIN:01218173 	58 Yrs	Independent Director	Nil

Note:

As on the date of the Draft Red Herring Prospectus:

- 1. None of the above mentioned Directors are on the RBI List of willful defaulters as on date.
- 2. Further, none of our Directors are or were directors of any company whose shares were (a) suspended from trading by Stock Exchange(s) for more than 3 months during the five years prior to the date of filing the Draft Red Herring Prospectus or (b) delisted from the stock exchanges.
- 3. None of the Promoters, Persons forming part of our Promoter Group, 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 SEBI or any other regulatory authority.

Details of Directors

Mr. Arun Dalichand Khara aged 67, is the founder promoter & Chairman of our Company. He is a Commerce Graduate and has over 30 years of experience in Road Marking and infrastructure industry. He promoted our Company in the year 1988. His contribution to our Company has enabled the group to reach at a respectable position in Road Marking industry. He has been honored by International Institute of Education & Management as "Jewel of India". He looks after the overall planning & management of our Company. He has been on the Board of Directors of our Company since incorporation and has been designated as Non-Executive Chairman of our Company on 1st June, 2011.

Mr. Mayur Arun Khara aged 41, is the Managing Director of our Company. He is Engineer in Electronics & Telecommunication from Maharashtra Institute of Technology, Pune. He has 20 years of experience in Road Marking industry. He has good knowledge of Road Marking paints and Road Marking machineries. He is responsible for business policies, strategic decisions, marketing and business development of our Company. He also supervises the technical aspects of our manufacturing and contracting facilities. He joined our Company as the Director in the year 1992 and has been designated as Managing Director of our Company on 1st June, 2011.

Mr. Amit Arun Khara aged 32, is the Whole Time Director of our Company. He is a commerce graduate and also completed his Masters in Business Administration & Diploma in Business Management degree and has around 10 years of experience in Road Marking industry. He is actively involved in the contracting operations of our Company and also in business development of the Company. He joined our Company as the Director in the year 2000 and has been designated as Whole Time Director of our Company on 1st June, 2011.

Mr. Dhawalkumar K. Shah aged 29 years, Independent Director of our Company. He is Commerce Graduate and qualified Chartered Accountant. He is a practicing Chartered Accountant since 5 years and during this tenure he has gained experience in the field of Audit and taxation. As an Independent Director of our Company and Chartered Accountant by profession, he brings value addition to the Company.

Dr. Harish B. Zawar aged 64 years, Independent Director of our Company. He has done M.B.B.S. from Nagpur and also completed the Course of Medicare of HCFA from U.S.A. He is a Fellow Member of Rural Health Society and also a Fellow of Biographical Research Foundation. He has been honored with "Bharatiya Chikitsak Ratna Award". He is founder of Jaycees movement in Yavatmal.

Mr. Amin Haji Aziz Nagani aged 58 years, Independent Director of our Company. He has done D. Pharma and B. Pharma and presently in to business of pharmaceuticals at Yavatmal. He is a Member of Central India Pharmacy Promotion & Research Association since 2003. He is president of Maharashtra State Pharmacy Counciil from 14th December, 2004.

Confirmations

None of the Directors is or was a director of any listed company during the last five years preceding the date of filing of the Draft Red Herring Prospectus, whose shares have been or were suspended from being traded on the BSE or the NSE, during the term of their directorship in any such company.

None of the Directors is or was a director of any listed company which has been or was delisted from any recognised stock exchange in India during the term of their directorship in such company.

Nature of Family relationship among Directors:

Name of the Director	Relatives
Mr. Arun Dalichand Khara	Father of Mr. Mayur Khara & Mr. Amit Khara
Mr. Mayur Arun Khara	Son of Mr. Arun Khara and brother of Mr. Amit Khara
Mr. Amit Arun Khara	Son of Mr. Arun Khara and brother of Mr. Mayur Khara

Borrowing Powers of the Directors

Pursuant to a special resolution passed at Extra Ordinary General Meeting of our Company held on 08/07/2011 consent of the members of our Company was accorded to the Board of Directors of our Company pursuant to Section 293(1)(d) of the Companies Act, 1956 for borrowing from time to time any sum or sums of money on such security and on such terms and conditions as the Board may deem fit, notwithstanding that the money to be borrowed together with the money already borrowed by our Company (apart from temporary loans obtained from our Company and its free reserves, provided however, the total amount so borrowed in excess of the aggregate of the paid-up capital of our Company and its free reserves shall not at any time exceed 50 Crores.

Terms of appointment and compensation of our Directors

Name	Mr. Mayur Arup Khara				
	-	Mr. Mayur Arun Khara			
Designation	Managing Director				
Period	With effect from 1 st Jun	e, 2011 for the period 5 years			
Date of Appointment	Board Meeting dated 27 ^{tr}	May, 2011			
Remuneration					
	Particular	Amount (in Rs.)			
		(p.a.)			
	Salary 18,00,000				
	Total 18,00,000				
	Remuneration excludes the reimbursement expenses.				
	In the event of absence or inadequacy of net profits in any financial year of the Company during the tenure, the remuneration shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956 or any statutory modification thereof.				
Remuneration paid in	Rs. 5,00,000				
FY 31 st March, 2011					

Name	Mr. Amit Arun Khara			
Designation	Whole Time Director			
Period	With effect from 1 st June,20			
Date of Appointment	Board Meeting dated 27 th Ma	y, 2011		
Remuneration	Particular Amount (in Rs.)			
		(p.a.)		
	Salary 18,00,000			
	Total 18,00,000			
	Remuneration excludes the reimbursement expenses.			
	In the event of absence or inadequacy of net profits in any financial year of the Company during the tenure, the remuneration shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956 or any statutory modification thereof			
Remuneration paid in	Rs. 5,00,000			
FY 31 st March, 2011				

There is no definitive and /or service agreement that has been entered into between our Company and the directors in relation to their appointment.

Non - Executive Directors

Currently, Non - Executive Directors are being paid sitting fees of Rs. 1,000/- per Board Meeting vide resolution passed by the Board of Directors dated 27th May, 2011.

Corporate Governance

Our Company stands committed to good corporate governance practices based on the principles such as accountability, transparency in dealings with our stakeholders, emphasis on communication and transparent

reporting. We have complied with the requirements of the applicable regulations, including the Listing Agreement to be executed with the Stock Exchanges and the SEBI Regulations, in respect of corporate governance including constitution of the Board and Committees thereof. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

We have a Board constituted in compliance with the Companies Act and the Listing Agreement in accordance with best practices in corporate governance. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. Our executive management provides the Board detailed reports on its performance periodically.

Currently our board has six (6) Directors. We have one non-executive non-independent director, two executive non independent directors and three independent non executive directors. The constitution of our Board is in compliance with the requirements of Clause 49 of the Listing Agreement.

The following committees have been formed in compliance with the Corporate Governance norms:

- A) Audit Committee
- B) Shareholders/Investors Grievance Committee
- C) Remuneration Committee

AUDIT COMMITTEE

Our Company has constituted an Audit Committee, as per the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement to be entered with Stock Exchanges, vide resolution passed in the meeting of the Board of Directors held on 06th July, 2011.

The terms of reference of Audit Committee complies with the requirements of Clause 49 of the Listing Agreement, proposed to be entered into with the Stock Exchanges in due course. The committee presently comprises following three (3) directors. Mr. Dhawalkumar K. Shah is the Chairman of the Audit Committee. The Company Secretary is the Secretary of our Audit Committee.

No.	Name of the Director	Status	Nature of Directorship
1.	Mr. Dhawalkumar K. Shah	Chairman	Independent Director
2.	Dr. Harish Balkirishanaji Zawar	Member	Independent Director
3.	Mr. Mayur Arun Khara	Member	Managing Director
4.	Mr. Abhijit Pashine	Secretary	N.A.

Role of Audit Committee

The terms of reference of the Audit Committee are given below:

- 1. To investigate any activity within its terms of reference.
- 2. To seek information from any employee.
- 3. To obtain outside legal or other professional advice.
- 4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
- 5. 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.

- 6. 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.
- 7. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- 8. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - (a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - (b) Changes, if any, in accounting policies and practices and reasons for the same
 - (c) Major accounting entries involving estimates based on the exercise of judgment by management
 - (d) Significant adjustments made in the financial statements arising out of audit findings
 - (e) Compliance with listing and other legal requirements relating to financial statements
 - (f) Disclosure of any related party transactions
 - (g) Qualifications in the draft audit report.
- 9. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
- 10. 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 this matter.
- 11. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- 12. 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.
- 13. Discussion with internal auditors any significant findings and follow up there on.
- 14. 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.
- 15. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- 16. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- 17. To review the functioning of the Whistle Blower mechanism, in case if the same is existing.
- 18. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person

heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.

- 19. Carrying out any other function as mentioned in the terms of reference of the Audit Committee.
- 20. Mandatorily reviews 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
- 21. Review the Financial Statements of its Subsidiary company, if any.
- 22. Review the composition of the Board of Directors of its Subsidiary company, if any.
- 23. Review the use/application of funds raised through an issue (public issues, right issues, preferential issues etc) on a quarterly basis as a part of the quarterly declaration of financial results. Further, review on annual basis statements prepared by the Company for funds utilized for purposes other than those stated in the offer document.

In addition, to carry out such other functions/powers as may be delegated by the Board to the Committee from time to time.

SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

Our Company has constituted an Investors Grievance Committee to redress the complaints of the shareholders. The Shareholders/Investors Grievance Committee was constituted vide resolution passed at the meeting of the Board of Directors held on 06th July, 2011. The committee currently comprises of three (3) Directors. Mr. Dhawalkumar K. Shah is the Chairman of the Shareholders/ Investors Grievance Committee.

No.	Name of the Director	Status	Nature of Directorship
1.	Mr. Dhawalkumar K. Shah	Chairman	Independent Director
2.	Dr. Harish Balkirishanaji Zawar	Member	Independent Director
3.	Mr. Amit Arun Khara	Member	Whole Time Director
4.	Mr. Abhijit Pashine	Secretary	N.A.

Role of Shareholders/Investors Grievance Committee

The Shareholders / Investors Grievance Committee of our Board look into:

- The redressal of investors complaints viz. non-receipt of annual report, dividend payments etc.
- Matters related to share transfer, issue of duplicate share certificate, dematerializations.
- Also delegates powers to the executives of our Company to process transfers etc.

The status on various complaints received / replied is reported to the Board of Directors as an Agenda item.

REMUNERATION COMMITTEE

Our Company has constituted a Remuneration Committee. The Remuneration Committee was constituted vide resolution passed at the meeting of the Board of Directors held on 06th July, 2011. The Committee currently comprises of four (4) Directors. Mr. Dhawalkumar K. Shah is the Chairman of the Remuneration Committee.

No.	Name of the Director	Status	Nature of Directorship
1.	Mr. Dhawalkumar K. Shah	Chairman	Independent Director
2.	Dr. Harish Balkirishanaji Zawar	Member	Independent Director
3.	Mr. Amin Haji Aziz Nagani	Member	Independent Director
4.	Mr. Arun Dalichand Khara	Member	Chairman-Non-executive Director
5.	Mr. Abhijit Pashine	Secretary	N.A.

The Remuneration Committee is vested with all necessary powers and authority to ensure appropriate disclosure on the remuneration of the directors and to deal with all elements of the remuneration package of all the directors including but not restricted to the following:

- To review, assess and recommend the appointment and remuneration of Whole Time Directors.
- To review the remuneration package including the retirement benefits, payable to the Directors periodically and recommend suitable revision / increments, whenever required, to the Board of Directors.

IPO COMMITTEE

Our Company has constituted an IPO Committee. The IPO Committee was constituted vide resolution passed at the meeting of the Board of Directors held on 06th July, 2011. The Committee currently comprises of four (4) Directors. Mr. Mayur Arun Khara is the Chairman of the IPO Committee.

No.	Name of the Director	Status	Nature of Directorship
1.	Mr. Mayur Arun Khara	Chairman	Managing Director
2.	Mr. Dhawalkumar K. Shah	Member	Independent Director
3.	Mr. Amit Arun Khara	Member	Whole Time Director
4.	Mr. Arun Dalichand Khara	Member	Chairman-Non-executive Director
	Mr. Abhijit Pashine	Secretary	N.A.

The IPO Committee has been vested with powers and authority to take all decisions relating to the issue and do all such acts and things as may be necessary and expedient for, incident and ancillary to the issue.

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

Our Company undertakes to comply with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992 after listing of our Company's shares on the Stock Exchanges. Our Company Secretary and Compliance Officer, Mr. Abhijit Pashine is responsible for setting forth policies, procedures, monitoring and adhering to the rules for the prevention of dissemination of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

Shareholding details of the Directors in Our Company

As per the Articles of Association of our Company, a Director is not required to hold any qualification shares. The following table details the shareholding of our Directors as on the date of this Draft Red Herring Prospectus:

Name of Director	Number of Equity Shares	% of Pre-Issue Paid up Share Capital
Mr. Arun D Khara	3,605,487 *	21.40%
Mr. Amit A Khara	2,762,500	16.40%
Mr. Mayur A Khara	2,374,475	14.10%
Total	8,742,462	51.90%

* includes 199,750 Equity Shares which are jointly held by Mr. Arun D Khara with Mr. Mayur A. Khara and Mr. Amit A. Khara, with Mr. Arun D. Khara being the 1st holder

Interest of Directors

All the Directors of our Company may be deemed to be interested to the extent of sitting fees and/or other remuneration if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of reimbursement of expenses if any payable to them under the Articles of Association. All the Directors may also be deemed to be interested in the Equity Shares of our Company, if any, held by them, their relatives or by the companies or firms or trusts in which they are interested as directors / members / partners or that may be subscribed for and allotted to them, out of the present Issue and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

All the Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any other company in which they have direct /indirect interest or any partnership firm in which they are partners.

Our Directors may also be regarded interested to the extent of dividend payable to them and other distributions in respect of the Equity Shares, if any, held by them or by the companies / firms / ventures promoted by them or that may be subscribed by or allotted to them and the companies, firms, in which they are interested as Directors, members, partners and Promoters, pursuant to this Issue.

Property interest

Except as stated under the Related Party Transaction on page 148 of the Draft Red Herring Prospectus, our Company has not entered into any contract, agreements or arrangement during the preceding two (2) years from the date of this 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.

Changes in our Board of Directors during the last three (3) years

The changes in the Directors during last three (3) years are as follows:

Name	Date of Appointment	Date of cessation	Reason
Dr. Harish Balkishan Zawar	-	31/01/2009	Resignation
Mr. Amin Haji Aziz Nagani	-	31/01/2009	Resignation
Mr. Dhawalkumar K. Shah	-	31/01/2009	Resignation
Mrs. Jyotsana Khara	-	27/05/2011	Resignation
Dr. Harish Balkishan Zawar	27/06/2011	-	Appointment
Mr. Amin Haji Aziz Nagani	27/06/2011	-	Appointment
Mr. Dhawalkumar K. Shah	27/06/2011	-	Appointment

ORGANISATION STRUCTURE



Key Managerial Personnel

Our Company is managed by its Board of Directors, assisted by qualified professionals, with immense experience in the field of production/finance/ distribution/marketing and corporate laws.

Our Company:

The following key personnel assist the management:

Mr. Neville Thompson01/06/2010CEOOverall Planning and General Management4,50,000/-MEMr. Pravin Rahatgaonkar01/11/2009Country Head (Sales)Projects Marketing4,20,000/-B.E. &	BA -Hitavada as Public Relations
Rahatgaonkar Head Marketing	Griter, -Dinshaws Frozen foods & CAEM (JV) an Indo Italian joint venture as a General Manager.
*Mr. Rashid Siddiqui 01/04/2011 General (Projects) (Projects) Manager (Projects) for implementation of projects	the contract basis with our Company
Mr. 01/04/2011 Assistant Quality control 42,96,639/- B. 1 Chandrabhan General of the projects 42,96,639/-* B. 1 Dongre Manager (Projects) of the projects 11,39,789/-* B. 1 *Mr. Abhilash 01/04/2011 Assistant Projects 11,39,789/-* B. 1	Service Limited -Excel Logistics Pvt. Ltd - Worked on the contract basis with our Company

Name	Date of Joining	Designation	Functional Responsibilities	Salary for the financial year 31-03- 2011	Qualification	Previous Employment
Chandekar		General Manager (Projects)	implementation			the contract basis with our Company
Mr. Ashish Sharma	01/07/2010	Project Co- ordinator	-Material Dispatch on sites -Payment recovery - money retention - Average consumption of material etc.	1,35,000/-	B. Sc	N.A.
Mr. Rajesh Yadav	01/09/2010	Sales Manager	Management of Company's Sales	1,04,000/-	H.S.C.	Rama Retro Reflectivity & Kataline
Ms. Prachi Shrikhande	01/04/2008	Finance Controller	Management of finance, income tax matters, finalization of accounts	1,20,000/-	B.com, C.A. inter	-M/s Sagdeo & Co, Nagpur, -Nozomi Infotech, Process Executive with M/s Infosys BPO Ltd, Pune
Mr. Abhijit Pashine	16/05/2011	Company Secretary	Vetting of lease agreement, drafting of resolutions, preparation of minutes & compliance of the provisions of the Companies Act, 1956.	N.A.	M. Com, C.S.	- AllBank Finance Ltd - M/s Green Planet Energy Pvt. Ltd - M/s N. V. Jain & Associates

Note:

* Mr. Rashid Siddiqui, Mr. Chandrabhan Dongre and Mr. Abhilash Chandekar were working on a professional basis upto 31st March, 2011 and were not on payroll of the Company. They were appointed as employees of our Company w.e.f. 1st April, 2011.

Brief Profile of Key Managerial Personnel

1. Mr. Neville Thompson, aged 48 years is the CEO of the Company. He is working with our Company from 2010. He holds Master's Degree in Business Administration with specialization in Marketing. He has 25 years experience in Industry and management. Prior to joining this Company, he has worked with Hitavada as Public Relations Officer, he has also gained experience from Dinshaws Frozen foods & CAEM (JV) an Indo Italian joint venture as a General Manager. He is currently looking out for overall planning and general management of business operations of our Company.

2. Mr. Pravin Rahatgaonkar, aged 41 years is Country Head-sales of the Company. He is associated with our Company since 2009. He holds Bachelor's degree in Engineering from Nagpur University. He has also obtained Post Graduate Diploma in Business Management & has completed his MBA from Nagpur University. He has approximately 17 years experience in the marketing. Prior to joining the Company, he was associated with Simplex Pulp & Paper Industry, BHEL (Mumbai), Shivalik Prismo Pvt Ltd, CMS traffic Systems Ltd & Kataline Constructions Pvt Ltd. He is supervising the project marketing for the Company.

3. Mr. Rashid Siddiqui, aged 42 years is General Manager (Projects) of the Company. He is associated with the Company since 1996. He holds Master's degree in Arts from Dr Babasaheb Ambedkar Marathwada University Aurangabad. He has completed his 15 years in our Company. He is looking out for the execution of the projects of the Company. He is responsible for timely completion of projects.

4. Mr. Chandrabhan Dongre: aged 38 years is the Assistant General Manager (Projects) of the Company. He is associated with Company since 2002. He obtained Bachelor's degree in Science from Dr Hari Singh Gaur University, Sagar (Madhya Pradesh). He has approximately 14 years experience. Prior to joining our Company in he worked in Logistics & Automobile sector with Lucas Indian Service Limited & Excel Logistics Pvt Ltd as Store In charge & Area Manager respectively. He is responsible for quality control of the projects of the Company.

5. Mr. Abhilash Chandekar: aged 32 years is Assistant General Manager (Projects) of the Company. He is associated with Company since 2000. He has obtained bachelor's degree in Science from Amravati University. He has completed his 11 years with our Company. He assist Mr. Rashid Siddiqui in the projects management and responsible for projects execution.

6. Mr. Ashish Sharma: aged 33 years is the Project Co-ordinator in the Company. He has joined the Company in July 2010. He holds Bachelor's degree in Science from Amravati University with Diploma in advance Computation from CDAC Ahmadabad. He has approximately 8 years of experience in Software development & business management. He is responsible for material dispatch on sites, payment recovery, retention money, efficient consumption of material etc.

7. Mr. Rajesh Yadav: aged 40 years is Manager Sales. He is working with our Company from 2010. He has approximately 8 years experience in Thermoplastic Industry. Prior to joining this Company he has worked with Rama Retro Reflective & Kataline. He is responsible expansion of sales and timely supply of goods to customers.

8. Ms. Prachi Shrikhande aged 29 years is finance controller. She is working with our Company since 2008. She holds Bachelors Degree in Commerce from Mumbai University. She has already completed C.A. Inter. She has experience in field of accounts. Prior to joining our Company she has woked with M/s Sagdeo & Co, Nozomi Infotech and M/s Infosys BPO Ltd. She is responsible for management of finance and income tax matters and finalization of accounts.

9. Mr. Abhijit Pashine: aged 26 is a Company Secretary of our Company. He is working with our Company from 16th May, 2011. Prior to joining our Company he has worked with AllBank Finance Ltd, Green Planet Energy Pvt. Ltd and M/s N. V. Jain & Associates. His scope of work and responsibilities includes vetting of lease, loan agreements, preparation of minutes, drafting of resolutions, preparation and updating of various Statutory Registers, and Compliance with the provisions of Companies Act, 1956.

Automark Technologies (India) Private Limited

Name	Date of Joining	Designation	Functional Responsibilities	Salary for the financial year 31- 03-2011	Qualification	Previous Employment
Mr. Krishna Dabarse	01/04/2006	Purchase Manager	-Purchase of goods - inventory Control	1,29,696/-	B.A.	-Bhatia International Coal Ltd - Bombay Well Prints Inks Pvt Ltd, -Lokmat Groups
Mr. Ansar Siddiqui	01/12/2010	Works Manager	Production of goods	35,388/-	B.E.	N.A.
Mr. Rajesh Broker	01/12/2010	Logistics Manager	- material handling -warehousing -transportation, -packaging inventory management	34,000/-	B.A.	Transpect Career Pvt Ltd.
Mr. Sachin Binekar	01/03/2011	Exports Manager	Export Markets	17,000/-	B. Tech	M/s. Siddhayu Ayurvedic Research Foundation Private Limited

Brief Profile of Key Managerial Personnel

1. Mr. Krishna Dabarse: aged 40 years is Purchase Manager in the Company. He is associated with our Subsidiary since 2006. He has obtained bachelor's degree in Arts from Amravati University. He has approximately 17 years experience. Before joining ATPL he was associated with Bhatia International Coal Ltd at Chandrapur, he has also acquired experience from Bombay Well Prints Inks Pvt Ltd, Lokmat Groups. He is responsible for purchase of products and inventory control.

2. Mr. Ansar Siddiqui: aged 30 years is Manager Works in the Company. His journey with ATPL began from 2004. He holds bachelor's degree in Chemical Engineering. He has approximately 7 years experience. He is supervising the production of ATPL.

3. Mr. Rajesh Borkar: aged 36 years is Head of Logistics department. He is associated with ATPL since 2000. He holds Bachelor's degree in Arts from Nagpur University. He has approximately 15 years experience. Before joining ATPL he has worked with Transpect Career Pvt Ltd. His is responsible for material handling, warehousing, transportation, packaging and inventory of the products.

4. Mr. Sachin Binekar: aged 27 years is the Manager Exports. He has is B.Tech (Chemical), PGDM in operations Management and a PGD in International trade. Before joining he has worked with M/s. Siddhayu Ayurvedic Research Foundation Pvt. Ltd. He is responsible for developing Export Markets and handles all Export shipments.

Family relationship between Key Managerial Personnel

As on date, none of the key managerial persons is having family relation with each other.

All of Key Managerial Personnel are permanent employee of our Company

Shareholding of the Key Managerial Personnel

As on date, none of the key managerial personnel are holding any Equity Shares of our Company.

Bonus or Profit Sharing Plan for the Key Managerial Personnel

There is no Profit sharing plan for the Key Managerial Personnel. Our Company makes bonus payments to the employees based on their performances, which is as per their terms of appointment.

Loans to Key Managerial Personnel

There are no loans outstanding against key managerial personnel as on 31st March, 2011.

Changes in Key Managerial Personnel of our Company during the last three (3) years

The changes in the key managerial employees of the Issuer during the last three (3) years are as follows:

Name	Date of Appointment	Date of Cessation	Reason
Mr. Neville Thompson	01/06/2010	-	Appointed as CEO
Mr. Pravin Rahatgaonkar	01/11/2009	-	Appointed as Country Head (Sales)
*Mr. Rashid Siddiqui	01/04/2011	-	Appointed as General Manager (Projects)
*Mr. Chandrabhan Dongre	01/04/2011	-	Appointed as Assistant General Manager (Projects)
*Mr. Abhilash Chandekar	01/04/2011	-	Appointed as Assistant General Manager (Projects)
Mr. Ashish Sharma	01/07/2010	-	Appointed as Project Co- ordinator
Mr. Rajesh Yadav	01/09/2010	-	Appointed as Sales Manager
Mr. Abhijit Pashine	16/05/2011	-	Appointed as Company Secretary

* Mr. Rashid Siddiqui, Mr. Chandrabhan Dongre and Mr. Abhilash Chandekar were working on a professional basis upto 31st March, 2011 and were not on payroll of the Company. They were appointed as employees in our Company w.e.f. 1st April, 2011.

Employees Stock Option Scheme

Our Company does not have any Employee Stock Option Scheme/ Employee Stock Purchase Scheme as on the date of filing of this Draft Red Herring Prospectus.

Payment or Benefit to our Officers

Except for the payment of normal remuneration for the services rendered in their capacity as employees of our Company, no other amount or benefit has been paid or given within the two (2) preceding years or intended to be paid or given to any of them.

OUR PROMOTERS

Our Promoters:

The Promoters of our Company are:

- 1. Mr. Arun Dalichand Khara
- 2. Mr. Mayur Arun Khara
- 3. Mr. Amit Arun Khara

Details of our Promoters are as under:

1. Mr. Arun Dalichand Khara



Mr. Arun Dalichand Khara, aged 67 years, is the founder promoter & Chairman of our Company. He is a Commerce Graduate and has over 30 years of experience in Road Marking and infrastructure industry. He promoted our Company in the year 1988. His contribution has enabled the Company to reach at a respectable position in Road Marking industry. He looks after the overall planning & management of our Company. He has been honored by International Institute of Education & Management as "Jewel of India". For further details relating to Mr. Arun Dalichand Khara, including address and other directorships, see the section titled "Our Management" on page 121 of this Draft Red Herring Prospectus.

Identification

Name	Mr. Arun Dalichand Khara
Permanent Account Number	ABWPK8877E
Passport No.	E1178438
Voter ID	Not Available
Driving License	MH29 20090007760
Bank Account Details	874710110000086
	Bank of India, Nagpur

2. Mr. Mayur Arun Khara



Mr. Mayur Arun Khara, aged 41 years, is the Managing Director of our Company. He is Engineer in Electronics & Telecommunication from MIT, Pune and has 20 years of experience in Road Marking industry. He has good knowledge of Road Marking machineries. He is responsible for business policies, strategic decisions, marketing and business development of our Company. He also supervises the technical aspects of our manufacturing and contracting facilities. He joined our Company as the Director in the year 1992 and has been designated as Managing Director of our Company on 1st June, 2011.

For further details relating to Mr. Mayur Arun Khara, including address and other directorships, see the section titled "Our Management" on page 121 of this Draft Red Herring Prospectus. Identification

Name	Mr. Mayur Arun Khara	
Permanent Account Number	ABWPK8869N	
Passport No.	F3573301	
Voter ID	MT/137/115/021	
Driving License	MH2920090007759	
Bank Account Details	870010100036800	
	Bank of India, Nagpur	

3. Mr. Amit Arun Khara



Mr. Amit Arun Khara, aged 32 years, is the Whole Time Director of our Company. He is a commerce graduate and also completed his Masters in Business Administration & Diploma in Business Management and has around 10 years of experience in Road Marking industry. He is actively involved in the contracting operations of our Company and also business development of the Company. He joined our Company as the Director in the year 2000 and has been designated as Whole Time Director of our Company on 1st June, 2011

For further details relating to Mr. Amit Arun Khara, including address and other directorships, see the section titled "Our Management" on page 121 of this Draft Red Herring Prospectus.

Identification

Name	Mr. Amit Arun Khara
Permanent Account Number	ABWPK8868P
Passport No.	F9870233
Voter ID	MT/137/119/465
Driving License	MH2920090007758
Bank Account Details	870010110003487
	Bank of India, Nagpur

Other Undertakings and Confirmations

Our Company undertakes that the details of Permanent Account Number, bank account number and passport number of the promoters will be submitted to the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited, where the securities of our Company are proposed to be listed at the time of submission of the Draft Red Herring Prospectus.

Common Pursuits of our Promoters

Our Promoters do not have any common pursuits and not engaged in the business similar to those carried out by our Company

Interest of the Promoters

Interest in the Promotion of our Company

Our Company has been promoted by Mr. Arun Dalichand Khara amongst others. For this purpose, he had subscribed to our Memorandum of Association. Our Promoters may be deemed to be interested in the

promotion of the Issuer to the extent of the Equity Shares held by themselves as well as their relative and also to the extent of any dividend payable to them and other distributions in respect of the aforesaid Equity Shares. Further, our Promoters may also be interested to the extent of Equity Shares held by or that may be subscribed by and allotted to companies and firms in which either of them are interested as a director, member or partner. In addition, our Promoters, being director and whole time director of our Company, may be deemed to be interested to the extent of fees, if any, payable for attending meetings of the Board or a committee thereof as well as to the extent of remuneration and reimbursement of expenses, if any, payable under our Articles of Association and to the extent of remuneration, if any, paid for services rendered as an officer or employee of our Company as stated in chapter titled "Our Management" on page 121 of this DRHP.

Interest in the Property of our Company

Except as disclosed in the section titled "Our Business" on page 92, our Promoters do not have any interest in any property acquired by or proposed to be acquired by our Company since incorporation.

Interest as Member of our Company

As on the date of this Draft Red Herring Prospectus, our Promoters together hold 87,42,462 Equity Shares of our Company and is therefore interested to the extent of his shareholding and the dividend declared, if any, by our Company. Except to the extent of shareholding of the Promoters in our Company and benefits as provided in the section titled 'Terms of appointment and compensation of our Directors' on page 124, our promoters does not hold any other interest in our Company.

Also see "Our Management-Interest of Directors" on page 129 of this Draft Red Herring Prospectus.

Payment Amounts or Benefit to our Promoters during the last two years

No payment has been made or benefit given to our Promoters in the two years preceding the date of the DRHP except as mentioned / referred to in this chapter and in the chapters titled 'Our Management', 'Auditors Report on Restated Financial Information' and 'Capital Structure' on page nos. 121, 150 and 53 respectively of this DRHP. Further as on the date of the DRHP, there is no bonus or profit sharing plan for our Promoters.

Confirmations

For details on litigations and disputes pending against the Promoters and defaults made by them, please refer to the chapter titled "Outstanding Litigations and Material Developments" on page 205 of the DRHP. Our Promoters have not been declared a willful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by our Promoters in the past or are pending against them.

Related Party Transactions

Except as disclosed in the section "Financial Information - Related Party Transactions" beginning on page 148, our Company has not entered into any related party transactions with our Promoters.

OUR PROMOTER GROUP / GROUP COMPANIES / ENITITIES

Promoter Group Individuals

The following natural persons (being the immediate relative of our Promoter) form part of our Promoter Group:

Relatives of Promoters:

RELATIONSHIP	ARUN KHARA	MAYUR KHARA	AMIT KHARA
Spouse	Mrs. Jyotsna Khara	Mrs. Manasi Khara	Mrs. Tejal Khara
Father	Late Mr. Dalichandbhai Khara	Mr. Arun Khara	Mr. Arun Khara
Mother	Late Mrs. Lalitaben Khara	Mrs. Jyotsna Khara	Mrs. Jyotsna Khara
Brother	Mr. Mahendra Bhai Khara, Mr. Ravindra Khara	Mr. Amit Khara	Mr. Mayur Khara
Sister	Mrs. Ajeeta Ben Khandedia, Mrs. Vibha Laddha	Mrs. Megha Banker	Mrs. Megha Banker
Son	Mr. Mayur Khara, Mr. Amit Khara	-	-
Daughter	Mrs. Megha Banker	Shreya Khara, Samiksha Khara	Dhun Khara, Mahek Khara

Promoter Group Companies and Entities

As specified in clause 2 (zb) of the SEBI Regulation, the companies, HUFs, partnership firms and other entities, that form part of our Promoter Group are as follows:

In addition to our Subsidiary as mentioned in the chapter titled "Our History and Corporate Structure" beginning on page 117 of this Draft Red Herring Prospectus, the following entities form part of our Group Companies:

Listed companies within our Promoter Group:

There is no Listed Company in our promoter group

Unlisted companies within our Promoter Group:

- 1. Demure Dealers Private Limited
- 2. Gain More Savings Private Limited
- 3. Acuity Tie Up Private Limited
- 4. Manav Commotrade Private Limited
- 5. Twinkle Dealcomm Private Limited
- 6. Automark Polyions Private Limited

Partnership Firms within our Promoter Group:

- 7. Ashirwad Real Estate
- 8. Ashirwad Associates Yavatmal
- 9. Autotech Industries

HUF within our Promoter Group:

- 10. Arun D. Khara HUF Date of Formation: Ancestral PAN: AAAHA8583L
- 11. Mayur A. Khara HUF Date of Formation: Ancestral PAN: AAEHK1171Q
- 12. Amit A. Khara HUF Date of Formation: 27/12/2002 PAN: AAFHK9732A

DETAILS OF UNLISTED COMPANIES WITHIN OUR PROMOTER GROUP

1. DEMURE DEALERS PRIVATE LIMITED

Date of Incorporation	21/12/2006	
CIN	U51909WB2006PTC112220	
Registered Office	61, Kali Krishna Tagore Street, 1st Floor, Near Rita Medical Centre, Kolkata, West Bengal, India - 700 007	
PAN No.	AACCD5076E	
Address of Roc	Registrar of Companies, West Bengal	
Nature of Activities	To carry out business as buyers, sellers, traders, merchants, all kind of brokers, of all kind of fast moving consumer goods, computers etc.	

Board of Directors as on 30th June, 2011

Name	Designation
Mr. Mayur A. Khara	Director
Mr. Amit A. Khara	Director
Mr. Brijesh Sharma	Director

Financial Performance

The brief financials of Demure Dealers Private Limited for the last three (3) years based on audited financial statements are as under:

	(Rs. in Lakhs except per share data)		
Particulars	31 Mar- 10	31-Mar-09	31-Mar-08
Equity Share Capital	29.33	29.33	29.33
Reserves (excluding revaluation reserves)	539.18	538.17	538.14
Net Worth	568.24	567.09	566.92
Sales & Other Income	6.89	0.63	0.52
Profit After Tax	1.01	0.03	0.01

Particulars	31 Mar- 10	31-Mar-09	31-Mar-08
E.P.S. (Rs.)	0.35	0.01	0.002
N.A.V. (Rs.)	193.77	193.38	193.32
Face Value per share (in Rs.)	10.00	10.00	10.00

Shareholding Pattern as on 30th June, 2011

No.	Particulars	No of Shares	% of holding
1	Mayur A. Khara	147,000	50.13
2	Amit A. Khara	146,250	49.87
Total		293,250	100.00

Demure Dealers Private Limited is an unlisted Company and is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

2. GAIN MORE SAVINGS PRIVATE LIMITED

Date of Incorporation	09/09/1994
CIN	U65110WB1994PTC157252
Registered Office	202, Jessore Road, Shyam Lake Garden, Block-B, Shop No-5, Kolkata - 700089, West Bengal, India
PAN No.	AABCG9810E
Address of Roc	Registrar of Companies, West Bengal
Nature of Activities	To carry on the business of investment and consultancy activities.

Board of Directors as on 30th June, 2011

Name	Designation
Mr. Arun D. Khara	Director
Mr. Mayur A. Khara	Director
Mr. Amit A. Khara	Director
Mr. Shyama Charan Kumar	Director
Mr. Ritesh Kumar Banka	Director
Mr. Sanjay Kumar	Additional Director

Financial Performance

The brief financials of Gain More Savings Private Limited for the last three (3) years based on audited financial statements are as under:

	(Rs. 1	in Lakhs except per	share data)
Particulars	31 Mar- 10	31-Mar-09	31-Mar-08
Equity Share Capital	59.81	59.81	27.07
Reserves (excluding revaluation reserves)	1,604.26	1,604.26	(0.04)
Net Worth	1,663.77	1,663.63	27.03

Particulars	31 Mar- 10	31-Mar-09	31-Mar-08
Sales & Other Income	0.70	0.74	4.55
Profit After Tax	0.03	0.00	0.00
E.P.S. (Rs.)	0.007	-	-
N.A.V. (Rs.)	278.18	278.15	9.98
Face Value per share (in Rs.)	10.00	10.00	10.00

Shareholding Pattern as on 30th June, 2011

No.	Particulars	No of Shares	% of holding
1	Acuity Tie up Private Limited	197,400	33.00
2	Manav Commotrade Private Limited	197,300	32.99
3	Twinkle Dealcomm Private Limited	203,000	33.94
4	Arun D. Khara	100	0.02
5	Mayur A. Khara	100	0.02
6	Amit A. Khara	100	0.02
7	Shyama Charan Kumar	100	0.02
Total		598,100	100.00

Gain More Savings Private Limited is an unlisted Company and is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

3. ACUITY TIE UP PRIVATE LIMITED

Date of Incorporation	22/02/2010	
CIN	U52390WB2010PTC142572	
Registered Office	7 A , Rani Rashmoni Road, Cabin No - 102, Kolkata - 700 013, West Bengal, India	
PAN No.	AAICA2703P	
Address of Roc	Registrar of Companies, West Bengal	
Nature of Activities	Acuity Tie Up Private Limited has been incorporated to carry out business as buyers, sellers, traders, merchants, all kind of brokers, refiners, miners, distributor, producer, advisors and hire purchasers of all kind of goods.	

Board of Directors as on 30th June, 2011

Name	Designation
Mr. Mahesh Rohiwal	Director
Mr. Sukhwinder Kumar Patoadi	Director

Financial Information

Since the Company was incorporated on 22nd February, 2010 financials of last three years are not available.
Shareholding Pattern as on 30th June, 2011

No.	Particulars	No of Shares	% of holding
1.	Arun D. Khara	14,000	35.00
2.	Mayur A. Khara	13,000	32.50
3.	Amit A. Khara	13,000	32.50
Total		40,000	100.00

Acuity Tie Up Private Limited is an unlisted Company and is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

4. MANAV COMMOTRADE PRIVATE LIMITED

Date of Incorporation	18/03/2010
CIN	U52100WB2010PTC143934
Registered Office	27, Chatawala Lane, 2nd Floor, Cabin No 35, Kolkata, West Bengal, India - 700 012
PAN No.	AAGCM4209E
Address of Roc	Registrar of Companies, West Bengal
Nature of Activities	Manav Commotrade Private Limited has been incorporated to carry out business as buyers, sellers, traders, merchants, all kind of brokers, refiners, miners, distributor, producer, advisors and hire purchasers of all kind of goods.

Board of Directors as on 30th June, 2011

Name	Designation
Mr. Depankar Roy	Director
Mr. Animesh Sekhawat	Director

Financial Information

Since the Company was incorporated on 18th March, 2010 financials of last three years are not available.

Shareholding Pattern as on 30th June, 2011

No.	Particulars	No of Shares	% of holding
1.	Arun D. Khara	14,000	35.00
2.	Mayur A. Khara	13,000	32.50
3.	Amit A. Khara	13,000	32.50
Total		40,000	100.00

Manav Commotrade Private Limited is an unlisted company and is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

5. TWINKLE DEALCOMM PRIVATE LIMITED

Date of Incorporation	22/02/2010
CIN	U52390WB2010PTC142547

Registered Office	34, C R Avenue, 1st Floor, Cabin No. 2, Kolkata, West Bengal, 700 012
PAN No.	AADCT3865A
Address of Roc	Registrar of Companies, West Bengal
Nature of Activities	Twinkle Dealcomm Private Limited has been incorporated to carry out business as buyers, sellers, traders, merchants, all kind of brokers, refiners, miners, distributor, producer, advisors and hire purchasers of all kind of goods.

Board of Directors as on 30th June, 2011

Name	Designation
Mr. Shankar Kumar Singhania	Director
Mr. Alok Kumar Pandey	Director

Financial Information

Since the company was incorporated on 22nd February, 2010 financials of last three years are not available.

Shareholding Pattern as on 30th June, 2011

No.	Particulars	No of Shares	% of holding
1.	Arun D. Khara	14,000	34.14
2.	Mayur A. Khara	13,500	32.93
3.	Amit A. Khara	13,500	32.93
Total		41,000	100.00

Twinkle Dealcomm Private Limited is an unlisted company and is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

6. AUTOMARK POLYIONS PRIVATE LIMITED

Date of Incorporation	14/10/2008
CIN	U74999MH2008PTC187496
Registered Office	G-9, Ground Floor, Saraf Court, Opp. Yashwant Stadium, Dhantoli, Nagpur- 440 012, Maharashtra, India
PAN No.	AAJCA5796M
Address of Roc	Registrar of Companies, Maharashtra
Nature of Activities	To manufacture, process, produce, formulate, mix, buy, sale and deal in various chemicals.

Board of Directors as on 30th June, 2011

Name	Designation
Arun D. Khara	Director
Mayur A. Khara	Director
Amit A. Khara	Director

Financial Performance

The audited financial statements of Automark Polyions Private Limited for last 3 (three) years based on audited financial statements are as under:

(Rs.			ept per share data)
Particulars	31 Mar- 11	31-Mar-10	31-Mar-09
Equity Share Capital	1.00	1.00	1.00
Reserves (excluding revaluation reserves)	-	-	-
Net Worth	0.72	0.73	0.74
Sales & Other Income	-	-	-
Profit After Tax	-	-	-
E.P.S. (Rs.)	-	-	-
N.A.V. (Rs.)	7.23	7.34	7.45
Face Value per share (in Rs.)	10	10	10

Shareholding Pattern as on 30th June, 2011

No.	Particulars	No of Shares	% of holding
1.	Arun D. Khara	2,000	20.00
2.	Mayur A. Khara	4,000	40.00
3.	Amit A. Khara	4,000	40.00
Total		10,000	100.00

Automark Polyions Private Limited is an unlisted company and is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

DETAILS OF PARTNERSHIP FIRMS WITHIN OUR PROMOTER GROUP

7. M/s. ASHIRWAD REAL ESTATE

Ashirwad Real Estate is a Partnership Firm of Mr. Arun Khara, Mr. Mayur Khara and Mr. Amit Khara. It was constituted on January 01, 2002 and has its registered office at "Gurukripa", Datta Chowk, Yavatmal, Maharashtra, India - 445 001. It is currently engaged in the business of Buying, selling and developing plots, buildings, and projects on BOT basis.

PAN Number: AAHFA3588N

Financial Performance

The brief financials of M/s Ashirwad Real Estate for the last three (3) years based on audited financial statements are as under:

			(Rs. in Lacs)
Particulars	31 Mar- 10	31-Mar-09	31-Mar-08
Total Income	62.40	6.00	3.00
Profit/(Loss) after Tax	5.19	5.31	2.22
Partner's Capital	181.83	137.83	77.26

Profit sharing ratio amongst Partners of Ashirwad Real Estate as on the date of filing of this Draft Red Herring Prospectus:

Name of the partners	Profit sharing ratio (%)
Arun D. Khara	33.34
Mayur A. Khara	33.33
Amit A. Khara	33.33

8. ASHIRWAD ASSOCIATES YAVATMAL

Ashirwad Associates Yavatmal is a Partnership Firm of Mr. Arun Khara, Mrs. Jyotsna Khara, Mr. Mayur Khara and Mr. Amit Khara. It was constituted on March 01, 1997 and has its registered office at "Gurukripa", Datta Chowk, Yavatmal, Maharashtra, India - 445 001. It is currently engaged in the business of contractor and developers of houses and shops and to do such other business as agreed between the partners.

PAN Number: AABFA8930C

Financial performance

The brief financials of Ashirwad Associates Yavatmal for the last three (3) years are as under:

(Rs. in Lakhs)				
Particulars	31 Mar- 10	31-Mar-09	31-Mar-08	
Total Income	-	-	-	
Profit/(Loss) after Tax	-	-	-	
Partners' Capital	0.12	0.09	0.09	

Profit sharing ratio amongst Partners of Ashirwad Associates Yavatmal as on the date of filing of this Draft Red Herring Prospectus:

Name of the partners	Profit sharing ratio (%)
Mr. Arun D. Khara	25
Mrs. Jyotsna A. Khara	25
Mr. Mayur A. Khara	25
Mr. Amit A. Khara	25

9. AUTOTECH INDUSTRIES

Autotech Industries is a Partnership Firm of Mr. Arun Khara, Mr. Mayur Khara and Mr. Amit Khara. It was constituted on January 15, 1999 and has its registered office at "Gurukripa", Datta Chowk, Yavatmal, Maharashtra, India - 445 001. The partnership was formed to engage in the business of manufacturing traffic safety equipments, trading of goods and execution of any contract being a contractor and allied activities in their partnership.

PAN Number: AAGFA3314B

Financial performance

The brief financials of Autotech Industries for the last three (3) years are as under:

			(Rs. in Lakhs)
Particulars	31 Mar- 10	31-Mar-09	31-Mar-08
Total Income	-	-	-
Profit/(Loss) after Tax	-	-	-
Partners' Capital	0.03	0.03	0.03

The profit sharing ratio amongst Partners of Ashirwad Associates Yavatmal as on the date of filing of this Draft Red Herring Prospectus:

Name of the partners	Profit sharing ratio (%)
Mr. Arun D. Khara	30
Mr. Mayur A. Khara	35
Mr. Amit A. Khara	35

Litigation/ Defaults

For details relating to legal proceedings involving the Promoters and Members of the Promoter Group, see the section titled "Outstanding Litigation and Material Developments" beginning on page 205 of this Draft Red Herring Prospectus.

Disassociation with Companies/Firms by the promoters of our Company during the preceding three (3) years

There are no Companies/ Firms with which the promoters of our Company have disassociated themselves during the preceding three (3) years.

Interest of Promoter Group Companies

Our Promoter Group companies are interested parties to the extent of their shareholding in the Company, if any and in any dividend and distributions which may be made by the Company in future and to the extent of the related party transactions disclosed in the sections "Related Party Transactions" beginning on pages 148 of the Draft Red Herring Prospectus, respectively.

Common Pursuit

There is no Common Pursuit between our Company and Promoter Group entities.

Related business transaction within the group and significance on financial performance

There are no business transactions between our Company and the Promoter Group Companies except as stated on page 148 under section titled as Related Party Transactions.

Sale or Purchase between our Company and our Promoter Group companies

There are no sales or purchases between our Company and any company in the Promoter Group exceeding 10% of the sales or purchases of our Company.

SICK COMPANIES

There are no Companies in our group listed above have been declared as a sick company under the SICA. There are no winding up proceedings against any of Promoter Group companies. The Promoter Group companies do not have negative net worth. Further, no application has been made by any of them to RoC to strike off their names.

CONFIRMATION

Our Promoters and persons forming part of Promoter Group have confirmed that they have not been declared as willful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past and no proceedings pertaining to such penalties are pending against them. Additionally, none of the Promoters and persons forming part of Promoter Group has been restrained from accessing the capital markets for any reasons by SEBI or any other authorities. None of the Promoter or Group Companies has a negative net worth as of the date of the respective last audited financial statements.

RELATED PARTY TRANSACTIONS

For details on Related Party Transactions of our Company, please refer to Annexure 17 of restated standalone financial statement and Annexure 16 of restated consolidated financial statement under the section titled "Financial Information" on page 150 of the Draft Red Herring Prospectus.

DIVIDEND POLICY

The declaration and payment of dividends on our Equity Shares 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 profits, cash flows, capital expenditure, capital requirements and overall financial condition. The Board may also from time to time pay interim dividend.

Our Company has not declared dividend during the last five financial years.

SECTION V FINANCIAL INFORMATION

Financial Information of our Company and its Subsidiary on consolidated basis

Auditors' Report

To, **The Board of Directors**, **AUTOMARK INDUSTRIES (INDIA) LIMITED** Gurukripa', Datta Square, Yavatmal, Maharashtra - 445001

Dear Sirs,

We have examined the Consolidated Financial Information of AUTOMARK INDUSTRIES (INDIA) LIMITED (the Company) its Subsidiary i.e. AUTOMARK TECHNOLOGIES (INDIA) PRIVATE LIMITED (the Company, its Subsidiary constitute "the Group") described below and annexed to this report for the purpose of inclusion in the offer Document.

The Consolidated Financial Information has been prepared in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the Act), The Securities and Exchange Board of India (SEBI) Issue of Capital and Disclosure Requirements Regulations, 2009 (ICDR Regulations) notified on August 26, 2009, the Guidance Note on Reports in company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India (the ICAI) and in terms of the engagement agreed upon by us with the Company. The Consolidated Financial Information has been prepared by the Company and approved by its Board of Directors.

Company proposes to make an Initial Public Offer (IPO) for the fresh issue of equity shares having a face value Rs 10/- each at a premium arrived at by 100 % book building process as may be decided by the Board of Directors.

A. Consolidated Financial Information as per Audited Financial Statements:

We have examined:

- a. the attached Consolidated Statement of Assets and Liabilities, as Restated as at year ended March 31, 2011 (Annexure 1);
- b. the attached Consolidated Statement of Profits and Losses, as Restated for the year ended March 31, 2011(Annexure 2);
- c. the attached Consolidated Statement of Cash Flows, as Restated for the year ended March 31, 2011(Annexure 3);
- d. the significant accounting policies and notes to the Restated Consolidated Financial Statements along with adjustments on account of audit qualifications/adjustments/regroupings. (Annexure 4);

(Collectively hereinafter referred as Restated Consolidated Financial Statements)

The Restated Consolidated Financial Statements have been extracted from audited Consolidated Financial Statements of the Group as at and for the year ended March 31, 2011, which have been approved by the Board of Directors.

Based on our examination and in accordance with the requirements of the Act, ICDR Regulations, we state that:

- Restated Consolidated Statement of Assets and Liabilities of the Group as at March 31, 2011 are as set out in Annexure 1, which are after making such material adjustments and regroupings as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 4;
- Restated Consolidated Statement of Profits and Loss of the Group for the year ended March 31, 2011 are as set out in Annexure 2, which have been arrived at after making such material adjustments and regroupings to the audited financial statements as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 4;
- Restated Consolidated Statement of Cash Flows of the Company for the year ended March 31, 2011are as set out in Annexure 3 after making such material adjustments and regroupings;
- Company has acquired its Subsidiary during the financial year 2010-2011, hence the Consolidated financial statement has not been made for the preceding financial years.
- We, did not audit the financial statements of Subsidiary i.e. Automark Technologies (India) Private Limited, Those financial statements and other financial information have been audited by M/s. P. D. Chopda & Co., Chartered Accountants (Firm Registration No. 114139W), whose reports have been furnished to us by the Management of the Company, and our opinion is based solely on the reports of said firm of Chartered Accountants.
- We have been furnished the examination reports of the said firm of Chartered Accountants on the restated financial information of the Subsidiary i.e., Automark Technologies (India) Private Limited for the year ended March 31, 2011, and in our opinion in so far as it relates to the amounts included in the Restated Consolidated Statement of Assets and Liabilities, Restated Consolidated Statement of Profits and Losses, and Restated Consolidated Statement of Cash Flow, are based solely on the reports of said firm of Chartered Accountants.
- The other auditors have also confirmed that the restated standalone financial information of the respective Subsidiary i.e. Automark Technologies (India) Private Limited have been made after incorporating:
 - a. Adjustments for the material amounts in the respective financial years to which they relate.
 - b. Further they have indicated that there are no extraordinary items that need to be disclosed separately in the accounts and there was no change in accounting and there are no other qualifications in the auditor's reports which require any adjustments to the financial statements.
- There are no extraordinary items in any of the financial statements that need to be disclosed separately in the Restated Consolidated Financial Statements.

B. Other Consolidated Financial Information

We have also examined the following Consolidated Financial Information relating to the Group, which is based on the Restated Consolidated Statements and approved by the Board of Directors of the Company and annexed to this report, is proposed to be included in the Offer Document:

1. Consolidated Statement of Reserves & Surplus as at March 31, 2011 as set out in Annexure 5 to this report.

- 2. Consolidated Statement of Accounting Ratios for the year ended on March 31, 2011 as set out in Annexure 6 to this report.
- 3. Consolidated Capitalization Statement as at March 31, 2011 as set out in Annexure 7 to this report.
- 4. Consolidated Statement of Secured Loans as at March 31, 2011 as set out in Annexure 8 to this report.
- 5. Consolidated Statement of Unsecured Loans as at March 31, 2011 as set out in Annexure 9 to this report.
- 6. Consolidated Statement of Investments as at March 31, 2011 as set out in Annexure 10 to this report.
- 7. Consolidated Statement of Sundry Debtors as at March 31, 2011 as set out in Annexure 11 to this report.
- 8. Consolidated Statement of Deposits, Loans and Advances as at March 31, 2011 as set out in Annexure 12 to this report.
- 9. Consolidated Statement of Current Liabilities and Provisions as at March 31, 2011 as set out in Annexure 13 to this report.
- 10. Consolidated Statement of Other Income for the year ended on March 31, 2011 as set out in Annexure 14 to this report.
- 11. Consolidated Statement of Contingent Liabilities as at March 31 2011 as set out in Annexure 15 to this report.
- 12. Consolidated Statement of Related Party Transactions of the Company for the year ended on March 31 2011 as set out in **Annexure 16** to this report.

In respect of Other Financial Information of Subsidiary i.e. Automark Technologies (India) Private Limited, we have relied upon the audited financial statements for the year ended March 31, 2011, which were audited and reported by other Firm of Chartered Accountants as stated above.

We report that the Restated Consolidated Financial Information of the Group as at and for the year ended March 31, 2011 have been prepared by the Group in accordance with the requirements of AS 21 Consolidated Financial Statements pursuant to the Companies (Accounting Standards) Rules, 2006.

In our opinion, the Restated Consolidated Financial Information of the Group attached to this report, as mentioned above, read with significant accounting policies and notes thereto, and after making such adjustments as are considered appropriate, has been prepared in accordance with Part II (B) of Schedule II of the Act and the ICDR Regulations.

This report should not in any way be construed as a reissuance or redating of the previous audit report, nor should this be construed as a new opinion on any of the financial statements referred to herein.

We have no responsibility to update our report for events and circumstances occurring after the date of the report.

This report is intended solely for your information and for 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 **Agrawal & Kedia** FRN: 100114W Chartered Accountants

Sd/-

Ravi Agrawal Partner Membership No: 034492

ANNEXURE-01 CONSOLIDATED STATEMENT OF ASSETS AND LIABLITIES, AS RESTATED

(Rs. In Lacs)

Particulars	31.03.11
Assets	
Fixed Assets-Gross Block (including CWIP)	565.21
Less: Depreciation	104.57
Net Block (including CWIP)	460.64
Less: Revaluation Reserve	-
Net Block after adjustment for Revaluation Reserve (A)	460.64
Total (A)	460.64
Investments (B)	12.24
Current Assets, Loans and Advances	
Receivables	2,736.02
Inventories	756.81
Cash & Bank Balances	348.77
Deposits & Advances	928.35
Total Current Assets (C)	4,769.95
Total Assets (D) = (A) + (B) + (C)	5,242.83
Liabilities & Provisions	
Loan Funds :	
Secured Loans	1,187.22
Unsecured Loans	116.02
Current Liabilities & Provisions:	
Current Liabilities	1,877.58
Provisions	129.14
Deferred Tax Liability	22.13
Total Liabilities & Provisions (E)	3,332.09
Net Worth (D) - (E)	1,910.73
Represented By:	
Share Capital	163.80
Reserves & Surplus	1,746.93
Less: Revaluation Reserve	-
Reserves (Net of Revaluation Reserve)	1,746.93
Total Net Worth	1,910.73

Notes: The accompanying Significant Accounting Policy and Notes to the Restated Financial Information are an integral part of this Restated Statement of Assets & Liabilities

ANNEXURE-02
CONSOLIDATED STATEMENT OF PROFIT AND LOSS, AS RESTATED

	(Rs. In Lacs)
Particulars	31.03.11
Income	
Sales of products Manufactured	4,555.91
Sales of products Traded	624.17
Works Contract Receipts	1,591.41
Other Income	70.66
Total	6,842.15
Expenditure	
Cost of Materials Consumed	5,169.54
Manufacturing Expenses	30.36
Works Contract Expenses	356.94
Labour Charges Paid	147.93
Trial & Testing Expenses	4.32
Employees Costs	84.84
Administrative Expenses	439.80
Selling & Distribution Expenses	79.96
Total	6,313.69
Profit before Depreciation, Interest and Tax	528.46
Depreciation	19.11
Profit before Interest & Tax	509.35
Interest & Finance Charges	135.58
Net Profit before Tax	373.77
Less: Provision for Tax-Current Tax	127.00
Deferred Tax	5.38
Fringe Benefit Tax	-
Net Profit After Tax & Before Extraordinary Items	241.40
Net Profit After Extraordinary Items	241.40
Less : Pre-Acquisition Profits transferred to Capital Reserve	51.79
Net Profit	189.61

CONSOLIDATED STATEMENT OF CASH FLOW, AS RESTA	(Rs. In Lacs)
Particulars	31.03.11
CASH FLOW FROM OPERATING ACTIVITIES	
Net profit before tax	373.77
Adjustment for:	
Add: Depreciation	19.11
Add: Interest expenses	135.58
Add: Loss on sale of Assets	-
Add: Preliminary & issue Expenses w/off	-
Less: Interest / Dividend Income	(0.66)
Operating Profit before Working capital changes	527.80
Adjustments for:	
Decrease (Increase) in Trade & Other Receivables	(1,227.61)
Decrease (Increase) in Inventories	(165.11)
Increase (Decrease) in Current Liabilities	799.90
Net Changes in Working Capital	(592.83)
Cash Generated from Operations	(65.03)
Taxes (Including FBT)	(135.42)
Net Cash Flow from Operating Activities (A)	(200.45)
CASH FLOW FROM INVESTING ACTIVITIES	
(Purchase) of Fixed Assets and Capital Work in Progress	(238.07)
Sale of Fixed Assets	-
(Purchase) / Sale of Investments	(30.00)
Add: Dividend Income	0.66
Net Cash Flow from Investing Activities (B)	(267.41)
CASH FLOW FROM FINANCING ACTIVITIES	
Issue of share capital (including Share Premium)	920.00
Interest paid	(135.58)
Increase / (Repayment) of Long Term Borrowings	(123.58)
Preliminary Expenses Paid	-
Dividend paid	-
Net Cash Flow from Financing Activities (C)	660.84
Net Increase / (Decrease) in Cash & Cash Equivalents	192.98
Cash and cash equivalents at the beginning of the year / Period	155.79
Cash and cash equivalents at the end of the year/ Period	348.77
Note: The above Cash Flow Statement has been prepared under "Indirect M	athad" as ast sut in the

ANNEXURE-03 CONSOLIDATED STATEMENT OF CASH FLOW, AS RESTATED

Note: The above Cash Flow Statement has been prepared under "Indirect Method" as set out in the Accounting Standard (AS) - 3 on Cash Flow Statements" issued by the Institute of Chartered of Accountants of India.

Annexure-04

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR PREPARATION OF RESTATED CONSOLIDATED FINANCIAL STATEMENTS

BACKGROUND

- a. Automark Industries (I) Limited ("the Company") was incorporated on February 12th, 1988. The Company is into the business of manufacturing of Road Marking machineries which are used in the application process of Road Marking material, trading in Road Marking material and contracting assignments for application of Road Marking material.
- b. The Consolidated Statement of Restated Assets and Liabilities of the Company and its Subsidiary (collectively referred to as "Group") as at March 31, 2011 and the Consolidated Statement of Restated Profits and Losses and Cash Flows for the year ended March 31, 2011 (hereinafter collectively referred to as "Consolidated Restated Financial Statements") have been prepared specifically for inclusion in the offer document to be filed by the Company with the Securities and Exchange Board of India ("SEBI") in connection with its proposed Initial Public Offering.

These Consolidated Restated Financial Statements have been prepared to comply in all material respects with the requirement of Schedule II to the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by SEBI.

I. SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of preparation:

The Consolidated Restated Financial Statements have been prepared to comply with the accounting standards referred to in the Companies (Accounting Standards) Rule 2006 issued by the Central Government in exercise of the power conferred under sub-section (1) (a) of section 642 and the relevant provisions of the Act. The Consolidated Restated Financial Statements have been prepared on a going concern basis under the historical cost convention on accrual basis. The accounting policies have been consistently applied by the Group unless stated otherwise.

2. Principle of Consolidation:

The Consolidated Restated Financial Statements include the financial statements of Automark Industries (India) Limited and its Subsidiary Automark Technologies (India) Private Limited in which the Company effectively holds 100% of its share capital.

The Consolidated Restated Financial Statements have been prepared in accordance with Accounting Standard (AS-21) on "Consolidated Financial Statements" referred to in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in exercise of the power conferred under subsection (1) (a) of section 642 of the Companies Act, 1956 (the Act). The Consolidated Restated Financial Statements are prepared on the following basis:

a. Consolidated Restated Financial Statements include consolidated balance sheet, consolidated statement of profit and loss, consolidated statement of cash flows and notes to Consolidated Financial Statements, other statements and explanatory material that form an integral part thereof. The Consolidated Restated Financial Statements are presented, to the extent possible, in the same format as adapted by the Company for its standalone financial statements.

- b. The Consolidated Restated Financial Statements include the financial statements of the Company and its Subsidiary, which is 100 percent owned as at March 31, 2011.
- c. The Consolidated Restated Financial Statements have been combined on a line by line basis by adding the book values of like items of assets (except for Fixed Assets), liabilities, income and expenses (except for Depreciation) after eliminating intra-group balances/transactions and resulting unrealized profits in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the Company and its share in the post acquisition increase in the relevant reserves of the entity to be consolidated.
- d. Accounting Policies followed are as set out under "Significant Accounting Policies" of the Financial Statements of the Holding Company. The accounting policies of the Subsidiary company are similar, except for Depreciation and employees benefits, which have been dealt with as follows :
 - i) **Depreciation :** In the standalone financial statements, the Subsidiary is following the Written Down Value method. However, for the purpose of Consolidation, appropriate adjustments are made to calculate the depreciation as per Straight Line Method as followed by the Holding Company.
 - ii) **Employees Benefits :** In the case of Subsidiary company, no actuarial valuation for gratuity has been carried out at the year-end and provision for gratuity is made on actual basis as per the provisions of the Payment of Gratuity Act, 1972. This has been done as the amount of gratuity is not material to the Company. For the purpose of Consolidation, the treatment for employees benefits as followed by the Subsidiary company is considered. As the Subsidiary has treated the amount as not material, accordingly no adjustments on this account has been effected for the purpose of Consolidation.

3. Depreciation / Amortization

Depreciation on fixed assets is provided on straight line method (SLM) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. In respect of addition made or asset sold / discarded during the year pro-rata Depreciation has been provided.

In the standalone financial statements, the Subsidiary is following the Written Down Value method. However, for the purpose of Consolidation, appropriate adjustments are made to calculate the depreciation as per Straight Line Method as followed by the Holding Company.

II. NOTES ON RESTATEMENTS MADE IN THE RESTATED CONSOLIDATED FINANCIALS

1) Material Adjustments [As per SEBI (ICDR) Regulations, 2009]

a) Adjustments relating to prior period:

Tax relating to prior years:

The Restated Consolidated Financial Statement of Profits and Losses' have been adjusted for respective years in respect of short/excess provision of Income Tax as per the income tax assessments/ returns filed by the Company and it's Subsidiary for the respective year.

b) Impact of prior period adjustments:

Adjustments in the Restated Consolidated Financial Statement of Profits and Losses

(Rs. In Lacs)

Particulars of Changes	31.03.2011
Profit after tax as per Audited Statement of Accounts (A)	232.97
Adjustment on account of:	
Tax Adjustments	8.43
Total Adjustments (B)	8.43
Net Adjusted Profits after tax (A+B)	241.40

c) Material Regroupings

Appropriate adjustments have been made in the Restated Consolidated Statement of Profits and Losses and Restated Consolidated Statement of Assets and Liabilities, wherever required, the details of the material regroupings are as under:

<u>Particulars</u>	Original/ Regrouped	As on / for the year ended 31 st March, 2011	(Rs. In Lacs) Appearing under
Sales & Works Contract Receipts	Original	6,771.49	Income
Sales of products Manufactured	Regrouped	4,555.91	Income
Sales of products Traded	Regrouped	624.17	Income
Works Contract Receipts	Regrouped	1,591.41	Income
Manufacturing/Selling & Other Expenses	Original	639.28	Expenditure
Manufacturing Expenses	Regrouped	30.36	Expenditure
Trial & Testing Expenses	Regrouped	4.32	Expenditure
Employees Costs	Regrouped	84.84	Expenditure
Administrative Expenses	Regrouped	439.80	Expenditure
Selling & Distribution Expenses	Regrouped	79.96	Expenditure

- i) In the Consolidated Financial Statements for the year ended 31st March, 2011, Sale of products manufactured and sale of products traded was grouped and the consolidated figure was shown as Sales. In the statement of Profit and Loss as restated, for the year ended 31st March 2011, the same have been bifurcated and disclosed accordingly.
- ii) In the statement of Profit and Loss as restated, for the year ended 31st March 2011, the expenditure on account of manufacturing, selling and other expenses have been regrouped to disclose the amount of expenditure on account of manufacturing expenses, Trial & Testing Expenses, Employees Costs, Administrative Expenses and Selling & Distribution Expenses.

d) Non-adjustment items :

i.During the year ended 31st March, 2011, there has been recovery of bad debts written off in earlier periods. The recovery has been effected because of the technological advancements utilized during the year and as such the same has not been restated.

ii. During the year ended 31st March, 2011 the Company has provided for the Gratuity Liability on Actuarial Calculation basis. The past service cost is accordingly bifurcated into transitional liability recognized in the current year and unrecognized transitional liability to be recognized on a straight line basis over the average period until the benefits become vested. As the amount is not treated as prior period adjustment, the same is not restated.

III. Other Notes

1. Details of Deferred Tax assets and liabilities:

In view of the Accounting Standard 22 issued by Institute of Chartered Accountants of India, the significant component and classification of deferred tax liability/asset because of timing difference comprises of the following:

(Rs. in Lacs)	
Particulars	31.03.11
Deferred Tax Liabilities / (Assets) at the beginning of the year	16.76
On account of Depreciation adjustment	6.08
On Gratuity	(0.71)
Deferred Tax Liabilities / (Assets)	22.13

2. Details of Dues to Micro enterprises and Small enterprises:

Under the Micro, Small and Medium Enterprise Development Act, 2006 certain disclosure is required to be made related to micro, small and medium enterprise. On the basis of intimations received from the suppliers regarding their status under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006), the Company has no amounts due to such enterprises as on 31st March, 2011.

3. Segment Reporting

Business segments are identified based on the nature of products and services. For reporting, the group has two reportable segments - one representing the trading and manufacturing activity and the other representing the execution of Road Marking job woks. The Segment results for the year ended 31st March, 2011 are as under:

Particulars	Works Contract Division	Manufacturing & Trading Division	Total
Revenue :			
Segment Revenue	1591.41	5180.08	6771.49
Less : Inter Segment Revenue	-	-	-
Net Segment Revenue	1591.41	5180.08	6771.49
Result :			

Particulars	Works Contract Division	Manufacturing & Trading Division	Total
Segment Result	176.02	650.68	826.70
Less : Inter Segment Result	-	-	-
Net Segment Result	176.02	650.68	826.70
Add : Unallocable Corporate Receipts	-	-	70.66
Less : Unallocable Corporate Expenses	-	-	523.59
Net Profit Before Tax			373.77
Less : Tax Expenses			132.38
Profit After Tax			241.40
Less- Pre Acquisition Profits considered for Capital Reserve			51.79
Profits			189.61
Other Information :			
Segment Assets	1323.42	2351.63	3675.05
Un-allocated Corporate Assets			1567.77
Total Assets			5242.83
Segment Liabilities	540.73	1956.01	2496.73
Un-allocated Corporate Liabilities			813.23
Total Liabilities			3309.96
Capital Expenditure	214.54		214.54
Depreciation	7.66	-	7.66

4. Investments:

The Group does not hold any current investments. Long term Investments are stated at cost. In case of Un-quoted investments, market value of the Investments is not available.

5. Earnings per Share

The details of Earnings per Share as per AS-20 are provided in Annexure 6.

6. Contingent Liabilities:

The details of Contingent Liabilities are provided in Annexure 15.

7. Related Party Transactions:

The details of Related Party Transactions as per Accounting Standard -18 are provided in Annexure 16

8. The figures in the Consolidated Restated Financial Statements are stated in Lacs and rounded off to two decimals and minor rounding off difference is ignored.

Annexure- 05

	(Rs. In Lacs)
Particulars	31.03.11
Share Premium	175.14
Add: Addition during the year	790.00
Net Share Premium (A)	965.14
Capital Reserve Account (B)	5.00
Capital Reserve on Consolidation (C)	287.72
General Reserve Fund	0.50
Add: Transfer from Central Subsidy Received	0.96
Add: Transfer from Investment Allowance Utilisation Reserve	1.03
Add: Transfer from Special Capital Incentive	4.63
Net General Reserve Fund (D)	7.12
Surplus as per Profit / (Loss) Account (E)	481.96
Reserves & Surplus (A+B+C+D+E)	1,746.93

CONSOLIDATED STATEMENT OF RESERVES & SURPLUS, AS RESTATED

Annexure-06 CONSOLIDATED STATEMENT OF ACCOUNTING RATIOS

	(Rs. In Lacs)
Particulars	31.03.11
Networth (A)	1,910.73
Net Profit after Tax (B)	189.61
No. of Shares outstanding at the end [F.V Rs.10] (C)	1,638,000
Weighted average number of shares outstanding [F.V Rs.10](D)	555,260
Bonus Shares [E]	14,863,125
Weighted average number of shares outstanding Post Bonus Shares [F.V Rs.10] (F)	
(D+E)	15,418,385
Earnings per Share (EPS) (B / F) (Rs.)	1.23
Return on Networth (B / A)	9.92%
Net Assets Value per Share (A / F)	12.39

Definitions of key ratios:

I. Earnings per share (Rs.): Net Profit attributable to equity shareholders / weighted average number of equity shares outstanding as at the end of the year / period. Earnings per share calculations are done in accordance with Accounting Standard 20 "Earnings Per Share" as issued by The Institute of Chartered Accountants of India. As per AS-20, the number of equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported. In case of a bonus issue after the Balance Sheet date but before the date on which the Financial Statements are approved by the Board of Directors', the per share calculations for those Financial statements and any prior period Financial Statements presented are based on the new no. of shares. Weighted average number of equity shares outstanding during all the previous years have been considered accordingly.

The Company has issued 1,48,63,125 equity shares as bonus shares to the existing share holders by way of capitalization of securities premium and accumulated profits in the ratio of 15 shares for every 2 shares held, which were approved at the extraordinary general meeting of the shareholders held on June 7, 2011. In accordance with AS-20, 'Earnings Per Share' the aforesaid shares have been adjusted for the event of bonus shares in computation of the earning per share.

II. Return on Net Worth (%): Net Profit after tax / Networth as at the end of the year / period.

III. Net Asset Value (Rs.): Net Worth at the end of the year / Number of equity shares outstanding at the end of the year / period.

IV. Net Profit, as appearing in the Consolidated Statement of restated profits and losses, and Net Worth as appearing in the Consolidated restated statement of Assets & Liabilities has been considered for the purpose of computing the above ratios.

V. The Issuer Company has allotted Bonus Shares in the ratio of 15:2 to its existing shareholders on dated 07.06.2011, hence the entire bonus shares have been adjusted for the calculation of NAV.

	Pre-issue as at	Post Issue
Particulars	31.03.2011	*
Borrowing		
Short - Term Debt	1,303.24	
Long - Term Debt	-	
Total Debt	1,303.24	
Shareholders' Funds		
Share Capital		
- Equity	163.80	
Less: Calls - in - arrears	-	
- Preference	-	
Reserves & Surplus	1,746.93	
Less: Miscellaneous Expenditure not written off	-	
Total Shareholders' Funds	1,910.73	
Long - Term Debt / Shareholders Fund	-	
Short - Term Debt / Shareholders Fund	0.68	

Annexure -07 CONSOLIDATED CAPITALISATION STATEMENT

 * The Post Issue Capitalization will be determined only after the completion of the allotment of equity shares.

Annexure - 08

CONSOLIDATED STATEMENT OF SECURED LOANS

(Rs. In Lacs)

Particulars	31.03.11
Cash Credit	
Bank of India, Nagpur (Cash Credit Account # 870030110000045)	787.75
Bank of India, Nagpur (Cash Credit Account # 870030110000044)	399.46
Total	1,187.22

Principal Terms of Secured Loans & Assets charged as security as on 31.03.2011

Lender	Loan Documentati on	Company	Types of Loan	Loan Amt Sanctio n (Rs. In Lacs)	Loan Amt outstandi ng (Rs. In Lacs)	Interest Rate (p.a.)	Repayment Terms
		Holding Company	Cash Credit	800.00	787.75	Applicable Base Rate + 2.75 %	Cash Credit A/c
Bank of India, Nagpur Main	Sanction		Inland Bank Guarant ee/ Letter of Credit (Inland/ Foreign)	200.00	N.A.	N.A.	N.A.
Branch, Nagpur - 440 001	letter dated 07 th January, 2011	Subsidiary Company	Cash Credit	400.00	399.46	Applicable Base Rate + 2.75 %	Cash Credit A/c
			Inland Bank Guarant ee/ Letter of Credit and Buyers Credit (Inland/ Foreign)	1200.00	N.A.	N.A.	N.A.

Details of Assets charged as security:

FOR HOLDING COMPANY

Primary Security:

For CC	Hypothecation of Stocks and book-debts upto 90 days
For LC/BG	Pledge of TDR as margin @ 15%

Collateral Security:

1.	First Charge by way of EM of plot no. 8, CTS No. 3, Khasra No. 2, 3/1 & 5/1 Sheet No. 186, B-6
	Jaitala, Ward No. 75, Nagpur in the name of Automark Industries (India) Ltd.
2.	First Charge by way of EM of plot no. A-43, A 62 in Mouza Lohara, MIDC, Yavatmal admeasuring
	10,000 Sq. Ft. each and shed thereon in the name of Automark Industries (India) Ltd.
3.	Extension of EM on factory and Land & Building, at S. No. 87, 89 and 91, Wardha Road, Butibori,
	Nagpur owned by Ashirwad Real Estate
4.	Extension of EM of Plot No. A 44 in Mouza Lohara, MIDC, Yavatmal admeasuring 10,000 Sq. Ft. each
	and shed thereon in the name of Automark Technologies (India) Pvt Ltd.
5.	Extension of charge by way of EM of thirty five plot nos. 1 to 17, 19, 22 to 25, 26 to 31, 40, 56 to
	61 at Khasra No. 24/1 and 34/2, Ph No 46, Waghdhara, Hingna, Nagpur owned by Ashirwad Real
	Estate
6.	Extension of charge by way of EM of block nos. T-1(A) & T-3, First Floor, Apartment "Saraf Court",
	Corporation House No. 42/FF-2, Mouza Dhantoli, Tah & Dist: Nagpur belonging to Ashirwad Real
	Estate

FOR SUBSIDIARY COMPANY

Primary Security:

For CC	Hypothecation of Stocks and book-debts upto 120 days
For LC/BG	Pledge of TDR as margin @ 15%

Collateral Security:

1.	Second Charge by way of EM of plot no. 8, CTS No. 3, Khasra No. 2, 3/1 & 5/1 Sheet No. 186, B-6
	Jaitala, Ward No. 75, Nagpur in the name of Automark Industries (India) Ltd.
2.	Second Charge by way of EM of plot no. A-43, A 62 in Mouza Lohara, MIDC, Yavatmal admeasuring
	10,000 Sq. Ft. each and shed thereon in the name of Automark Industries (India) Ltd.
3.	Extension of EM on factory and Land & Building, at S. No. 87, 89 and 91, Wardha Road, Butibori,
	Nagpur owned by Ashirwad Real Estate
4.	Extension of EM of Plot No. A 44 in Mouza Lohara, MIDC, Yavatmal admeasuring 10,000 Sq. Ft. each
	and shed thereon in the name of Automark Technologies (India) Pvt Ltd.
5.	Extension of charge by way of EM of thirty five plot nos. 1 to 17, 19, 22 to 25, 26 to 31, 40, 56 to
	61 at Khasra No. 24/1 and 34/2, Ph No 46, Waghdhara, Hingna, Nagpur owned by Ashirwad Real
	Estate
6.	Extension of charge by way of EM of block nos. T-1(A) & T-3, First Floor, Apartment "Saraf Court",
	Corporation House No. 42/FF-2, Mouza Dhantoli, Tah & Dist: Nagpur belonging to Ashirwad Real
	Estate

Annexure-09

CONSOLIDATED STATEMNET OF UNSECURED LOANS

	(Rs. In Lacs)	
Particulars	31.03.11	
Unsecured Loans*		
From Directors	82.26	
From Shareholders & their Relatives	33.77	
Total	116.02	

* Unsecured Loans, repayable on demand

Annexure-10

CONSOLIDATED STATEMENT OF INVESTMENTS

	(Rs. In Lacs)
Particulars	31.03.11
Investment in Shares	
Quoted	-
Unquoted	
Trade	-
Non-Trade	12.24
Total	12.24

Annexure-11

CONSOLIDATED STATEMENT OF SUNDRY DEBTORS

(Rs. In Lacs)

	(10: 11 Eacs)	
Particulars	31.03.11	
(A) Unsecured, Considered good outstanding for a period less than six months		
Amount due from Promoter/Group Companies and Directors	-	
Others	1,939.02	
(B)Unsecured, Considered good outstanding for a period more than six months		
Amount due from Promoter/Group Companies and Directors	-	
Others	797.01	
Total	2,736.02	

Annexure-12

CONSOLIDATED STATEMENT OF DEPOSITS, LOANS & ADVANCES (Rs. In Lacs)

Particulars	31.03.11
Advance Income Tax, TDS, Income Tax refundable	125.93
Other Refundable Indirect Taxes	124.35
Security Deposits	123.28
Miscellaneous Advances	554.79
Total	928.35

Annexure-13

CONSOLIDATED STATEMENT OF CURRENT LIABILITIES & PROVISIONS

	(Rs. In Lacs)
Particulars	31.03.11
Current Liabilities	
Sundry Creditors	1,737.86
Outstanding liability for expenses-	
Amount due to Promoter Group and Directors	30.08
Others	8.41
Advance Received	55.33
Duties & Taxes	43.69
Bonus payable to employees	-
Deferred Sales Tax	2.21
Sub Total (A)	1,877.58
Provisions	
Provision for Gratuity	2.14
Provision for Income Tax	127.00
Provision for FBT	-
Sub Total (B)	129.14
Total (A+B)	2,006.72

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Annexure-14 CONSOLIDATED STATEMENT OF OTHER INCOME

	(Rs. In Lacs)
Particulars	31.03.11
Bank Interest	10.95
Exchange Fluctuation Gain/(Loss)	20.34
Recovery of Debts written off	36.75
Misc. Income	2.62
Total	70.66

Annexure-15

CONSOLIDATED STATEMENT OF CONTINGENT LIABILITIES (Rs. In Lacs)

Particulars	31.03.11
Guarantees given by the bankers in favour of various parties - none evoked.	59.70
Letters of credit opened by the Banks in favour of suppliers	1,203.41
Corporate Guarantees given	2,600.00
Claims against Company not acknowledged as debts :	
- UP Value Added Tax and Central Sales Tax	29.68
- Customs Duty and penalty thereon	100.22
Total	3,993.01

Corporate Guarantees given includes Guarantee given by the Holding Company for the credit facilities aggregating to Rs. 1,600 Lacs granted to the wholly owned Subsidiary Automark Technologies (I) Private Ltd. and guarantee given by the Subsidiary Company for the credit facilities aggregating to Rs. 1,000 Lacs granted to the Holding Company.

Annexure-16

CONSOLIDATED STATEMENT OF DETAILS OF RELATED PARTY TRANSACTIONS

I List of Related Part Particulars	31.03.11	
Party where control exists	51.05.11	
Promoters	Mr. Arun D. Khara	
	Mr. Amit A. Khara	
	Mr. Mayur A. Khara	
	mi mayar A. Khara	
Key Managerial Personnel	Mr. Arun D. Khara	
	Mr. Amit A. Khara	
	Mr. Mayur A. Khara	
	Mrs. Jyotsana A. Khara	
Relatives of Key Managerial Personnel / other Related Parties	Mrs. Mansi Khara	
	Mrs. Tejal Khara	
	Ms. Shreya Khara	
	Ms. Samiksha Khara	
	Ms. Mehak Khara	
	Arun D. Khara (HUF)	
	Amit A. Khara (HUF)	
	Mayur A. Khara (HUF)	
Group Enterprises	Demure Dealers Private Limited	
	Gainmore Savings Private Limited	
	Ashirwad Real Estate	
II Transactions with Related Part	ies (Rs. in Lacs)	
REVENUE ITEMS		
Debits (A)		
Payment of Remuneration		
Key Management Personnel	26.00	
Payment of Rent		
Key Management Personnel	3.70	
Relatives of Key Management Personnel / other Related Parties	3.18	
Group Enterprises	8.40	
Payment of Interest		
Key Management Personnel	7.71	

I List of Related Parties

Particulars	31.03.11
Relatives of Key Management Personnel / other Related Parties	5.27
Group Enterprises	6.68
Credits (B)	
NON-REVENUE ITEMS	
Debits (A)	
Loans & Advances Repaid	
Key Management Personnel	659.02
Relatives of Key Management Personnel / other Related Parties	190.03
Group Enterprises	209.77
Credits (B)	
Loans & Advances Received	
Key Management Personnel	498.63
Relatives of Key Management Personnel / other Related Parties	119.33
Group Enterprises	82.70
Equity Contribution	
Allotment of Shares other than Bonus Issue	
Key Management Personnel	365.10
Relatives of Key Management Personnel / other Related Parties	100.30
Group Enterprises	454.60

Financial Information of our Company on Standalone basis

Auditors' Report

To, **The Board of Directors**, **AUTOMARK INDUSTRIES (INDIA) LIMITED** 'Gurukripa', Datta Square, Yavatmal, Maharashtra - 445001

Dear Sirs,

We have examined the Standalone Financial Information of **AUTOMARK INDUSTRIES (INDIA) LIMITED** (the Company') described below and annexed to this report for the purpose of inclusion in the offer document. The Standalone Financial Information has been prepared in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act'), The Securities and Exchange Board of India (SEBI) - Issue of Capital and Disclosure Requirements Regulations, 2009 ('ICDR Regulations') notified on August 26, 2009, the Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India (ICAI) and in terms of the engagement agreed upon by us with the Company.

The Standalone Financial Information has been prepared by the Company and approved by its Board of Directors.

Company proposes to make an Initial Public Offer (IPO) for the fresh issue of equity shares having a face value Rs 10/- each at a premium arrived at by 100 % book building process as may be decided by the Board of Directors.

A. Standalone Financial Information as per Audited Standalone Financial Statements:

We have examined:

- a. the attached Standalone Statement of Assets and Liabilities, as Restated as at year ended March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010, and March 31, 2011(Annexure 1);
- b. the attached Standalone Statement of Profits and Losses, as Restated for the year ended March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010, and March 31, 2011 (Annexure 2);
- c. the attached Standalone Statement of Cash Flows, as Restated for the year ended March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010, and March 31, 2011 (Annexure 3);
- d. the significant accounting policies adopted by the Company and notes to the Restated Standalone Financial Statements along with adjustments on account of audit qualifications / adjustments / regroupings. (Annexure 4);

(Collectively hereinafter referred as "Restated Standalone Financial Statements")

The Restated Standalone Financial Statements have been extracted from audited Standalone Financial Statements of the Company for the year ended March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010, and March 31, 2011, which have been approved by the Board of Directors.

Based on our examination and in accordance with the requirements of the Act, ICDR Regulations, we state that:

- Restated Standalone Statement of Assets and Liabilities of the Company as at March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010, and March 31, 2011 are as set out in Annexure 1, which are after making such material adjustments and regroupings as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 4;
- Restated Standalone Statement of Profits and Losses of the Company for the year ended March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010, and March 31, 2011 are as set out in Annexure 2, which have been arrived at after making such material adjustments and regroupings to the audited financial statements as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 4;
- Restated Standalone Statement of Cash Flows of the Company for the year ended March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010, and March 31, 2011 are as set out in Annexure 3 after making such material adjustments and regroupings;
- Adjustments for any material amounts in the respective financial years have been made to which they relate; and
- There are no Extra-ordinary items that need to be disclosed separately in the Restated Summary Statements or Auditor's qualification requiring adjustments.
- Adjustments in Financial Statements has been made in accordance with the correct accounting policies
- There was no change in accounting policies, which needs to be in the "Restated Standalone Financial Statements".
- There are no revaluation reserves, which need to be disclosed separately in the "Restated Standalone Financial Statements".
- There are no audit qualifications in the "Restated Standalone Financial Statements".

B. Other Standalone Financial Information:

We have also examined the following Standalone Financial Information relating to the Company, which is based on the Restated Standalone Financial Statements and approved by the Board of Directors of the Company and annexed to this report, is proposed to be included in the Offer Document:

- 1. Statement of Details of Reserves & Surplus as at March 31, 2007, 2008, 2009, 2010 and 2011 as set out in Annexure 5 to this report.
- 2. Statement of Accounting Ratios for the year ended on March 31, 2007, 2008, 2009, 2010 and 2011 as set out in **Annexure 6** to this report.
- 3. Capitalization Statement as at March 31, 2011 as set out in Annexure 7 to this report.
- 4. Statement of Tax Shelters for the year ended on March 31, 2007, 2008, 2009, 2010 and 2011 as set out in Annexure 8 to this report.
- 5. Statement of Details of Secured Loans as at March 31, 2007, 2008, 2009, 2010 and 2011 as set out in Annexure 9 to this report.
- 6. Statement of Details of Unsecured Loans as at March 31, 2007, 2008, 2009, 2010 and 2011 as set out in **Annexure 10** to this report.
- 7. Statement of Details of Investment as at March 31, 2007, 2008, 2009, 2010 and 2011 as set out in Annexure 11 to this report.
- 8. Statement of Details of Sundry Debtors as at March 31, 2007, 2008, 2009, 2010 and 2011 as set out in Annexure 12 to this report.
- 9. Statement of Details of Deposits, Loans and Advances as at March 31, 2007, 2008, 2009, 2010 and 2011 as set out in Annexure 13 to this report.

- 10. Statement of Details of Current Liabilities and Provisions as at March 31, 2007, 2008, 2009, 2010 and 2011 as set out in **Annexure 14** to this report.
- 11. Statement of Details of Other Income for the year ended on March 31, 2007, 2008, 2009, 2010 and 2011 as set out in **Annexure 15** to this report.
- 12. Statement of Details of Contingent Liabilities as at March 31, 2007, 2008, 2009, 2010 and 2011 as set out in Annexure 16 to this report.
- 13. Statement of Details of Related Party Transactions of the Company for the year ended on March 31, 2007, 2008, 2009, 2010 and 2011 as set out in **Annexure 17** to this report.

In our opinion, the "Restated Standalone Financial Statements" and "Other Standalone Financial Information" mentioned above contained in Annexure 1 to 17 of this report have been prepared in accordance with Part II of Schedule II to the Act, the SEBI Guidelines and the Guidance Note on the reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India (ICAI).

Consequently the financial information has been prepared after making such regroupings and adjustments as were, in our opinion, considered appropriate to comply with the same. As result of these regroupings and adjustments, the amount reported in the financial information may not necessarily be same as those appearing in the respective audited standalone financial statements for the relevant years.

This report should not in any way be construed as a reissuance or redating of the previous audit report, nor should this be construed as a new opinion on any of the financial statements referred to herein.

We have no responsibility to update our report for events and circumstances occurring after the date of the report.

This report is intended solely for your information and for 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 **Agrawal & Kedia** FRN: 100114W Chartered Accountants

Sd/-

Ravi Agrawal Partner Membership No: 034492

			-		(Rs. In Lacs)
Particulars	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Assets					
Fixed Assets-Gross Block (Including CWIP)	487.98	252.41	241.91	213.12	167.82
Less: Depreciation	89.61	74.01	61.55	50.97	42.46
Net Block (Including CWIP)	398.37	178.40	180.35	162.16	125.36
Less: Revaluation Reserve	-	-	-	-	-
Net Block after adjustment for					
Revaluation Reserve	398.37	178.40	180.35	162.16	125.36
Total (A)	398.37	178.40	180.35	162.16	125.36
	1				
Investments (B)	88.11	58.11	56.24	4.01	0.26
Current Assets, Loans and Advances					
Receivables	2,620.72	1,899.58	1,318.43	559.86	313.60
Inventories	401.24	312.32	257.10	223.57	123.39
Cash & Bank Balances	170.97	64.91	62.34	37.23	29.37
Deposits & Advances	685.88	247.16	128.74	64.01	55.54
Total Current Assets (C)	3,878.81	2,523.97	1,766.60	884.68	521.90
Total Assets (D) = $(A) + (B) + (C)$	4,365.29	2,760.48	2,003.20	1,050.84	647.52
Liabilities & Provisions					
Loan Funds :					
Secured Loans	787.75	422.53	274.14	165.85	70.43
Unsecured Loans	116.02	353.75	147.15	73.08	87.43
Current Liabilities & Provisions:					
Current Liabilities	1,762.56	1,388.44	1,252.57	615.06	335.86
Provisions	79.14	67.96	34.23	20.13	11.43
Deferred Tax Liability	19.61	13.93	11.65	9.58	9.71
Total Liabilities & Provisions (E)	2,765.09	2,246.61	1,719.74	883.70	514.86
Net Worth (D) - (E)	1,600.20	513.87	283.46	167.14	132.66
Represented By:					
Share Capital	163.80	33.80	29.80	27.45	27.45
Reserves & Surplus	1,436.41	480.07	253.66	139.69	105.21
Less: Revaluation Reserve	-	-	-	-	-
Reserves (Net of Revaluation Reserve)	1,436.41	480.07	253.66	139.69	105.21
Total Net Worth	1,600.20	513.87	283.46	167.14	132.66

ANNEXURE-01 STANDALONE STATEMENT OF ASSETS AND LIABLITIES, AS RESTATED

Notes: The accompanying Significant Accounting Policy and Notes to the Restated Financial Information are an integral part of this Restated Statement of Assets & Liabilities

					(Rs. In Lacs)
Particulars	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Income					
Sales of products Manufactured	-	-	1.20	-	65.13
Sales of products Traded	4,904.63	4,148.07	2,879.85	1,379.59	629.32
Works Contract Receipts	1,591.41	1,652.65	1,347.30	1,024.21	622.82
Other Income	44.91	5.31	(0.09)	1.43	2.33
Increase/(Decrease) in Inventories	88.92	55.22	33.53	100.18	44.53
Total	6,629.86	5,861.25	4,261.79	2,505.42	1,364.13
Expenditure					
Materials Purchased	5,279.02	4,352.12	3,168.65	1,960.05	1,034.28
Works Contract Expenses	356.94	408.36	389.18	276.89	160.13
Labour Charges Paid	147.93	113.43	51.63	-	-
Trial & Testing Expenses	2.81	4.18	1.43	0.41	0.36
Employees Costs	55.80	54.75	34.54	16.79	14.53
Administrative Expenses	386.41	411.57	297.02	150.15	102.19
Selling & Distribution Expenses	57.10	247.03	166.59	22.40	4.37
Total	6,286.00	5,591.45	4,109.04	2,426.70	1,315.87
Profit before Depreciation, Interest and Tax	343.86	269.80	152.74	78.71	48.27
Depreciation	15.60	12.46	10.59	8.51	7.42
Profit before Interest & Tax	328.25	257.34	142.16	70.21	40.85
Interest & Finance Charges	79.24	60.60	38.94	15.73	13.42
Net Profit before Tax	249.02	196.74	103.22	54.48	27.43
Less: Provision for Tax-Current Tax	77.00	68.05	30.22	16.43	9.37
Deferred Tax	5.68	2.28	2.07	(0.13)	(0.09)
Fringe Benefit Tax	-	-	3.96	3.70	2.06
Net Profit After Tax & Before Extraordinary Items	166.34	126.41	66.97	34.48	16.09
Net Profit After Extraordinary Items	166.34	126.41	66.97	34.48	16.09

ANNEXURE-02 STANDALONE STATEMENT OF PROFIT AND LOSS, AS RESTATED

ANNEXURE-03
STANDALONE STATEMENT OF CASH FLOW, AS RESTATED

STANDALONE STATEMENT OF CASHTLOW, AS RESTATED				(Rs. In Lacs)	
Particulars	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
CASH FLOW FROM OPERATING ACTIVITIES					
Net profit before tax	249.02	196.74	103.22	54.48	27.43
Adjustment for:					
Add: Depreciation	15.60	12.46	10.59	8.51	7.42
Add: Interest expenses	79.24	60.60	38.94	15.73	13.42
Add: Loss on sale of Assets	-	-	-	-	1.14
Add: Preliminary & issue Expenses w/off	-	-	-	-	-
Less : Dividend Income	(0.32)	(0.33)	(0.01)	-	-
Operating Profit before Working capital changes	343.54	269.47	152.73	78.71	49.41
Adjustments for:					
Decrease (Increase) in Trade & Other Receivables	(721.14)	(581.16)	(758.56)	(246.26)	(82.81)
Decrease (Increase) in Inventories	(88.92)	(55.22)	(33.53)	(100.18)	(44.53)
Decrease (Increase) in Loans and Advances	(411.49)	(98.10)	(55.71)	(2.39)	(4.61)
Increase (Decrease) in Current Liabilities	374.12	135.87	637.51	279.20	171.03
Increase (Decrease) in Provisions (Other Than Tax)	2.14	-	-	-	-
Net Changes in Working Capital	(845.28)	(598.60)	(210.29)	(69.63)	39.09
Cash Generated from Operations	(501.75)	(329.14)	(57.56)	9.08	88.49
Taxes (Including FBT)	(95.20)	(54.64)	(29.10)	(17.51)	(14.55)
Net Cash Flow from Operating Activities (A)	(596.95)	(383.78)	(86.66)	(8.43)	73.95
CASH FLOW FROM INVESTING ACTIVITIES					
(Purchase) of Fixed Assets and Capital Work in Progress	(235.58)	(10.50)	(28.78)	(45.30)	(61.46)
Sale of Fixed Assets	-	-	-	-	1.57
(Purchase) / Sale of Investments	(30.00)	(1.87)	(52.23)	(3.75)	-
Dividend Income	0.32	0.33	0.01	-	-
Net Cash Flow from Investing Activities (B)	(265.26)	(12.04)	(81.00)	(49.05)	(59.89)
				· · · ·	
CASH FLOW FROM FINANCING ACTIVITIES					
Issue of share capital	130.00	4.00	2.35	-	-
Share Premium	790.00	100.00	47.00	-	-
Interest paid	(79.24)	(60.60)	(38.94)	(15.73)	(13.42)
Secured Loans Taken / (Repaid)	365.22	148.39	108.29	95.43	20.48
Unsecured Loans Taken/ (Repaid)	(237.72)	206.60	74.07	(14.35)	(20.53)
Preliminary Expenses Paid	-	-	-	-	-
Dividend paid	-	-	-	-	-
Net Cash Flow from Financing Activities (C)	968.27	398.39	192.77	65.34	(13.47)
Net Increase / (Decrease) in Cash & Cash Equivalents	106.06	2.57	25.11	7.86	0.59
Cash and cash equivalents at the beginning of the year / Period	64.91	62.34	37.23	29.37	28.79
Cash and cash equivalents at the end of the year/ Period	170.97	64.91	62.34	37.23	29.37

Note: The above Cash Flow Statement has been prepared under "Indirect Method" as set out in the Accounting Standard (AS) - 3 on Cash Flow Statements[®] issued by the Institute of Chartered of Accountants of India.

Annexure-04

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR PREPARATION OF RESTATED STANDALONE FINANCIAL STATEMENT

A. SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of Preparation of Financial Statements

The Restated Standalone Financial Statements have been prepared under Historical Cost conventions and on accrual basis in accordance with the Generally Accepted Accounting Principles ('GAAP') applicable in India, Companies (Accounting Standard) Rules, 2006 notified by Ministry of Company Affairs and Accounting Standards issued by the Institute of Chartered Accountants of India as applicable and relevant provisions of the Companies Act, 1956, as adopted consistently by the Company.

2. Use of Estimates

The preparation of Financial Statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made, that affects the reported amounts of assets and liabilities on the date of the Financial Statements and the reported amounts of revenue and expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which the results are known / materialized.

3. Fixed Assets

Fixed Assets are capitalized at cost inclusive of erection expenses & other incidental expenses in connection with the acquisition of assets, net of VAT, if any, less accumulated depreciation.

4. Depreciation / Amortization

Depreciation on fixed assets is provided on straight line method (SLM) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. In respect of additions made or asset sold / discarded during the year pro-rata Depreciation has been provided.

5. Inventories

Traded goods, raw materials, stores & spares are valued at cost, determined on FIFO basis. Cost includes taxes (other than those subsequently recoverable from the taxing authorities), duties and all incidental expenses directly attributable to the purchases including costs incurred in bringing the material to its present location and condition.

Finished goods are valued at lower of cost or net realizable value. Cost includes raw materials and appropriate proportion of fixed and variable overheads.

6. Revenue Recognition

Revenue from sales transactions is recognized as and when the property in goods is sold /transferred to the buyer for a definite consideration.

Revenue from service transactions is recognized on the proportionate completion method.

Interest income is recognized on a time proportion basis by reference to the principal outstanding and at the interest rate applicable.
Dividend on investments, export incentives under duty drawback schemes is recognized when the right to receive payments/credits is established and there is no uncertainty regarding the amount of consideration or its collectability.

7. Investment

Investments that are readily realizable and intended to be held for not more than a year are classified as "Current Investments'. All other Investments are classified as Long Term Investments.

Current Investments are carried at lower of cost or Market / Fair Value determined on an individual investment basis.

Long Term investments are valued at cost. Provision for diminution in the value of long-term investment is made only if such decline is other than temporary in nature.

8. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

9. Employee Benefits

- i) Provision for the payments for Retirement benefits in the form of Gratuity as required by AS-15, have been made in the books of Accounts on the basis of Acturial Valuation.
- ii) The Company is operating non-accumulating compensated absence policy for employees. Employees are entitled to 15 days compensated absences on completion of 5 years. The compensated absences are non-accumulating and do not entitle employees to a cash payment for unused entitlement.

10. Taxation

Tax expenses for the year comprise of current tax and deferred tax. Current tax is measured after taking into consideration the deductions and exemptions admissible under the provision of Income Tax Act, 1961.

Deferred Tax assets or liabilities are recognized for further tax consequence attributable to timing difference between taxable income and accounting income that are measured at relevant enacted tax rates and in accordance with Accounting Standard 22 on "Accounting for Taxes on Income", issued by ICAI. At each Balance Sheet date the Company reassesses unrecognized deferred tax assets, to the extent they become reasonably certain or virtually certain of realization, as the case may be.

11. Leases

Finance Lease

Leases which effectively transfer to the Company all risks and benefits incidental to ownership of the leased item are classified as Finance Lease. Lease rentals are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return.

Operating Lease

Lease where the lesser effectively retains substantially all risks and benefits of the asset are classified as Operating lease. Operating lease payments are recognized as an expense in the Profit & Loss account on a Straight Line Basis over the Lease term.

12. Impairment of Assets

As on Balance Sheet date, the Company reviews the carrying amount of Fixed Assets to determine whether there are any indications that those assets have suffered "Impairment Loss". Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life.

13. Foreign Exchange Transactions

- (i) Transactions in Foreign currency are recorded at the rate of exchange prevailing on the date of the respective transactions.
- (ii) Year end balance of monitory assets and liabilities are translated at the year end rates. Exchange differences arising on restatement or settlement are charged to Profit and Loss Account.

14. Earnings per Share

In determining the Earnings Per share, the company considers the net profit after tax which includes any post tax effect of any extraordinary / exceptional item. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing Diluted earnings per share comprises the weighted average number of shares considered for computing Basic Earning per share and also the weighted number of equity shares that would have been issued on conversion of all potentially dilutive shares. In the event of issue of bonus shares, or share split the number of equity shares outstanding is increased without an increase in the resources. The number of Equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported.

15. Contingent Liabilities & Provisions

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made.

Contingent Liability is disclosed for

- a) Possible obligation which will be confirmed only by future events not wholly within the control of the Company or
- b) Present obligations arising from the past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.
- c) Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

B. CHANGES IN ACCOUNTING POLICIES IN THE YEARS/PERIODS COVERED IN THE RESTATED STANDALONE FINANCIALS

There is no change in significant accounting policies during the reporting period except, as and when Accounting Standards issued by the Institute of Chartered Accountants of India / Companies (Accounting Standard) Rules, 2006 were made applicable on the relevant dates.

C. NOTES ON RESTATED FINANCIAL STATEMENTS

I. NOTES ON RESTATEMENTS MADE IN THE RESTATED STANDALONE FINANCIALS

1) Material Adjustments [As per SEBI (ICDR) Regulations, 2009]

a) Adjustments relating to prior period:

Tax relating to prior years:

The Restated Standalone Statement of Profits and Loss have been adjusted for respective years in respect of short/excess provision of Income Tax as per the income tax assessments/ returns filed by the Company for the respective year.

b) Impact of prior period adjustments:

Adjustments in the Restated Standalone Statement of Profits and Loss

				(Rs.	In Lakhs)	
	Year ended March, 31 st					
Particulars of Changes	2011	2010	2009	2008	2007	
Profit after tax as per Audited Statement of Accounts (A)	158.38	134.10	67.16	34.59	15.95	
Adjustment on account of:						
i) Other Adjustments:	-	-	-	-	-	
ii) Tax Adjustments						
Normal Tax Adjustments	7.96	(7.69)	(0.19)	(0.11)	(0.14)	
Total Adjustments (B)	7.96	(7.69)	(0.19)	(0.11)	(0.14)	
Net Adjusted Profits after tax (A+B)	166.34	126.41	66.97	34.48	16.09	

c) Material Regroupings

Appropriate adjustments have been made in the Restated Standalone Statement of Profits and Losses and Restated Standalone Statement of Assets and Liabilities, wherever required, the details of the material regroupings are as under:

Dentioulens	Original/ As on / for the year ended 31 st March,						(Rs. In Lacs)
<u>Particulars</u>	Regrouped	2011	2010	2009	2008	2007	under
Sales & Works Contract Receipts	Original	6,496.03	5,650.75	4,170.80	2,373.78	1,310.08	Income
Other Income	Original	44.91	41.85	5.83	31.45	9.51	Income
Sales of products Manufactured	Regrouped			1.20		65.13	Income
Sales of products Traded	Regrouped	4,904.63	4,148.07	2,879.85	1,379.59	629.32	Income
Works Contract Receipts	Regrouped	1,591.41	1,652.65	1,347.30	1,024.21	622.82	Income
Labour Charges Paid	Regrouped		(113.43)	(51.63)			Expenditure
Other Income	Regrouped	44.91	5.31	(0.09)	1.43	2.33	Income
Materials	Original	5,190.10	4,296.90	3,135.12	1,859.87	989.75	Expenditure
Materials Purchased	Regrouped	5,279.02	4,352.12	3,168.65	1,960.05	1,034.28	Expenditure
(Increase)/Decrease in Inventories	Regrouped	(88.92)	(55.22)	(33.53)	(100.18)	(44.53)	Income
Manufacturing/Selling & Other Expenses	Original	502.12	717.54	499.58	187.12	118.98	Expenditure
Wage's & other Labour's Benefits	Original				2.63	1.34	Expenditure
Loss on Sale of Asset	Original					1.14	Expenditure
Trial & Testing Expenses	Regrouped	2.81	4.18	1.43	0.41	0.36	Expenditure
Employees Costs	Regrouped	55.80	54.75	34.54	16.79	14.53	Expenditure
Administrative Expenses	Regrouped	386.41	411.57	297.02	150.15	102.19	Expenditure
Selling & Distribution Expenses	Regrouped	57.10	247.03	166.59	22.40	4.37	Expenditure

i) Upto the year ended 31st March 2009, Sale of products manufactured and sale of products traded was grouped and the consolidated figure was shown as Sales. In the statement of Profit and Loss as restated, for the years ended 31st March 2010, 2009, 2008 and 2007, the same have been bifurcated and disclosed accordingly.

Upto the year ended 31st March 2010, labour charges payments were adjusted against the corresponding labour charges receipts and the net amount was shown as other income. During the year ended 31st March, 2011, the labour charges receipts have been grouped with the Works Contract receipts and the labour charges payments have been shown separately. In the statement of Profit and Loss as restated, for the years ended 31st March 2010, 2009, 2008 and 2007, the same have been regrouped and disclosed accordingly. However, there were no identifiable labour charges payments against the corresponding labour charges receipts for the year ended 31st March 2008 and 2007.

- ii) In the statement of Profit and Loss as restated, for the years ended 31st March 2011, 2010, 2009, 2008 and 2007 the expenditure on account of materials have been regrouped to disclose the amount of material purchased and the increase / decrease in the inventories.
- iii) In the statement of Profit and Loss as restated, for the years ended 31st March 2011, 2010, 2009, 2008 and 2007 the expenditure on account of manufacturing, selling and other expenses have been regrouped to disclose the amount of expenditure on account of Trial & Testing Expenses, Employees Costs, Administrative Expenses and Selling & Distribution Expenses.

Upto the year ended 31st March 2008, Wage's & other Labour's Benefits were shown separately. From the year ended 31st March, 2009, the same have been included in manufacturing, selling and other expenses. In the statement of Profit and Loss as restated, for the years ended 31st March 2008 and 2007, the same have been regrouped and included in employees cost.

During the year ended 31st March, 2007, the Company had incurred a loss on sale of Fixed asset and the same was disclosed separately. In the statement of Profit and Loss as restated, for the year ended 31st March 2007, the same have been included in administrative expenses.

- d) Non-adjustment items :
 - i. During the year ended 31st March, 2011, there has been recovery of bad debts written off in earlier periods. The recovery has been effected because of the technological advancements utilized during the year and as such the same has not been restated.
 - ii. During the year ended 31st March, 2011 the Company has provided for the Gratuity Liability on Actuarial Calculation basis. The past service cost is accordingly bifurcated into transitional liability recognized in the current year and unrecognized transitional liability to be recognized on a straight line basis over the average period until the benefits become vested. As the amount is not treated as prior period adjustment, the same is not restated.

2. Other Notes

General

The Company was incorporated during the year 1988 and is engaged in the business of contracting and sale of Road Marking material.

1. Details of Deferred Tax assets and liabilities:

In view of the Accounting Standard 22 issued by Institute of Chartered Accountants of India, the significant component and classification of deferred tax liability/asset because of timing difference comprises of the following:

				(Rs. in L	.acs)
Particulars	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Deferred Tax Liabilities / (Assets) at the beginning of the year	13.93	11.65	9.58	9.70	9.79
On account of Difference	13.93	11.05	9.50	9.70	9.79
between book and Tax					
Depreciation	6.39	2.28	2.07	(0.12)	(0.09)
On Gratuity	(0.71)				
Deferred Tax Liabilities					
/ (Assets)	19.61	13.93	11.65	9.58	9.70

2. Details of Dues to Micro enterprises and Small enterprises:

Under the Micro, Small and Medium Enterprise Development Act, 2006 certain disclosure is required to be made related to micro, small and medium enterprise. On the basis of intimations received from the suppliers regarding their status under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006), the Company has no amounts due to such enterprises as on 31st March, 2011.

3. Segment Reporting

The Company is in the business of trading and execution of thermoplastic Road Marking materials. All the Company's establishments are located in one country i.e. India. Business segments are therefore identified based on the nature of products and services. For reporting, the Company has two reportable segments - one representing the trading activity and the other representing the execution of Road Marking job woks.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to the segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis, have been included under "Unallocated revenue / expenses / assets / liabilities".

This being first year of applicability of Disclosure requirements as per Accounting Standard AS-17 - "Segment Reporting", the corresponding previous years' figures are not reported. The Segment results for the year ended 31st March, 2011 are as under:

Particulars	Works Contract Division	Trading Division	Total
Revenue :			
Segment Revenue	1,591.41	4,904.63	6,496.03
Less : Inter Segment Revenue	-	-	-
Net Segment Revenue	1,591.41	4,904.63	6,496.03
Result :			
Segment Result	123.18	407.51	530.69
Less : Inter Segment Result	-	-	-
Net Segment Result	123.18	407.51	530.69
Add : Unallocable Corporate Receipts	-	-	44.91
Less : Unallocable Corporate Expenses	-	-	-326.58
Net Profit Before Tax			249.02
Less : Tax Expenses			82.68
Profit After Tax			166.34
Other Information :			
Segment Assets	1,313.01	2,248.25	3,561.26
Un-allocated Corporate Assets			804.03

Particulars	Works Contract Division	Trading Division	Total
Total Assets			4,365.29
Segment Liabilities	408.64	2,003.43	2,412.07
Un-allocated Corporate Liabilities			333.41
Total Liabilities			2,745.48
Capital Expenditure	214.54	-	214.54
Depreciation	7.66	-	7.66

4. Investments:

Company does not hold any current investments. Long term Investments are stated at cost. In case of Un-quoted investments, market value of the Investments is not available.

5. Earnings per Share

The details of Earnings per Share as per AS-20 are provided in Annexure 6.

6. Contingent Liabilities:

The details of Contingent Liabilities are provided in Annexure 16.

7. Related Party Transactions:

The details of Related Party Transactions as per Accounting Standard -18 are provided in Annexure 17.

8. The figures in the Restated Standalone Financial Statements and Other Standalone Financial Information are stated in Lacs and rounded off to two decimals and minor rounding off difference is ignored.

Annexure- 05
STANDALONE STATEMENT OF DETAILS OF RESERVES & SURPLUS, AS RESTATED

STANDALONE STATEMENT OF DE			203, A3 KE31		Rs. In Lacs)
Particulars	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Central Subsidy Received	0.96	0.96	0.96	0.96	0.96
Less: Transferred to General Reserve	0.96	-	-	-	-
Net Central Subsidy Received (A)	-	0.96	0.96	0.96	0.96
Investment Allowance Utilisation Reserve	1.03	1.03	1.03	1.03	1.03
Less: Transferred to General Reserve	1.03	-	-	-	-
Net Investment Allowance Utilisation Reserve (B)	-	1.03	1.03	1.03	1.03
Special Capital Incentive	4.63	4.63	4.63	4.63	4.63
Less: Transferred to General Reserve	4.63	-	-	-	-
Net Special Capital Incentive (C)	-	4.63	4.63	4.63	4.63
Capital Reserve Account (D)	5.00	-	-	-	-
Share Premium	175.14	75.14	28.14	28.14	28.14
Add: Addition during the year	790.00	100.00	47.00		-
Net Share Premium (E)	965.14	175.14	75.14	28.14	28.14
Share Forfeiture Account	5.00	5.00	5.00	5.00	5.00
Less: Transfer to Capital Reserve	5.00	-	-	-	-
Net Share Forfeiture Account (F)	-	5.00	5.00	5.00	5.00
General Reserve Fund	0.50	0.50	0.50	0.50	0.50
Add: Transfer from Central Subsidy Received	0.96	-	-	-	-
Add: Transfer from Investment Allowance Utilisation Reserve	1.03				
Add: Transfer from Special Capital Incentive	4.63	-		-	-
Net General Reserve Fund (G)	7.12	0.50	0.50	0.50	0.50
Net General Reserver and (G)	7.12	0.50	0.30	0.50	0.50
Profit / (Loss) Brought Forward	292.81	166.40	99.43	64.95	48.86
Add: Profit / (Loss) for the Year	166.34	126.41	66.97	34.48	16.09
Less: Utilized for Bonus Issue	-	-	-	-	-
Less: Miscellaneous Expenditure written off	-	-	-	-	-
Profit / (Loss) Carried Forward (H)	459.15	292.81	166.40	99.43	64.95
Reserves & Surplus (A+B+C+D+E+F+G+H)	1,436.41	480.07	253.66	139.69	105.21

					(Rs. In Lacs)
Particulars	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Networth (A)	1,600.21	513.87	283.46	167.14	132.66
Net Profit after Tax (B)	166.34	126.41	66.97	34.48	16.09
No. of Shares outstanding at the end [F.V Rs.10] (C)	1,638,000	338,000	298,000	274,500	274,500
Weighted average number of shares outstanding [F.V Rs.10](D)	555,260	299,534	277,590	274,500	274,500
Bonus Shares [E]	14,863,125	14,863,125	14,863,125	14,863,125	14,863,125
Weighted average number of shares outstanding Post Bonus Shares [F.V Rs.10] (F) (D+E)	15,418,385	15,162,659	15,140,715	15,137,625	15,137,625
Earnings per Share (EPS) (B / F) (Rs.)	1.08	0.83	0.44	0.23	0.11
Return on Networth (B / A)	10.39%	24.60%	23.63%	20.63%	12.13%
Net Assets Value per Share (A / F)	10.38	3.39	1.87	1.10	0.88

Annexure-06 STANDALONE STATEMENT OF ACCOUNTING RATIOS

Definitions of key ratios:

1. Earnings per share (Rs.): Net Profit attributable to equity shareholders / weighted average number of equity shares outstanding as at the end of the year / period. Earnings per share calculations are done in accordance with Accounting Standard 20 "Earnings Per Share" as issued by The Institute of Chartered Accountants of India. As per AS-20, the number of equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported. In case of a bonus issue after the Balance Sheet date but before the date on which the Financial Statements are approved by the Board of Directors', the per share calculations for those Financial statements and any prior period Financial Statements presented are based on the new no. of shares. Weighted average number of equity shares outstanding during all the previous years have been considered accordingly.

The Company has issued 1,48,63,125 equity shares as bonus shares to the existing share holders by way of capitalization of securities premium and accumulated profits in the ratio of 15 shares for every 2 shares held, which were approved at the extraordinary general meeting of the shareholders held on June 7, 2011. In accordance with AS-20, 'Earnings Per Share' the aforesaid shares have been adjusted for the event of bonus shares in computation of the earning per share. The Company has issued 3,43,750 Equity Shares on May 27, 2011. These shares are issued for consideration as such not included for above calculations.

II. Return on Net Worth (%): Net Profit after tax / Networth as at the end of the year / period

III. Net Asset Value (Rs.): Net Worth at the end of the year / Number of equity shares outstanding at the end of the year / period.

IV. Net Profit, as appearing in the STANDALONE Statement of restated profits and losses, and Net Worth as appearing in the STANDALONE restated statement of Assets & Liabilities has been considered for the purpose of computing the above ratios.

V. The Issuer Company has allotted Bonus Shares in the ratio of 15:2 to its existing shareholders on dated 07.06.2011, hence the entire bonus shares have been adjusted for the calculation of NAV.

	Pre-issue as at	Post Issue
Particulars	31.03.2011	*
Borrowing		
Short - Term Debt	903.78	
Long - Term Debt	-	
Total Debt	903.78	
Shareholders' Funds		
Share Capital		
- Equity	163.80	
Less: Calls - in - arrears	-	
- Preference	-	
Reserves & Surplus	1,436.41	
Less: Miscellaneous Expenditure not written off	-	
Total Shareholders Funds	1,600.21	
Long - Term Debt / Shareholders Fund	-	
Short - Term Debt / Shareholders Fund	0.56	

Annexure -07 STANDALONE CAPITALISATION STATEMENT

 * The Post Issue Capitalization will be determined only after the completion of the allotment of equity shares.

Annexure- 08 STANDLAONE STATEMENT OF TAX SHELTERS

(Rs. In Lacs)

Particulars	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Profit before tax as per Restated P/L	249.02	196.74	103.22	54.48	27.43
Applicable Corporate Tax Rate	33.22%	33.99%	30.90%	30.90%	33.66%
Tax at Notional Rate	82.72	66.87	31.89	16.83	9.23
Adjustments					
Difference between Tax Depreciation and Book Depreciation	20.18	3.29	4.71	4.16	0.87
Exempted Income					
Items Chargeable at special rates					
Other Items	(2.14)		2.00	(2.04)	(1.21)
Set off of Business Losses / Unabsorbed Depreciation					
Net Adjustments	18.04	3.29	6.71	2.11	(0.34)
Tax Saving thereon	5.99	1.12	2.07	0.65	(0.11)
Tax Saving to the extent of Tax at Notional Rate	5.99	1.12	2.07	0.65	(0.11)
Tax Payable [A]	76.73	65.75	29.82	16.18	9.35
Tax Payable on items chargeable at special rates [B]	-	-			
Total Tax Payable [C=A+B]	76.73	65.75	29.82	16.18	9.35
Tax Rebates [D]	-	-		-	-
Net Tax Payable [E=C-D]	76.73	65.75	29.82	16.18	9.35
Tax Payable under MAT (115JB of Income Tax Act, 1961) [D]	49.63	29.51	10.32	5.45	3.02
Net Tax Payable [Higher of C & D]	76.73	65.75	29.82	16.18	9.35

Note : The above Tax adjustments have been considered based on the information from the Income Tax computations filed with the tax returns for the previous years 2006-2007, 2007-2008, 2008-2009, 2009-2010 and the information pertaining to the year ended 31st March, 2011 is as per draft Tax computation prepared.

Annexure - 9

STANDALONE STAETEMENT OF DETAILS OF SECURED LOANS

				(Rs. I	n Lacs)
Particulars	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Cash Credit					
Yavatmal Urban Co-operative Bank Ltd.	-	422.53	274.14	165.85	70.43
Bank of India	787.75	-	-	-	-
Total	787.75	422.53	274.14	165.85	70.43

Principal Terms of Secured Loans & Assets charged as security as on 31.03.2011

Lender	Loan Documentati on	Types of Loan	Loan Amt Sanctio n (Rs. In Lacs)	Loan Amt outstandi ng (Rs. In Lacs)	Interest Rate (p.a.)	Repayment Terms
Bank of India, Nagpur	Sanction letter dated	Cash Credit	800.00	787.75	Applicable Base Rate + 2.75 %	Cash Credit A/c
Main Branch, Nagpur - 440 001	07 th January, 2011	Inland Bank Guarantee/ Letter of Credit (Inland/Forei gn)	200.00	N.A.	N.A.	N.A.

Details of Assets charged as security: Primary Security:

For CC	Hypothecation of Stocks and book-debts upto 90 days
For LC/BG	Pledge of TDR as margin @ 15%

Collateral Security:

1.	First Charge by way of EM of plot no. 8, CTS No. 3, Khasra No. 2, 3/1 & 5/1 Sheet No. 186, B-6
	Jaitala, Ward No. 75, Nagpur in the name of Automark Industries (India) Ltd.
2.	First Charge by way of EM of plot no. A-43, A 62 in Mouza Lohara, MIDC, Yavatmal admeasuring
	10,000 Sq. Ft. each and shed thereon in the name of Automark Industries (India) Ltd.
3.	Extension of EM on factory and Land & Building, at S. No. 87, 89 and 91, Wardha Road, Butibori,
	Nagpur owned by Ashirwad Real Estate
4.	Extension of EM of Plot No. A 44 in Mouza Lohara, MIDC, Yavatmal admeasuring 10,000 Sq. Ft. each
	and shed thereon in the name of Automark Technologies (India) Pvt Ltd.
5.	Extension of charge by way of EM of thirty five plot nos. 1 to 17, 19, 22 to 25, 26 to 31, 40, 56 to
	61 at Khasra No. 24/1 and 34/2, Ph No 46, Waghdhara, Hingna, Nagpur owned by Ashirwad Real
	Estate
6.	Extension of charge by way of EM of block nos. T-1(A) & T-3, First Floor, Apartment "Saraf Court",
	Corporation House No. 42/FF-2, Mouza Dhantoli, Tah & Dist: Nagpur belonging to Ashirwad Real
	Estate

Annexure-10

STANDALONE STATEMENT OF DETAILS OF UNSECURED LOANS

					(Rs. In Lacs)
Particulars	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Unsecured Loans*					
From Directors	82.26	232.57	87.01	73.08	87.43
From Shareholders & their Relatives	33.77	121.18	60.15	-	-
Total	116.02	353.75	147.15	73.08	87.43

* Unsecured Loans, repayable on demand

Annexure-11 STANDALONE STATEMENT OF DETAILS OF INVESTMENTS

(Rs. In Lacs)

Particulars	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Investment in Shares					
Quoted	-	-	-	-	-
Unquoted					
Trade	-	-	-	-	-
Non-Trade					
Yavatmal Urban Co-op. Bank Ltd.	5.88	5.88	4.01	4.01	0.26
(Fully paid Equity shares of Rs. 25 each)	(23,510)	(23,510)	(16,010)	(16,010)	(1,010)
National Saving Certificates	0.23	0.23	0.23	-	-
In Subsidiary Company					
Automark Technologies (I) Pvt Ltd	82.00	52.00	52.00	-	-
(Fully paid Equity shares of Rs. 10 each)	(280,000)	(130,000)	(130,000)		
Total	88.11	58.11	56.24	4.01	0.26

Note : Figures in Bracket indicates No. of Shares held.

Annexure-12

STANDALONE STATEMENT OF DETAILS OF SUNDRY DEBTORS

					(Rs. In Lacs)				
Particulars	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07				
(A) Unsecured, Considered good outstanding for a period less than six months									
Amount due from Promoter/Group Companies and Directors	2.75	_	33.56	_	_				
		1 766 16		494 25	250 12				
	Others 1,847.89 1,366.16 1,051.09 484.25 258.13 (B)Unsecured, Considered good outstanding for a period more than six months 1								
Amount due from Promoter / Group Companies and Directors	-	-	-	-	-				
Others	770.08	533.42	233.78	75.61	55.48				
Total	2,620.72	1,899.58	1,318.43	559.86	313.60				

Annexure-13 STANDALONE STATEMENT OF DETAILS OF DEPOSITS, LOANS & ADVANCES

					(Rs. In Lacs)
Particulars	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Advance Income Tax, TDS, Income Tax refundable	75.01	47.77	27.45	18.43	12.35
Other Refundable Indirect Taxes	103.20	21.35	15.36	2.15	2.09
Security Deposits	123.28	89.53	53.51	34.18	27.32
Miscellaneous Advances	384.39	88.51	32.42	9.25	13.78
Total	685.88	247.16	128.74	64.01	55.54

Annexure-14

STANDALONE STATEMENT OF DETAILS OF CURRENT LIABILITIES & PROVISIONS

(Rs. In Lacs)

Particulars	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Current Liabilities					
Sundry Creditors					
Amount due to Subsidiary Automark Technologies (I) Pvt Ltd	1,525.82	-	-	-	-
Amount due to Promoter Group Company	-	1,208.13	842.48	473.56	271.92
Others	127.38	50.17	295.80	74.69	18.55
Outstanding liability for expenses					
Amount due to Promoter Group and Directors	24.50	23.59	26.66	6.93	8.03
Others	3.31	2.99	1.43	1.54	3.14
Advance Received	55.33	53.63	47.19	38.56	19.84
Duties & Taxes	24.01	42.13	30.64	12.29	6.05
Bonus payable to employees	-	5.00	5.00	3.37	3.50
Deferred Sales Tax	2.21	2.79	3.37	4.12	4.84
Sub Total (A)	1,762.56	1,388.44	1,252.57	615.06	335.87
Provisions					
Provision for Gratuity	2.14	-	-	-	-
Provision for Income Tax	77.00	67.96	30.27	16.43	9.37
Provision for FBT	-	-	3.96	3.70	2.06
Sub Total (B)	79.14	67.96	34.23	20.13	11.43
Total (A+B)	1,841.70	1,456.40	1,286.80	635.19	347.30

Note : Amount due to Promoter group Company includes amount due to Automark Technologies (I) Pvt. Ltd. which became Subsidiary w.e.f 01.10.2010

Annexure-15 STANDALONE STATEMENT OF DETAILS OF OTHER INCOME

					(Rs. In Lacs)
Particulars	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Bank Interest	1.79	1.85	1.10	0.79	2.20
Exchange Fluctuation Gain/(Loss)	5.78	2.93	(1.20)	0.64	0.13
Bad debts recovered	36.75	-	-	-	-
Misc. Income	0.59	0.53	0.01	-	-
Total	44.91	5.31	(0.09)	1.43	2.33

Annexure-16 STANDALONE STATEMENT OF DETAILS OF CONTINGENT LIABILITIES

(Rs. In Lacs)

Particulars	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Guarantees given by the bankers in favour of various parties - none evoked.	55.82	2.15	-	-	-
Letters of credit opened by the Banks in favour of suppliers	72.90	13.06	9.82	-	-
Corporate Guarantees given	1,600.00	1,000.00	-	-	-
Claims against Company not acknowledged	d as debts :				
- UP Value Added Tax and Central Sales Tax	29.68	29.68	13.39	0.79	-
- Customs Duty and penalty thereon	51.94	47.94	42.65	25.58	12.58
Total	1,810.34	1,092.83	65.86	26.37	12.58

Annexure-17

STANDALONE STATEMENT OF DETAILS OF RELATED PARTY TRANSACTIONS

Particulars	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Party where control exists					
Promoters	Mr. Arun D.	Mr. Arun D.	Mr. Arun D.	Mr. Arun D.	Mr. Arun D.
	Khara	Khara	Khara	Khara	Khara
	Mr. Amit A.	Mr. Amit A.	Mr. Amit A.	Mr. Amit A.	Mr. Amit A.
	Khara	Khara	Khara	Khara	Khara
	Mr. Mayur A.	Mr. Mayur A.	Mr. Mayur A.	Mr. Mayur A.	Mr. Mayur A.
	Khara	Khara	Khara	Khara	Khara
Subsidiary Company	Automark Technologies (I) Pvt Ltd	-	-	-	-
Key Managerial Personnel	Mr. Arun D.	Mr. Arun D.	Mr. Arun D.	Mr. Arun D.	Mr. Arun D.
	Khara	Khara	Khara	Khara	Khara
	Mr. Amit A.	Mr. Amit A.	Mr. Amit A.	Mr. Amit A.	Mr. Amit A.
	Khara	Khara	Khara	Khara	Khara
	Mr. Mayur A.	Mr. Mayur A.	Mr. Mayur A.	Mr. Mayur A.	Mr. Mayur A.
	Khara	Khara	Khara	Khara	Khara
	Mrs. Jyotsana	Mrs. Jyotsana A.	Mrs. Jyotsana	Mrs. Jyotsana A.	Mrs. Jyotsana
	A. Khara	Khara	A. Khara	Khara	A. Khara
Relatives of Key Managerial Personnel / Other Related Parties	Ms. Mansi Khara	Ms. Mansi Khara	Ms. Mansi Khara	Ms. Mansi Khara	Ms. Mansi Khara
	Ms. Tejal Khara	Ms. Tejal Khara	Ms. Tejal Khara	Ms. Tejal Khara	Ms. Tejal Khara
	Ms. Shreya	Ms. Shreya	Ms. Shreya	Ms. Shreya	Ms. Shreya
	Khara	Khara	Khara	Khara	Khara
	Ms. Samiksha	Ms. Samiksha	Ms. Samiksha	Ms. Samiksha	Ms. Samiksha
	Khara	Khara	Khara	Khara	Khara
	Ms. Mehak	Ms. Mehak	Ms. Mehak	Ms. Mehak	Ms. Mehak
	Khara	Khara	Khara	Khara	Khara
	Mr. Arun D.	Mr. Arun D.	Mr. Arun D.	Mr. Arun D.	Mr. Arun D.
	Khara (HUF)	Khara (HUF)	Khara (HUF)	Khara (HUF)	Khara (HUF)

I - List of Related Parties

Particulars	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
	Mr. Amit A. Khara (HUF)	Mr. Amit A. Khara (HUF)	Mr. Amit A. Khara (HUF)	Mr. Amit A. Khara (HUF)	Mr. Amit A. Khara (HUF)
	Mr. Mayur A. Khara (HUF)	Mr. Mayur A. Khara (HUF)	Mr. Mayur A. Khara (HUF)	Mr. Mayur A. Khara (HUF)	Mr. Mayur A. Khara (HUF)
Croup Enterprises		Automark Technologies (I) Pvt Ltd	Automark Technologies	Automark Technologies (I) Pvt Ltd	Automark Technologies
Group Enterprises	Demure Dealers Private Limited	Demure Dealers Private Limited	(I) Pvt Ltd		(I) Pvt Ltd
	Gainmore Savings Private Limited	Gainmore Savings Private Limited			
	Ashirwad Real Estate	Ashirwad Real Estate	Ashirwad Real Estate	Ashirwad Real Estate	Ashirwad Real Estate
	II Transactio	ns with Related Pa	arties (Rs. in Lacs)	
REVENUE ITEMS					
Debits (A)					
Purchase of Goods					
Subsidiary	5,113.38				
Group Enterprise		4,126.57	2,994.48	1,899.88	957.59
Payment of Remuneration					
Key Management Personnel Relatives of Key	20.00	26.70	19.80	4.14	4.80
Management Personnel / Other Related Parties	-	3.90	4.26	2.46	2.10
Payment of Rent					
Key Management Personnel	3.70	8.70	8.70	2.90	2.10
Group Enterprises	2.10	2.10	3.00		
Relatives of Key Management Personnel / Other Related Parties	5.40	5.40	2.10	2.10	2.10
Payment of Interest					
Key Management Personnel Relatives of Key Management Personnel / Other Related Parties	5.27	13.15	0.16	6.85	8.67
Group Enterprises	6.68	4.48			
Credits (B)					
Sales					
Subsidiary	86.74				
Group Enterprises		134.43	154.01	2.14	8.32
NON-REVENUE ITEMS		131.13	131.01	2.17	0.52
Debits (A)					

Particulars	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Loans & Advances Repaid					
Key Management Personnel	639.53	379.34	88.40	81.98	17.70
Relatives of Key Management Personnel / Other Related Parties	130.03	36.67			
Group Enterprises	145.73	24.25			71.87
Asset Purchase					
Group Enterprises					48.00
Credits (B)					
Loans & Advances Received					
Key Management Personnel	485.37	513.07	95.70	62.56	50.35
Relatives of Key Management Personnel /	444.00	0.22	24.00		
Other Related Parties	111.89	8.22	24.00		
Group Enterprises	65.70	100.25			10.80
Equity Contribution Allotment of Shares other than Bonus Issue					
Key Management Personnel	365.10				
Relatives of Key Management Personnel / Other Related Parties	100.30				
Group Enterprises	454.60	104.00			

MANAGEMENT DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our audited standalone restated financial statements prepared in accordance with paragraph B of Part II of Schedule II to the Companies Act and SEBI (ICDR) Regulations, including the schedules, annexure and notes thereto and the reports thereon of each of the financial years ended March 31, 2008, 2009, 2010 and 2011 in the chapter titled "Financial Information" on page 150 of the Draft Red Herring Prospectus. The following discussion relates to our Company on a standalone basis, and, unless otherwise stated, is based on our restated financial statements, which have been prepared in accordance with Indian GAAP, the Accounting Standards and other applicable provisions of the Companies Act and the SEBI (ICDR) Regulations. Our fiscal year ends on March 31 of each year so accordingly all references to a particular financial year are to the twelve months ended March 31 of that year.

OVERVIEW OF THE BUSINESS

Our Company was incorporated in Maharashtra as "Automark Traffic Systems Private Limited" on 12th February, 1988 under the Companies Act, 1956 vide Certificate of Incorporation issued by the Registrar of Companies, Maharashtra. For further details in relation to the changes to the name of our Company, please refer to the section titled "Our History and Corporate Structure" beginning on page 117 of this Draft Red Herring Prospectus.

We are engaged into manufacturing of thermoplastic Road Marking materials, primers for application of thermoplastic Road Marking materials on concrete roads, water borne marking paints, Cobralite Retro Reflective Paint.

We are also engaged in to the manufacturing of Road Marking machineries which are used in the application process of Road Marking paints.

We undertake contracting assignments for application of Road Marking paints in major National Highway projects in India. This entire set of activities, completes the value chain by providing the synergy of backward as well as forward integration.

We operate our machinery manufacturing and contracting businesses through the Issuer i.e. Automark Industries (India) Limited ("AIL") and Road Marking paint manufacturing business through our Subsidiary i.e. Automark Technologies (India) Private Limited ("ATPL").

We entered into the world of road safety products by venturing in to works contract related to Road Marking and manufacturing of Road Marking Machineries in the year 1988. In the year 2006, we have expanded our operation by penetration in to manufacturing of thermoplastic Road Marking materials with a production capacity of about 300 MT per month, which gradually increased as demand grew. Currently we are producing 1200 MT per month which utilizes 70 % of our installed production capacity. We are an ISO 9001: 2000 Company certified for all areas of operation.

Our significant businesses, their products, manufacturing facilities and capacity are as follows:

Road Marking Materials: Automark Industries (India) Limited manufactures thermoplastic Road Marking materials through its Subsidiary Automark Technologies (India) Pvt Ltd. We produced 14,572 MT of the thermoplastic material in the year 2010-11 whereas we have an installed capacity of 20,000 MT p.a. We also manufacture water borne paints for roads, highways, runways and kerbs. The manufacturing unit of Road Marking Material is located at Nagpur - Wardha Road, Bothali Village, Nagpur, Maharashtra - 441 108.

Road Marking Machinery: We manufacture the Road Marking Machinery under Automark Industries (India) Limited with its manufacturing facility located at - A-43, MIDC, City: Lohara, Yavatmal, Maharashtra - 445 001. We currently have installed capacity of 20 Machines per annum at our above located unit.

Contracting Applicators of Road Marking: AIL is also into contracting application of the Road Marking material which facilitates us to complete the in house value chain in the Road Marking industry. For application assignments, AIL utilizes in house manufactured machineries as well as imported and indigenous machinery. AIL has already executed more than 40,00,000 Sq. Meters of Road Marking successfully which includes more than 50 projects of the National Highways Authority (NHAI) among others.

THE INDUSTRY OVERVIEW

ROAD INFRASTRUCTURE IN INDIA

The main thrust is to create world-class road infrastructure, with the objective of improving mobility and accessibility while reducing the cost of transportation. The expanded National Highway Development Program, when implemented will bring about a major improvement in the riding quality and capacity of around 46,000 km of arterial roads out of a total of 66,590 km of National Highways, which carry around 40% of the road traffic. Furthermore, it is necessary to significantly up-scale the expressways project determining the alignments, and completing the acquisition of land for 6,000 km within the Eleventh Plan period.

Some of the road sector objectives for the Eleventh Plan

- Develop roads as an integral part of transport system, supplementing other modes, with high priority being accorded to balanced development of road network
- Expedite implementation of enhanced National Highway Development Program.
- Completion of balance work of GQ and North-South and East-West corridors.
- Formulate comprehensive Master Plan for development of 15600 km of access-controlled expressways:
 - ✓ Acquire land for about 6000 km.
 - ✓ Expedite and complete construction of 1000 km.
 - ✓ Connect all district headquarters with two-lane NHs/SHs.
- Focus on proper upkeep and maintenance of the existing road network and on attaining higher maintenance standards for optimum utilization of existing network capacity and preserving road assets already created. Adopt modern management techniques for scientific assessment of maintenance strategies/priorities.
- Ensure road connectivity where rail link is not possible.

(Source: Eleventh Five Year Plan 2007-12, Planning Commission; Volume III)

ROAD MARKING

Road Marking is any kind of device or material that is used on a road surface in order to convey official information. Road surface markings are used on roadways to provide guidance and information to drivers and pedestrians. Road surface markings are mechanical, non-mechanical, or temporary. They can be used to delineate traffic lanes, inform motorists and pedestrians or serve as noise generators when run across a road, or attempt to wake a sleeping driver when installed in the shoulders of a road. Road marking can also indicate regulation for parking and stopping. There is continuous effort to improve the Road Marking system, and technological breakthroughs include adding reflectivity, increasing longevity, and lowering installation cost.

FACTORS AFFECTING OUR FUTURE RESULTS OF OPERATIONS

Our results of operations could potentially be affected by the following factors amongst others:

- Changes in government policies
- Material changes in the duty or international raw material prices may adversely impact our financials.

- Competition from new entrants;
- Dependent upon growth in Road Infrastructure Industry
- Extreme weather conditions

DISCUSSION ON THE RESULTS OF OPERATIONS

Our Company has acquired the Subsidiary i.e. Automark Technologies (India) Private Limited, on 1st October, 2010 by acquiring 100% equity share capital of the company. Therefore this would be the first year of consolidation and the comparative figures for consolidated financials statements of Our Group are not available for previous periods. Brief details of operation of Our Company on consolidated are as under:

Particulars	Amount (Rs. in Lacs)	% of Total Income
Total Income	6,842.15	100.00%
Expenditure (excluding depreciation, interest & tax)	6,313.69	92.28%
Depreciation	19.11	0.28%
Interest & Finance Charges	135.58	1.98%
Net Profit before tax	373.77	5.46%
Taxes	132.38	1.93%
Net Profit after tax	241.40	3.53%
Less: Pre-acquisition Profits transferred to Capital	51.79	
Reserve on Consolidation		0.76%
Net Profit	189.61	2.77%

Result of operations as % of Income

We had recorded the total income of Rs. 6,842.15 Lacs and the expenditure has accounted 92.28 % of total income and represented a total amount of Rs. 6,313.69 Lacs. The depreciation, interest & finance charges have accounted for 0.28 % and 1.98 % of total income respectively and taxes have accounted for 1.93 % of total income. Our Company has recorded a net profit after tax of Rs. 241.40 Lacs during the year ended 31^{st} March, 2011 on consolidated basis. The pre-acquisition Profits of Rs. 51.79 Lacs have been transferred to capital reserve arising on account of consolidation.

The following discussion on the financial operations and performance is based on our restated standalone financial statements for the FY 2010-11, 2009-10, 2008-09 and 2007-08. The same should be read in conjunction with the restated standalone audited financial results of our Company for the years ended 31 March 2011, 2010, 2009 and 2008.

Particulars	31.03.11	31.03.10	31.03.09	31.03.08
Income				
Sales	4,904.63	4,148.07	2,881.05	1,379.59
Increase/ (Decrease) (%)	18.24	43.98	108.83	98.66
Works Contract Receipts	1,591.41	1,652.65	1,347.30	1,024.21
Increase/ (Decrease) (%)	(3.71)	22.66	31.54	64.45
Increase/(Decrease) in Inventories	88.92	55.22	33.53	100.18
Increase/ (Decrease) (%)	61.03	64.68	(66.53)	124.97
Income from operations	6,584.95	5,855.94	4,261.88	2,503.99
Increase/ (Decrease) (%)	12.45	37.40	70.20	83.87
Other Income	44.91	5.31	(0.09)	1.43
Total	6,629.86	5,861.25	4,261.79	2,505.42

Particulars	31.03.11	31.03.10	31.03.09	31.03.08
Expenditure				
Materials Purchased	5,279.02	4,352.12	3,168.65	1,960.05
Increase/ (Decrease) (%)	21.30	37.35	61.66	89.51
Works Contract Expenses	356.94	408.36	389.18	276.89
Increase/ (Decrease) (%)	(12.59)	4.93	40.55	72.92
Labour Charges Paid	147.93	113.43	51.63	-
Increase/ (Decrease) (%)	30.41	119.71	-	-
Trial & Testing Expenses	2.81	4.18	1.43	0.41
Employees Costs	55.80	54.75	34.54	16.79
Increase/ (Decrease) (%)	1.93	58.50	105.71	15.55
Administrative Expenses	386.41	411.57	297.02	150.15
Increase/ (Decrease) (%)	(6.12)	38.57	97.81	46.93
Selling & Distribution Expenses	57.10	247.03	166.59	22.40
Increase/ (Decrease) (%)	(76.88)	48.29	643.83	412.00
Total	6,286.00	5,591.45	4,109.04	2,426.70
Profit before Depreciation, Interest and Tax	343.86	269.80	152.75	78.71
Increase/ (Decrease) (%)	27.45	76.63	94.05	63.09
Depreciation	15.60	12.46	10.59	8.51
Increase/ (Decrease) (%)	25.25	17.67	24.45	14.71
Profit before Interest & Tax	328.25	257.34	142.16	70.21
Increase/ (Decrease) (%)	27.56	81.02	102.48	71.87
Interest & Finance Charges	79.24	60.60	38.94	15.73
Increase/ (Decrease) (%)	30.75	55.62	147.57	17.25
Net Profit before Tax	249.02	196.74	103.22	54.48
Less: Provision for Tax-Current Tax	77.00	68.05	30.22	16.43
Deferred Tax	5.68	2.28	2.07	(0.13)
Fringe Benefit Tax	-	-	3.96	3.70
Net Profit After Tax & Before Extraordinary Items	166.34	176 /1	<u> </u>	34 48
Increase/(Decrease)(%)	31.59	<u>126.41</u> 88.76	66.97 94.23	34.48 114.27
	51.59	00,70	74.23	114.27
Extraordinary Item (Net of Tax)	- 166.34	- 126.41	- 66.97	34 40
Net Profit After Extraordinary Items	100.34	126.41	00.97	34.48

COMPARISON OF FINANCIAL YEAR ENDED 31st MARCH, 2011 WITH FINANCIAL YEAR ENDED 31st MARCH, 2010

Sales: Our sales for the financial year ended 31st March, 2011 was at Rs. 4904.63 Lacs as against the total of Rs. 4148.07 Lacs for the fiscal 2010 with an increase of 18.24% and such increase was attributed to rise in sales of our products due to our continuing marketing efforts.

Work Contract Receipts: Our work contract receipts for the financial year ended 31st March, 2011 was at Rs. 1591.41 Lacs as against the total of Rs. 1652.65 Lacs for the fiscal 2010 with a marginal decline of 3.71%.

Expenditure: Material purchased accounted for 80.17 % of income from operations during the financial year ended 31st March, 2011 at Rs. 5279.02 Lacs as compared to 74.32% of Income from operations at Rs. 4352.12 Lacs for the fiscal 2010. While in the fiscal 2011, works contract, labour charges, trial & testing expense was at Rs. 507.68 Lacs and accounted to 7.71% of Income from operations as compared to 8.98% of Income from operations at Rs. 525.97 Lacs in the fiscal 2010.

The administrative expenses have registered decline of 6.12 % at Rs. 386.41 Lacs in fiscal 2011 as compared to Rs. 411.57 Lacs for the fiscal 2010 due to better cost control and the Personnel Expenses have registered increase of 1.93 % at Rs. 55.80 Lacs in fiscal 2011 as compared to Rs. 54.75 Lacs in fiscal 2010 due to increment policy. The Selling and distribution expenses have registered the decrease of 76.88 % at Rs. 57.10 Lacs as compared to 247.03 Lacs in fiscal 2010.

Depreciation: Depreciation has accounted for Rs. 15.60 Lacs with an increase of 25.25% in fiscal 2011 as compared to Rs.12.46 Lacs in the fiscal 2010. The increase is due to increase in the line of fixed assets in the fiscal 2011.

Interest Charges: The interest cost of Company has registered an increase of 30.75 % for the financial year 2011 at Rs. 79.24 Lacs as against Rs. 60.60 Lacs for the financial year 2010 and such increase is attributed to increased in borrowings of the Company in this fiscal.

Profits after Taxes (PAT): PAT of Company has recorded a jump of 31.59 % with Rs. 166.34 Lacs for fiscal 2011 as against Rs. 126.41 Lacs for fiscal 2010 due to higher base of revenue and optimal utilization of resources.

COMPARISON OF FINANCIAL YEAR ENDED 31st MARCH, 2010 WITH FINANCIAL YEAR ENDED 31st MARCH, 2009

Sales: Our sales for the financial year ended 31st March, 2010 was at Rs. 4148.07 Lacs as against the total of Rs. 2881.05 Lacs for the fiscal 2009 with an increase of 43.98 % and such increase was attributed to rise in sales of products due to our continuing marketing efforts.

Work Contract Receipts: Our work contract receipts for the financial year ended 31st March, 2010 was at Rs. 1652.65 Lacs as against the total of Rs. 1347.30 Lacs for the fiscal 2009 with an increase of 22.66 % since the Company bagged additional orders in Road Marking contracts due to its continuing marketing efforts.

Expenditure: Material purchased accounted for 74.32 % of income from operations during the financial year ended 31st March, 2010 at Rs. 4352.12 Lacs as compared to 74.35% of income from operations at Rs. 3168.65 Lacs for the fiscal 2009. While in the fiscal 2010, works contract, labour charges, trial & testing expense was at Rs. 525.97 Lacs and accounted 8.98% of Income from operations as compared to 10.38% of Income from operations at Rs. 442.24 Lacs in the fiscal 2009. Increase in direct expenditure is on account of increase in income from operations by 37.40% in 2010.

The administrative expenses have registered an increase of 38.57 % at Rs. 411.57 Lacs in fiscal 2010 as compared to Rs. 297.02 Lacs for the fiscal 2009 due increase in office rent, taxes, transportation expenses substantially amongst others. The Personnel Expenses have registered increase of 58.50% at Rs. 54.75 Lacs in fiscal 2010 as compared to Rs. 34.54 Lacs in fiscal 2009 due to increment policy addition to the employee base of the Company. The Selling and distribution expenses have registered an increase of 48.29% at Rs. 247.03 Lacs as compared to 166.59 Lacs in fiscal 2009 in order to boost the sales and work contract orders of the Company.

Depreciation: Depreciation has accounted for Rs. 12.46 Lacs with an increase of 17.67% in fiscal 2010 as compared to Rs. 10.59 Lacs in the fiscal 2009. The increase is due to additions in the line of fixed assets in the fiscal 2010.

Interest Charges: The interest cost of Company has registered increase of 55.62% for the financial year 2010 at Rs. 60.60 Lacs as against Rs. 38.94 Lacs for the financial year 2009 and such increase is attributed to addition in secured and unsecured loans availed by the Company in this fiscal.

Profits after Taxes (PAT): PAT of Company has recorded a jump of 88.76 % with Rs. 126.41 Lacs for fiscal 2010 as against Rs. 66.97 Lacs for fiscal 2009 due to higher base of revenue and optimal utilization of resources.

COMPARISON OF FINANCIAL YEAR ENDED 31st MARCH, 2009 WITH FINANCIAL YEAR ENDED 31st MARCH, 2008

Sales: Our sales for the financial year ended 31st March, 2009 was at Rs. 2881.05 Lacs as against the total of Rs. 1379.59 Lacs for the fiscal 2008 with an increase of 108.83 % and such increase was attributed to rise in sales of products due to our continuing marketing efforts.

Expenditure: The consumption of raw material accounted for 74.35 % of income from operations during the financial year ended 31^{st} March, 2009 at Rs. 3168.65 Lacs as compared to 78.28 % of income from operations at Rs. 1960.05 Lacs for the fiscal 2008. While in the fiscal 2009, works contract, labour charges, trial & testing expense was at Rs. 442.24 Lacs and accounted 10.38 % of Income from operations as compared to 11.07 % of Income from operations at Rs. 277.31 Lacs in the fiscal 2008.

The administrative expenses have registered increase of 97.81 % at Rs. 297.02 Lacs in fiscal 2009 as compared to Rs. 150.15 Lacs for the fiscal 2008 due to increase in office rent, repairs and maintenance, transportation expenses substantially amongst others. The Personnel Expenses have registered an increase of 105.71% at Rs. 34.54 Lacs in fiscal 2009 as compared to Rs. 16.79 Lacs in fiscal 2008 due to increment policy and addition to the employee base of the Company. The Selling and distribution expenses have registered an increase of 643.83 % at Rs. 166.59 Lacs as compared to Rs. 22.40 Lacs in fiscal 2008 which enabled the Company to enhance its income from operations by 70.20 % in fiscal 2009.

Depreciation: Depreciation has accounted for Rs. 10.59 Lacs with an increase of 24.45 % in fiscal 2009 as compared to Rs. 8.51 Lacs in the fiscal 2008. This increase is attributed to net increase in line of fixed assets.

Interest Charges: The interest cost of Company has registered increase of 147.57% for the financial year 2009 at Rs.38.94 Lacs as against Rs. 15.73 Lacs for the financial year 2008 and such rise is attributed to increase in credit facilities availed by the Company.

Profits after Taxes (PAT): PAT of Company has recorded a jump of 94.23 % with Rs. 66.97 Lacs for fiscal 2009 as against Rs. 34.48 Lacs for fiscal 2008 due to higher base of revenue and optimal utilization of resources.

Other Information required as per SEBI Regulations

• Unusual or infrequent events or transactions

There are no unusual or infrequent events or transactions that have significantly affected operations of the Company.

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

There are no significant economic changes that materially affected Company's operations or are likely to affect income from continuing operations. Any slowdown in the growth of Indian economy or future volatility in global commodity prices, could affect the business, including the future financial performance, shareholders' funds and ability to implement strategy and the price of the Equity Shares.

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

Apart from the Risks disclosed under the section titled "Risk Factors" no known trends or uncertainties are envisaged or are expected to have a material adverse impact on sales, revenue or income from continuing operations to Company's knowledge.

• Future changes in relationship between costs and revenues in case of events such as future increase in labour or material cost or prices that will cause material change.

According to our knowledge, there are no future relationship between cost and income that would be expected to have a material adverse impact on our operations and revenues. However Increase in the cost of the products in which the Company deals, will affect the profitability of the Company. Further, the Company is not able to pass on the increase in prices of the product to the customers in full. This can be offset through cost reduction.

• The extent to which material increases in net sales / revenue is due to increase in sales volume, introduction of new products or services or increased sales prices

The increase in revenues is by and large linked to increases in volume of all the activities carried out by the Company.

(Re In Lace)

• Total turnover of each major industry segment in which the Company operated

The Company operates in two Industry Segment bifurcated as business segments as under:

- iii. Works Contract Division &
- iv. Trading Division

Total segment revenue and result of each segment is as under:

			(INS. III Lacs)
	Works Contract	Trading	
Particulars	Division	Division	Total
Segment Revenue	1,591.41	4,904.63	6,496.03
Segment Result	123.18	407.51	530.69

• Status of any publicly announced New Products or Business Segment

The Company has not announced any new products or business segment.

• The extent to which our Company's business is seasonal.

Our business operations may be materially and adversely affected by severe weather conditions, which may require us to evacuate personnel or curtail services resulting in to the temporarily suspension of operations. In addition, such weather may prevent us from delivering materials to our project sites in accordance with contract schedules or generally reduce our productivity. Our operations may also be adversely affected by difficult working conditions and heavy rains during monsoon, which restrict our ability to carry on contracting activities and fully utilize our resources.

• Any significant dependence on a single or few suppliers or customers

Our Company is not under threat of dependence from any single supplier or customer.

• Competitive conditions

The Road Marking industry is highly fragmented and unorganized. However, we have been able to leverage economies of scale to gain an advantage. To further counter competition, we are proposing expansion and full automation of our business activities so as to achieve capacity to serve a larger area, economies of scale and cost competitiveness.

We believe that, in selecting a supplier/contractor, our potential customers often take into account the following factors:

- Accuracy, timeliness and consistency in application of material;
- Service capability, quality and convenience offered by the supplier/contractor;
- Pricing of the products,
- Technology used in the manufacturing and application.

We believe that we compete favorably with our principal competitors in each of these areas. We also believe that our offering of full value chain solutions in the Road Marking industry from manufacturing of Road Marking materials till application of paints provides us with a competitive advantage that enables us to compete on more than price alone.

Three major functions of Road Marking are - Machine Manufacturing, Material Manufacturing & Contracting. We cater to all these functional areas thereby gaining an edge on competition. The strength of Automark's channel partners has led to sales across the country.

SECTION VI: LEGAL AND OTHER INFORMATION OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated herein, there are no outstanding or pending litigation, suits, civil prosecution, criminal proceedings or tax liabilities against our Company, our Directors, our Promoters and Promoter Group and there are no defaults, non-payment of statutory dues, over dues to banks and financial institutions, defaults against bank and financial institutions and there are no outstanding debentures, bonds, fixed deposits or preference shares issued by our Company; no default in creation of full security as per the terms of the issue, no proceedings initiated for economic or 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 I of Schedule XIII of the Companies Act, 1956), and no disciplinary action has been taken by SEBI or any stock exchanges against our Promoters, our Directors or Promoter Group Companies.

A) OUTSTANDING LITIGATION INVOLVING AUTOMARK INDUSTRIES (INDIA) LIMITED:

61	Civil Cases		
SI	Case No. /	Defendant / Respondent	Brief Description of the case and Status
No.	Complaint No.	/ Opposite Party	
1.	Regd. No. CMP 4 /	M/s. Atlanta Limited	Our Company has filed a winding up petition in the
	2011 Dated		High Court of judicature at Bombay, Nagpur Bench,
	15.06.2011		against Atlanta Limited, whereby our Company had
			executed the Road Marking contract against work
			order no. AIL/NH-5/2007 dated 11/12/2007 issued
			by the respondent. The respondent had issued the
			clearance certificate for the work completed.
			Total sum of invoice raised on the respondent was
			Rs. 28,08,326, against which the respondent has
			paid Rs. 11,57,586 only and the balance of Rs.
			15,25,679 plus security deposit of Rs. 125,061
			totaling to Rs. 16,50,740 has not been paid.
			Therefore, our Company has filed the winding up
			petition in the High Court $u/s 433(E)$ & 434 of the
			Companies Act, 1956. The petition is under process
			and shall come up for hearing in normal course.

I. Cases filed by our Company

Civil Cases

Criminal Cases

Sl No.	Case No. / Complaint No.	Defendant / Respondent / Opposite Party	Brief Description of the case and Status
1.	APPLN / 773 /	E Gomti (Wayline Point,	Our Company has filed criminal case under section
	2010	Chennai)	138 of The Negotiable Instruments Act, 1981 for
			return of cheque of dues recoverable for an
			amount of Rs. 4,09,120/-, Final hearing was

SI No.	Case No. / Complaint No.	Defendant / Respondent / Opposite Party	Brief Description of the case and Status
			admitted on 14.12.2010 and the case shall come
			up for hearing in normal course.
2.	APPLN / 774 /	T Gauri (Sabarisah	Our Company has filed criminal case under section
	2010	Roadlines, Chennai)	138 of The Negotiable Instruments Act, 1981 for
			return of cheque of dues recoverable for an
			amount of Rs. 15,89,040/-, Final hearing was
			admitted on 14.12.2010 and the case shall come
			up for hearing in normal course.

II. Cases filed against our Company

Civil proceedings

There are no civil proceedings filed against our Company.

Criminal Proceedings

There are no criminal proceedings filed against our Company.

III. Indirect tax proceedings involving our Company

1. <u>Appeals filed with CESTAT:</u>

SI.	Order No.	Opposite Party	Brief Description of the case and Status
No.	12/CUS/2010-11/C	Commissioner of	Our Company has imported Glass Beads during the fiscals
1.	12/003/2010-11/0	commissioner of	our company has imported diass beads during the riscats
		Customs, Nagpur	2005 to 2010 classifying the same under Customs Tariff
			Sub-heading no. 70181020 under section 46 of the
			Customs Act, 1962. Our Company had declared the goods
			imported as Glass Beads covered under Customs Tariff
			Sub-heading no. 70181020 which do not attract
			Additional Duty of Excise (CVD) leviable $u/s 3(1)$ of the
			Customs Tariff Act, 1975. The Customs officials have
			conducted search at our Company's premises and
			concluded the imported goods as glass microspheres to
			be classified under sub heading 70182000, which is liable
			to Additional Duty of Excise (CVD) and on these grounds
			the Commissioner has passed the order for levy of
			differential duty of Rs. 47,94,271 and imposed a penalty
			of Rs. 400,000 on the Company and interest at the

SI. No.	Order No.	Opposite Party	Brief Description of the case and Status
			appropriate rate at the duty as stated above. Our
			Company has paid Rs. 870,494 as duty under protest and
			preferred an appeal before the Customs, Excise and
			Service Tax Appellate Tribunal, Nagpur, against the
			impugned Order in Original No. 12/CUS/2010-11/C
2.	- as detailed below -	Commissioner of	Glass Beads were imported during Fiscal 2009 by our
		Customs, Nagpur	Company paying Special Additional Duty (SAD) @ 4%. The
			Central Government vide Notification No. 102/2007
			dated September 14, 2007 has notified that an importer
			is eligible to claim refund of 4% SAD paid on imported
			goods. One of the conditions to be complied by the
			importer for being eligible to claim refund is to establish
			that burden of 4% has not been passed to any
			customer/person and the appellant has submitted the
			Chartered Accountant certificate to the effect that the
			burden of duty has not passed to any customer/person.
			Hence, our Company had filed Application for refund
			complying with all the conditions as specified by the
			department. However the department was not satisfied
			and the above said applications were rejected by the
			Assistant Commissioner, ICD, Customs, Ajni, Nagpur. Our
			Company approached the appellate authority for suitable
			remedy. The details of the cases filed are as under:
Sr.	Assistant	Order in Appeal	Opposite Status Amount

Sr. No.	Assistant Commissioner Order No.	Order in Appeal & Year	Opposite Party	Status	Amount involved (Rs. In Lacs)
i.	37/AC/CUS/ICD/2009	SR/103/NGP/2010	Commissioner of Excise, Custom and Service Tax.	This case has been remanded back to the Commissioner Appeals and Commissioner has rejected our contention and the same is again pending at CESTAT	0.25
ii.	38/AC/CUS/ICD/2009	SR/110/NGP/2010	Commissioner of Excise,	All this Three cases are pending at CESTAT and we	0.70

Sr. No.	Assistant Commissioner Order No.	Order in Appeal & Year	Opposite Party	Status	Amount involved (Rs. In Lacs)
			Custom and	have applied for clubbing	
			Service Tax	of all the cases at sr. no i,	
iii.	39/AC/CUS/ICD/2009	SR/111/NGP/2010	Commissioner	ii, iii, & iv as all these	0.90
			of Excise,	bears the same grounds.	
			Custom and		
			Service Tax		
iv.	42/AC/CUS/ICD/2009	SR/112/NGP/2010	Commissioner		1.27
			of Excise,		
			Custom and		
			Service Tax		
۷.	12/AC/CUS/ICD/2010	SR/368/NGP/2010	Commissioner	This case is pending at	0.35
			of Excise,	This case is pending at CESTAT and till date it has	
			Custom and		
			Service Tax	not been heard.	

IV. Litigations involving our Promoter

(i) Proceedings of Civil nature

(a) By the promoter

SI.	Order No. and	Opposite Party	Brief Description of the case and Status
No.	Year		
1.	12/CUS/2010-11/C	Commissioner of	Our Company has imported Glass Beads during the fiscals
		Customs, Nagpur	2005 to 2010 classifying the same under Customs Tariff Sub-
			heading no. 70181020 under section 46 of the Customs Act,
			1962. Our Company had declared the goods imported as
			Glass Beads covered under Customs Tariff Sub-heading no.
			70181020 which do not attract Additional Duty of Excise
			(CVD) leviable u/s 3(1) of the Customs Tariff Act, 1975. The
			Customs officials have conducted search at our Company's
			premises and verified the imported goods as Glass
			Microspheres to be classified under sub heading 70182000,
			which is liable to Additional Duty of Excise (CVD) and on
			these grounds the Commissioner has passed the order
			imposing a penalty of Rs. 200,000 on Mr. Mayur Khara,

SI.	Order No. and	Opposite Party	Brief Description of the case and Status	
No.	Year			
			Managing Director, for mis-declaration of the goods. Our	
			Company has preferred an appeal before the Customs, Excise	
			and Service Tax Appellate Tribunal, Nagpur, against the	
			impugned Order in Original No. 12/CUS/2010-11/C	
2.	13/CUS/2010-11/C	Commissioner of	Our Subsidiary, Automark Technologies (I) Private Limited	
		Customs, Nagpur	has imported Glass Beads during the fiscals 2007 to 2010	
			classifying the same under Customs Tariff Sub-heading no.	
			70181020 under section 46 of the Customs Act, 1962 and had	
			declared the goods imported as Glass Beads covered under	
			Customs Tariff Sub-heading no. 70181020 which do not	
			attract Additional Duty of Excise (CVD) leviable u/s 3(1) of	
			the Customs Tariff Act, 1975. The Customs officials have	
			conducted search at our Subsidiary's premises and verified	
			the imported goods as Glass Microspheres to be classified	
			under sub heading 70182000, which is liable to Additional	
			Duty of Excise (CVD) and on these grounds the Commissioner	
			has passed the order imposing a penalty of Rs. 250,000 on	
			Mr. Mayur Khara, Director, for mis-declaration of the goods.	
			Our Subsidiary has preferred an appeal before the Customs,	
			Excise and Service Tax Appellate Tribunal, Nagpur, against	
			the impugned Order in Original No. 13/CUS/2010-11/C	

(b) Against the promoters

NIL

- (ii) Proceedings of a Criminal nature-
 - (a) By the promoters

NIL

(b) Against the promoters

NIL

- V. Litigations involving Directors of our Company
 - (i) Proceedings of Civil nature
 - (a) By the Directors of our Company

NIL

(b) Against the Directors of our Company

NIL

- (ii) Proceedings of a Criminal nature-
 - (a) By the Directors of our Company

NIL

(b) Against the Directors of our Company

NIL

VI. Litigations involving our Subsidiary / Group Companies

- (i) Proceedings of Civil nature
 - (a) By our Subsidiary / Group Companies

SI.	Order No. and	Opposite Party	Brief Description of the case and Status	
No.	Year			
1.	13/CUS/2010-11/C	Commissioner of	Our Subsidiary, Automark Technologies (I) Private Limited	
		Customs, Nagpur	has imported Glass Beads during the fiscals 2007 to 2010	
			classifying the same under Customs Tariff Sub-heading no.	
			70181020 under section 46 of the Customs Act, 1962. Our	
			Subsidiary had declared the goods imported as Glass Beads	
			covered under Customs Tariff Sub-heading no. 70181020	
			which do not attract Additional Duty of Excise (CVD)	
			leviable u/s 3(1) of the Customs Tariff Act, 1975. The	
			Customs officials have conducted search at our Subsidiary's	
			premises and verified the imported goods as Glass	
			Microspheres to be classified under sub heading 70182000,	
			which is liable to Additional Duty of Excise (CVD) and on	
			these grounds the Commissioner has passed the order for	
			levy of differential duty of Rs. 52,28,169 imposed a penalty	
			of Rs. 400,000 on the company and interest at the	
			appropriate rate at the duty as stated above. Our	
			Subsidiary has paid Rs. 15,35,365 as duty under protest and	
			preferred an appeal before the Customs, Excise and	

SI. No.	Order No. and Year	Opposite Party	Brief Description of the case and Status	
			Service Tax Appellate Tribunal, Nagpur, against the impugned Order in Original No. 13/CUS/2010-11/C	

(b) Against our Subsidiary / Group Companies

NIL

- (ii) Proceedings of a Criminal nature-
 - (a) By our Subsidiary / Group Companies

SI	Case No. /	Defendant / Respondent	Brief Description of the case and Status
No.	Complaint No.	/ Opposite Party	
1.	Summary Criminal	Yogesh Goyal (Proprietor:	Our Subsidiary has filed criminal case under
	Case No. 300687 /	Maa Shakumbara	section 138 of The Negotiable Instruments Act,
	2009	Overseas, New Delhi)	1981 for return of cheque of dues recoverable
			for an amount of Rs. 19,00,000/- and court
			fees 45,000/- and the case shall come up for
			hearing in normal course.

(b) Against our Subsidiary / Group Companies

NIL

MATERIAL DEVELOPMENT

In the opinion of the Board of Directors of our Company, there have not arisen, since the date of the last audited financial statements disclosed in this Draft Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability or value of assets or our ability to pay material liabilities within the next twelve (12) months. 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 listing and trading permission by the Stock Exchanges.

GOVERNMENT & OTHER APPROVALS

We have received all the necessary consents, licenses, permissions and approvals from the government and various government agencies/ private certification bodies for our present businesses and no further approvals are required for carrying on the present businesses except as stated in this Draft Red Herring Prospectus.

For further details in connection with the regulatory and legal framework within which we operate, please refer to the section titled - "Key Industry Regulations And Policies" on page 109 of this Draft Red Herring Prospectus.

Approvals for the Issue

1. The Board of Directors has, pursuant to resolution passed at its meeting held on 06/07/2011, authorised the Issue.

2. The shareholders of our Company have, pursuant to a resolution dated 08/07/2011, authorised the Issue

3. In-principle approval from the National Stock Exchange of India Limited dated [•].

4. In-principle approval from the Bombay Stock Exchange Limited dated [•].

5. SEBI Observation letter no [•] dated [•].

Incorporation Details

1. Certificate of Incorporation No. 11-46196 dated February 12, 1988 issued by Registrar of Companies, Mumbai, Maharashtra.

2. Fresh Certificate of Incorporation on conversion to public limited company dated April 04, 1996 issued by Registrar of Companies, Mumbai, Maharashtra noting change of name from Automark Traffic Systems Private Limited to Automark Traffic Systems Limited

3. Fresh Certificate of Incorporation consequent upon change of name to Automark Industries (India) Limited dated October 1, 1996 issued by Registrar of Companies, Mumbai, Maharashtra noting change of name from Automark Traffic Systems Limited to Automark Industries (India) Limited.

4. Fresh Certificate of Incorporation consequent upon conversion to Private Limited company dated January 23, 2009 issued by Registrar of Companies, Mumbai, Maharashtra noting change of name from Automark Industries (India) Limited to Automark Industries (India) Private Limited.

5. Fresh Certificate of Incorporation consequent upon conversion to Limited company dated 05th July, 2011 issued by Registrar of Companies, Mumbai, Maharashtra noting change of name from Automark Industries (India) Private Limited to Automark Industries (India) Limited.

4. The Company Identification Number (CIN) is U29290MH1988PLC046196.

Corporate Approvals of our Company

1. Permanent Account Number (AABCA5098C) under the Income Tax Act, 1961.

2. Tax Deduction Account Number (NGPA01041F) under the Income Tax Act, 1961.

3. Certificate of Importer- Exporter code under Foreign Trade Policy (IEC no. 0388015144) received from the Jt. Director General of Foreign Trade, Mumbai. The Certificate is valid till cancellation.

4. Certificate of Registration of Logo in class 19 (and Provisional Trade Mark No. 01846361).

Corporate Approvals of our Subsidiary, i.e. Automark Technologies (I) Pvt Ltd

1. Certificate of Incorporation No. 11-135673 dated April 29, 2002 issued by Registrar of Companies, Mumbai, Maharashtra.

- 2. Permanent Account Number (AADCA4932F) under the Income Tax Act, 1961.
- 3. Tax Deduction Account Number (NGPA03653G) under the Income Tax Act, 1961.

4. Other Licenses and approvals of the Issuer

SI No	Nature of License Approval/ certificate	Number of Registration / License	Granting Authority	Valid Upto
1	Form No. I A	Regn. No. PT/R/4/4/2/443	Profession Tax	Valid till
	Registration Certificate in	Dated 25.03.1988	Officer, Yavatmal	cancelled
	respect of Profession Tax			
2	Employees Provident Fund	MH/AKL/110731 dated	Asst. P. F.	Valid till
		15.01.2010	Commissioner, Akola	cancelled
3	From ST-2	Regn. No. AABCA5098CST001	Superintendent of	Valid till
	Registration Certificate in	dated 14.11.2009	Central Excise Service	cancelled
	respect of Service Tax		Tax Cell, Nagpur	
4	Form 102	TIN No. 27360008092V	Sales Tax Officer,	Valid till
	Registration Certificate in	dated 01.10.2006	Yavatmal	cancelled
	respect of Maharashtra Value			
	Added Tax			
5	From B	TIN No. 27360008092C	Sales Tax Officer,	Valid till
	Registration Certificate in	dated 01.10.2009	Yavatmal	cancelled
	respect of Central Sales Tax			
6	From C-I	TIN No. 10128076037	Deputy Commissioner	Valid till
	Registration Certificate in	dated 08.02.2010	of Commercial Taxes,	cancelled
	respect of Bihar Value Added		Patna	
	Tax			
7	Registration Certificate in	Regn. No. 23144105947	Assistant	Valid till
	respect of Central Sales Tax	dated 30.09.2009	Commissioner of Sales	cancelled
			Tax, Bhopal	
8	Form VAT-03	TIN No. 08501664846	Commercial taxes	Valid till
	Registration Certificate in	dated 14.03.2008	officer, Jaipur	cancelled
	respect of Rajasthan Value			

SI No	Nature of License Approval/ certificate	Number of Registration / License	Granting Authority	Valid Upto
	Added Tax			
9	Form B	Regn. No. 08801664846 dated	Commercial Taxes	Valid till
	Registration Certificate in	15.03.2008	Officer, Jaipur	cancelled
	respect of Central Sales Tax			
10	Form VAT 105	TIN No. 28684534760 dated	Commercial Tax	Valid till
	Registration Certificate in	27.02.2009	Officer,	cancelled
	respect of Andhra Pradesh		Hyderabad	
	Value Added Tax			
11	Registration Certificate in	TIN No. 33541324475 dated	Assistant	Valid till
	respect of Tamil Nadu Value	13.03.2009	Commissioner,	cancelled
	Added Tax		Chennai	
12	Registration Certificate	Regn. No. 08483 dated	Inspector	Upto 2011-2012
	establishment under the	08.10.2009		
	Bombay Shops and			
	Establishments Act, 1948			
13	Registration as a Small Scale	Regn. No.	General Manager,	Valid till
	Industrial Unit	11/26/01440/PMT/SSI dated	Industries	cancelled
		25.09.1990	Commissioner,	
			Yavatmal	
14	Form B	Regn. No. 22541404536 dated	Sales Tax Officer,	Valid till
	Registration Certificate under	27.02.2007	Raipur	cancelled
	Central Sales Tax			
15	Form B	Regn. No. 24575203746	Assistant Commercial	Valid till
	Registration Certificate under	dated 30.09.2008	tax commissioner,	cancelled
	Central Sales Tax		Ahmedabad	
16	Form 102	Regn. No. 24075203746 dated	Assistant Commercial	Valid till
	Registration Certificate under	30.09.2008	tax commissioner,	cancelled
	Gujarat Value Added Tax		Ahmedabad	
17	Registration Certificate under	16057/A/0001/UK/En dated	Scheme manager,	31.12.2011
	ISO 9001:2000	22.02.2009	United Registrar of	
			Systems	
18	Pollution Control	NRO/Nagpur/E-25 of 1998/92-	Regional Officer,	30.04.2012
		CC/183/07 dated 20/03/2007	Maharashtra Pollution	
			Control Board, Nagpur	
Approvals to be obtained for the Objects of the Issue-

Sr. No.	Licenses & Approval			
Approv	Approval required for setting up plant for manufacture of thermoplastic Road Marking machines			
1.	Building approval from Gram Panchayat for construction of factory shed in the vicinity of			
	existing factory premises			
2.	Municipal corporation approval seeking permission to construct factory shed			
3.	Approval from Inspector of factory under Factories Act, 1948 for erection of machines and			
	lay out			
Approv	al required for setting up fully automatic thermoplastic manufacturing plant and cold			
paint p	lant through our Subsidiary			
4.	Building approval from Gram Panchayat for construction of factory shed in the vicinity of			
	existing factory premises			
5.	Municipal corporation approval seeking permission to construct factory shed			
6.	Approval from Inspector of factory under Factories Act, 1948 for erection of machines and			
	lay out			
7.	Approval from Pollution Control Board for increased production capacity			

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The shareholders of Automark Industries (India) Limited had approved the present Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, 1956 passed at the Extra Ordinary General Meeting of our Company held on July 8, 2011.

The Board of Directors has authorized a committee of its Directors referred to as the IPO Committee to take decisions on behalf of the Board in relation to the Issue. The IPO Committee has approved and authorized the Draft Red Herring Prospectus pursuant to its resolution dated July 11, 2011, the Red Herring Prospectus pursuant to its resolution dated [•] and the Prospectus pursuant to its resolution dated [•].

Our Board has approved this Draft Red Herring Prospectus at its meeting held on July 11, 2011.

Prohibition by SEBI

The Company, its Promoters, its Directors or any of the Company's Associates or Group Companies and companies with which the Directors of the Company are associated as Directors or Promoters, or Directors or Promoters in control of, of the promoting Company, are currently not prohibited from accessing or operating in the capital market under any order or direction passed by SEBI.

Prohibition by RBI

Our Company, our Promoters, Promoting Companies, their relatives, Group Concerns and Associate Companies have not been detained as willful defaulters by the RBI or any other government authorities.

Eligibility for the Issue

The Company is eligible for the Issue in accordance with Regulation 26 (1) of the SEBI Regulations as explained under the eligibility criteria calculated in accordance with financial statements under Indian GAAP:

- Automark Industries (India) Limited has a net tangible assets of at least Rs. 3 Crores in each of the preceding three full years (of 12 months each), of which not more than 50% is held in monetary assets;
- Automark Industries (India) Limited has a pre-Issue net worth of at least Rs. 1 Crore in each of the three preceding full years (of 12 months each);
- Automark Industries (India) Limited has a track record of distributable profits as per Section 205 of Companies Act , 1956, for at least three out of the immediately preceding five years;
- The proposed Issue size of Automark Industries (India) Limited is not expected to exceed five times of the pre-Issue net worth as per the audited accounts of preceding financial year.;
- Automark Industries (India) Limited has not changed its name during the last one year.*

* The Company has changed its constitution from "Private Limited" to "Limited" vide certificate issued by ROC, Mumbai dated 05th July, 2011 which has not been considered as name change.

The distributable profits as per Section 205 of the Companies Act and net worth for the last five financial years as per the restated standalone financial statements are as under:

Particulars	2011	2010	2009	2008	2007
Net Profit	166.34	126.41	66.97	34.48	16.09
Net Worth	1,600.21	513.87	283.46	167.14	132.66
Net Tangible Assets (a)	2,435.48	1,245.96	660.16	411.64	299.97
Monetary Assets (b)	170.97	64.91	62.34	37.23	29.37
Monetary Assets as a % of Net Tangible Assets	7.02	5.21	9.44	9.04	9.79

(Rs. in Lacs)

Note:

(1) Distributable profits of the Company as per Section 205 of the Companies Act have been calculated from Restated Standalone Financial Statements.

(2) Net worth includes Equity Share Capital and Reserves, (Net of Miscellaneous Expenditure not written off, if any.)

(3) Net tangible assets are defined as sum of Fixed Assets (including capital work in progress and excluding revaluation reserve), trade investments and current assets (excluding deferred tax assets) less current liabilities & Provisions (excluding deferred tax liabilities).

(4) Monetary assets include Cash in hand and deposits with Bank.

The Company satisfies all the eligibility criteria, laid down in regulation 26(1) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. However, the Company is doing a "voluntary book-building issue" wherein the Company proposes to allot up to 50% of the Issue to QIBs (including Anchor Investors) and under-subscription, if any, in the QIB portion will be added back to the Issue to public.

The promoters and the natural persons behind the promoters, the Company, Group Companies, Directors of Automark Industries (India) Limited are not detained as willful defaulters by the RBI/ GOI authorities and there are no violations of securities laws committed by them in the past or pending against them other than those disclosed in this Offer Document.

The promoters and the natural persons behind the promoters, the Company, Group Companies, Directors of Automark Industries (India) Limited are not debarred from SEBI or any other authority from accessing the capital Market.

None of the Directors of Automark Industries (India) Limited is associated with securities market.

No penalty has been imposed by SEBI and other regulatory bodies against the Company, it's Directors, its promoters and companies promoted their Directors.

Automark Industries (India) Limited undertakes that the number of allottees in the Issue shall be at least 1,000. Otherwise, the entire application money shall be refunded forthwith. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

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, COMFORT SECURITIES 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 COMFORT SECURITIES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 11th JULY, 2011 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 MATERIAL 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 ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:

(A) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

(B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

(3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.

(4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.

(5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL 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 REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.

(7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. - NOT APPLICABLE.

(8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.

(9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF 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. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.

(10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE- NOT APPLICABLE AS THE OFFER SIZE IS MORE THAN 10 CRORES, HENCE UNDER SECTION 68B OF THE COMPANIES ACT, 1956, THE EQUITY SHARES ARE TO BE ISSUED IN DEMAT ONLY.

(11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

(12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:

(A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND

(B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.

(13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.

(14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE ,ETC.

(15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

THE FILING OF THE 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."

The Promoters / Directors of Automark Industries (India) Limited, Mr. Arun D. Khara, Mr. Mayur A Khara, Mr. Amit A. Khara, Mr. Dhawal K. Shah, Mr. Amin Hazi Aziz Nagani and Dr. Harish Balkishan Zawar confirms that no information/material likely to have a bearing on the decision of investors in respect of the shares offered in terms of this Draft Red Herring Prospectus has been suppressed withheld and/or incorporated in the manner that would amount to misstatement/misrepresentation and in the event of its transpiring at any point in time till allotment/refund, as the case may be, that any information/material has been suppressed/withheld and/ or amounts to a misstatement/ misrepresentation, the promoters/directors undertake to refund the entire application monies to all subscribers within 7 days thereafter without prejudice to the provisions of section 63 of the Companies Act.

Caution- Disclaimer from the Issuer and the Book Running Lead Manager

The Company, the Directors, and the BRLM accept no responsibility for statements made otherwise than in this DRHP or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone depending on any other source of information, including our website : <u>www.automark-india.com</u> would be doing so at his or her own risk.

The BRLM accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the BRLM and us dated 9th July, 2011 and the Underwriting Agreement to be entered into among the Underwriters and us.

All information shall be made available by us and 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 or at bidding centers etc.

Neither we nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India {including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorized under their constitution to hold and invest in shares, permitted insurance companies and pension funds}. This Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform him or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Nagpur, Maharashtra 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 filed with SEBI for 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 our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause of CRISIL

A copy of this Draft Red Herring Prospectus would be submitted to CRISIL. The Disclaimer clause as intimated by CRISIL to us, post scrutiny of this Draft Red Herring Prospectus shall be included in Red Herring Prospectus prior to Roc filing.

Disclaimer Clause of Bombay Stock Exchange Limited (the Designated Stock Exchange)

"Bombay Stock Exchange Limited ("the Exchange") has given vide its letter no. [•] dated [•] permission to the Company to use the Exchange's name in this Draft Red Herring Prospectus as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this 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 this Draft Red Herring Prospectus; or

ii. Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or

iii. Take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of the Company;

and it should not for any reason be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever".

Disclaimer Clause of National Stock Exchange of India Limited

"As required, a copy of this offer document has been submitted to National Stock Exchange of India Limited (herein after referred to as NSE). NSE has given vide its letter Ref. No. [•] dated [•] permission to the Issuer to use the Exchange's name in this offer document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized the draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document, nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Issuer, its promoters, its management or any scheme or project of the Issuer.

Filing of Prospectus with the Board and the Registrar of Companies

1. A copy of this Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, SEBI Bhavan, Plot No. C-4A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051.

2. A copy of Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the ROC and a copy of the Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration with the ROC, Mumbai, Maharashtra.

Listing

Applications will be made to BSE and NSE for permission to deal in and for an official quotation of the Equity Shares of the Company. BSE shall be the Designated Stock Exchange with which the Basis of Allotment will be finalized.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges mentioned above, the Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of this DRHP. If such money is not repaid within eight (8) days after the Company becomes liable to repay it from the date of refusal or within seven (7) days from the date of Bid/Issue Closing Date, whichever is earlier, then the Company, and every Director of the Company who is an officer in default 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.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven (7) working days of finalization of the Basis of Allotment for the Issue.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, 1956, which is reproduced below:

"Any person who:

Makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or

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 (5) years."

Consents

The written consents of Directors, Company Secretary & Compliance Officer, Book Running Lead Manager to the Issue, Legal Advisor to the Issue, Registrar to the Issue, Auditors and IPO Grading agency to act in their respective capacities have been obtained and will be filed along with a copy of the RHP with the ROC as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Prospectus for registration with the ROC.

M/s. Agrawal & Kedia, Auditors of the Company have also given their consent to the inclusion of their report as appearing hereinafter in the form and context in which appears in this DRHP and also of the tax benefits accruing to the Company and to the members of the Company and such consent and report have not been withdrawn up to the time of signing this DRHP.

Expert Opinion

Except as stated in "Statement of Tax Benefits", the Company has not obtained any expert opinion.

Public Issue Expenses

The Management estimates an expense or Rs. [•] Lacs towards issue expense. The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

No.	Particulars	Amount
		(Rs. In Lakhs)
1.	Fees of Lead Manager, Registrar, Legal Advisor, Auditors, Tax Auditors, etc.	[•]
2.	Printing & Stationery, Distribution, Postage, etc	[•]
3.	Underwriting Commission, Brokerage & Selling Commission	[•]
4.	Advertisement & Marketing Expenses	[•]

No.	Particulars	Amount
		(Rs. In Lakhs)
5.	Other Expenses (incl. Filing Fees, Listing Fees, Depository Charges, etc.)	[•]
6.	IPO Grading Expenses	[•]
7.	Contingencies	[•]
Total		[•]

Details of Fees Payable

Particulars	Amount (Rs. in Lakhs)	% of Total Issue Expenses	% of Total Issue Size
Lead Manager/s to the Issue	[•]	[•]	[•]
Registrar to the Issue	[•]	[•]	[•]
Bankers to the issue	[•]	[•]	[•]
Others	[•]	[•]	[•]
Total	[•]	[•]	[•]

Fees Payable to Book Running Lead Manager/s to the Issue

The total fees payable to the Lead Manager will be as per the Engagement Letters from our Company to the BRLM and Memorandum of Understanding signed with the Lead Manager, copy of which is available for inspection at the Registered Office of our Company.

Fees Payable to the Registrar to the Issue

The fees payable by the Company to the Registrar to the Issue for processing of application, data entry, printing of CAN/ refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding signed with the Company dated 9th July, 2011.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided by the Company to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post/ speed post/ under certificate of posting.

Underwriting commission, brokerage and selling commission

The underwriting commission and the selling commission for the Issue are as set out in the Syndicate Agreement amongst the Company, the BRLM and the Syndicate Member. The underwriting commission shall be paid as set out in the Syndicate Agreement based on the Issue price and the amount underwritten in the manner mentioned on page 52 of this DRHP.

Previous Public or Rights Issue

There have been no public or rights issue by our Company during the last five years.

Commission and Brokerage paid on previous issues of our Equity Shares

Since this is the Initial Public Offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since inception of the Company.

Capital issue during the last three years

Automark Industries (India) Limited and its Group Companies have not made any capital issue during the last three years.

Listed Ventures of Promoters

There are no listed ventures of our Company as on date of filing of this Draft Red Herring Prospectus.

Previous issues of Equity Shares otherwise than for cash

Except as stated in the section titled "Capital Structure" on page 53 of this Draft Red Herring Prospectus, we have not made any previous issues of shares for consideration otherwise than for cash.

Promise vis-à-vis Performance

Neither our Company nor our Promoter Group Companies have made any previous rights or public issues.

Outstanding debentures or bonds and redeemable preference shares and other instruments

There are no outstanding debentures or bonds or redeemable preference shares and other instruments issued by the Company as on the date of this DRHP.

Stock Market Data for our Equity Shares

This being an Initial Public Offering of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange.

Investor grievances and redressal system

The Company has appointed the Registrar to the Issue, to handle the investor grievances in co-ordination with the Compliance Officer of the Company. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of equity shares applied for, amount paid on application and name of bank and branch. The Company would monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

The Registrar to the Issue, namely, Sharepro Services (India) Private Limited, will handle investor's grievances pertaining to the Issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be co-coordinating with the Registrar to the Issue in attending to the grievances to the investor. The Company assures that the Board of Directors in respect of the complaints, if any, to be received shall adhere to the following schedules:

Sr. No.	Nature of Complaint	Time Table
1.	Non-receipt of refund	Within 7 days of receipt of complaint subject to production of satisfactory evidence
2.	Non receipt of share certificate/Demat Credit	Within 7 days of receipt of complaint subject to production of satisfactory evidence
3.	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details.

Redressal of investors' grievance is given top priority by the Company. The Committee oversees redressal of complaints of shareholders/investors and other important investor related matters. The Company has adequate arrangements for redressal of investor complaints as follows:

Share transfer/ dematerialization/ rematerialization are handled by well equipped professionally managed Registrar and Transfer Agent, appointed by the Company in terms of SEBI's direction for appointment of

Common Agency for physical as well as demat shares. The Registrars are constantly monitored and supported by qualified and experienced personnel of the Company.

We have appointed Mr. Abhijit Pashine, Company Secretary as the Compliance Officer and he may be contacted in case of any pre-issue or post-issue problems. He can be contacted at the following address:

Mr. Abhijit Pashine 1st Floor, Saraf Court, Opp. Yashwant Stadium, Dhantoli, Nagpur, Maharashtra, India - 440012; Tel: +91-712-6646683; Fax: +91-712-6603679; E-mail: cs@automark-india.com

Changes in auditors

There has been no change in the auditor of the Company since past three (3) years.

Capitalization of reserves or profits during last five (5) years

Our Company has not capitalized any reserve during last five (5) years except for issue of Bonus Shares as described in Capital Structure on Page 53

Revaluation of assets during the last five (5) years

Our Company has not revalued its assets during the last five (5) years.

SECTION VII: ISSUE RELATED INFORMATION

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, Red Herring Prospectus, the Prospectus, the Bid-cum-Application Form, the Revision Form, the Anchor Investor Confirmation of Allocation Note, the CAN and other terms and conditions as may be incorporated in the Allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares 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, the Stock Exchanges, the Reserve Bank of India, ROC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

AUTHORITY FOR THE ISSUE

Our Board of Directors have, pursuant to resolution passed at its meeting held on 06/07/2011 authorised the Issue subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act. The Shareholders of our Company had approved the present Issue vide a special resolution passed at the Extra Ordinary General Meeting held on 08/07/2011.

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 rights in respect of dividend. The Allottees will be entitled to dividend or any other corporate benefits, if any, declared by the Company after the date of allotment.

MODE OF PAYMENT OF DIVIDEND

The Company shall pay dividends to the shareholders in accordance with the provisions of the Companies Act, the SEBI ICDR Regulations, the Articles of Association and the provision of the Listing Agreements.

FACE VALUE AND ISSUE PRICE

The face value of the Equity Shares is Rs. 10/- each and the Floor Price is Rs. [•] and the Cap Price is Rs. [•] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares subject to the applicable laws.

RIGHTS OF THE EQUITY SHAREHOLDERS

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 annual reports and notices to members;
- 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, 1956 and the Memorandum and Articles of Association of the Company.

MARKET LOT

In terms of Section 68B of the Companies Act, 1956, the Equity Shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI Regulations, the trading in the Equity Shares of the Company shall only be in dematerialized form for all investors. Since trading of our Equity Shares will be in dematerialized mode, the tradable lot is one equity share. Allotment of Equity Shares through this Issue will be done only in electronic form in multiples of one Equity Share subject to a minimum Allotment of [•] Equity Shares.

NOMINATION FACILITY TO INVESTOR

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder(s), may nominate any one person in whom, in the event of death of the sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form available on request at the registered office of the Company or at the registrar and transfer agent of the Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by our 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, our 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 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

Bid/Issue Programme

Bidding Period/Issue Period

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. Bids by Anchor Investors may be submitted to the members of Syndicate or their affiliates. The number of Equity Shares allocated to each Anchor Investor shall be made available in the public domain by the BRLM, before the Bid/Issue Opening Date.

Bids and any revision in Bids shall be accepted only between 10.00 a.m. to 5.00 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form. On the Bid/Issue Closing Date, Bids shall be uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders

and Non- Institutional (ii) until 5.00 p.m. or such extended time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders where the Bid Amount is up to Rs. 2,00,000. 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.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Yavatmal, Maharashtra, India.

MINIMUM SUBSCRIPTION

If we do not receive the minimum subscription of 90% of the Issue to the extent of the amount including devolvement of the members of the Syndicate, if any, within 60 days from the Bid/ Issue Closing Date, 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 as per Section 73 of the Companies Act.

ARRANGEMENTS FOR DISPOSAL OF ODD LOTS

Since the market lot for our Equity Shares will be one, no arrangements for disposal of odd lots are required.

RESTRICTION ON TRANSFER OF SHARES

There are no restrictions on transfers and transmission of shares and on their consolidation/ splitting except as provided in our Articles. See "Main Provisions of our Articles of Association" on page 269 of this Draft Red Herring Prospectus.

Except for the lock-in as detailed in "*Capital Structure*" on page 53, and except as provided in our Articles of Association and as stated below, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of Equity Shares and on their consolidation or splitting except as provided in the Articles of Association. For further details, please refer to "*Main Provisions of our Articles of Association*" on page 269.

The Equity Shares have not been and will not be registered under the U.S. Securities Act 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) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Our Company has not registered and does not intend to register under the U.S. Investment Company Act in reliance upon Section3(c)(7) thereof. Accordingly, the Equity Shares are being offered and sold (i) in the United States only to, and only to U. S. persons that are, "qualified institutional buyers" (as defined in Rule 144A and referred to in this Draft Red Herring Prospectus as "U.S. QIBs"; which, for the avoidance of doubt, does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as "QIBs") that are also "qualified purchasers" (QPs) (as defined in Section 2(a)(51) of the U.S. Investment Company Act and the rules and regulations thereunder) acting for its own account or for the account of another U.S. QIB that is a QP (and meets the other requirements set forth herein), in reliance on the exemption from registration under the U.S. Securities Act provided by Rule 144A or other available exemption and in reliance upon Section 3(c)(7) of the U.S. Investment Company Act and (ii) outside the United States to non-U.S. persons in reliance on Regulation S. Each purchaser of Equity Shares inside the United States or who is a U.S. person will be required to represent and agree, among other things, that such purchaser (i) is a U.S. QIB and a QP; and (ii) will only reoffer, resell, pledge or otherwise transfer the Equity Shares in an "offshore transaction" in accordance with Rule 903 or Rule 904 of Regulation S and under circumstances that will not require our Company to register under the U.S. Investment Company Act. Each purchaser of Equity Shares outside the United States that is not a U.S. person will be required to represent and agree, among other things, that such purchaser is a non-U.S. person acquiring the Equity Shares in an "offshore transaction" in accordance with Regulation S.

ISSUE STRUCTURE

Public Issue of 1,25,00,000 Equity Shares of face value Rs.10/- each for cash by the Company issued at a price of Rs. $[\bullet]$ per Equity Share, aggregating Rs. $[\bullet]$ (hereinafter referred to as the "Issue"). The Issue would constitute 42.60 % of the fully diluted post Issue paid-up capital of the Company. The Issue is being made through the 100 % Book Building Process:

This Issue is being made through a 100 % book building process and the details of the Issue Structure are as follows:

Particulars	QIBs #	Non-Institutional Bidders	Retail individual Bidders
Number of	Up to 62,50,000 Equity	Not less than 18,75,000	Not less than 43,75,000
Equity Shares*	Shares will	Equity Shares shall be	Equity Shares shall be
	be allotted to QIBs	available for allocation	available for allocation
Percentage of	Up to 50% of the Issue (of	Not less than 15% of the	Not less than 35% of the
Issue Size	which 5% shall be reserved	Issue or Issue less allocation	Issue or Issue less
Available for	for Mutual Funds) Mutual	to QIBs and Retail Portion.*	allocation to QIBs and Non-
allocation	Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs Upto 30% of the QIB Portion may be available for allocation to Anchor Investors and one third of the Anchor Investor Portion shall be available for allocation to		Institutional Portion.*
Basis of	domestic Mutual Funds# Proportionate (a) 3,12,500	Proportionate	Proportionate
Allocation if respective category is oversubscribed	Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds ##; and (b) 59,37,500 Equity Shares shall be allotted on a proportionate basis to all QIBs, including Mutual Funds receiving		
	allocation as per (a) above		
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 2,00,000 and in multiples of [•] Equity Shares thereafter	Such number of Equity Shares that the Bid Amount exceeds Rs. 2,00,000 and in multiples of [•] Equity Shares thereafter	[•] Equity Shares and in multiples of [•] Equity Share thereafter.
Maximum Bid	Such number of Equity Shares in multiple of [•] Equity Shares, such that Bid does not exceed the Issue size subject	Such number of Equity Shares in multiple of [•] Equity Shares, such that Bid does not exceed the size of	Such number of Equity Shares in multiple of [•] Equity Shares, so as to ensure that the Bid Amount
	to regulations as applicable	the Net Issue subject to	does not exceed Rs.

Particulars	QIBs #	Non-Institutional Bidders	Retail individual Bidders
	to the Bidder	regulations as applicable to	2,00,000
		the Bidder	
Mode of	Compulsorily in	Compulsorily in	Compulsorily in
Allotment	dematerialized form	dematerialized form	dematerialized form
Bid Lot	[•] Equity Shares and in	[•] Equity Shares and in	[•] Equity Shares and in
	multiples of [•] Equity	multiples of [•] Equity	multiples of [•] Equity
	Shares, thereafter.	Shares, thereafter.	Shares, thereafter.
Allotment Lot	[•] Equity Shares and in	[•] Equity Shares and in	[•] Equity Shares and in
	multiples of [•] Equity	multiples of [•] Equity	multiples of [•] Equity
	Shares, thereafter.	Shares, thereafter.	Shares, thereafter.
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can apply**	Public financial institutions,	Resident Indian	Resident Indian Individuals
	as specified in Section 4A of	individuals, HUFs	(including
	the Companies Act:	(in the name of	HUFs in the name of
	scheduled commercial banks,	Karta), eligible NRI's,	Karta) and eligible NRI's
	mutual funds registered with	companies,	
	SEBI, foreign institutional	corporate bodies, scientific	
	investor and sub-accounts	institutions,	
	registered with SEBI (other	societies and	
	than subaccounts being	trusts, sub account of FII's	
	foreign corporates or foreign	registered with SEBI, which	
	individuals), multilateral and	are Foreign Corporate or	
	bilateral development	Foreign Individuals	
	financial institutions, venture		
	capital funds registered with		
	SEBI, foreign venture capital investors registered with		
	SEBI, state industrial		
	development corporations,		
	permitted insurance		
	companies registered with		
	the Insurance Regulatory and		
	Development Authority,		
	provident funds, (subject to		
	applicable laws) with		
	minimum corpus of Rs. 2500		
	Lacs and pension funds with		
	minimum corpus of Rs. 2500		
	Lacs in accordance with		
	applicable law, 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, insurance funds set		
	up and managed by the		
	Department of Posts, India		
	and insurance funds set up		
	and managed by the army,		
	navy and air force of the		
Torms of	Union of India.	Full Rid Amount shall be	Full Rid Amount shall be
Terms of	Full Bid Amount Shall be	Full Bid Amount shall be	Full Bid Amount shall be

Particulars	QIBs #	Non-Institutional Bidders	Retail individual Bidders
Payment payable by Non Institutional		payable by Non Institutional	payable by Retail Individual
	Bidder at the time of	Bidder at the time of	Bidder at the
	submission of (i) Bid-cum-	submission of (i) Bid-cum-	time of submission of (i) Bid
	Application Form to the	Application Form to the	- cum - Application
	Member of Syndicate (ii)	Member of Syndicate (ii)	Form to the Member of
	submission of ASBA Form to	submission of ASBA Form to	Syndicate. (ii) Submission
	SCSB.	SCSB.	of ASBA Form to SCSB.

* Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any of the above categories would be allowed to be met with spillover inter-se from any of the other categories, at the sole discretion of the Company, the BRLM and subject to applicable provisions of the SEBI Regulations.

** 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 in the same sequence in which they appear in the Bid-cum-Application Form or ASBA Form.

The Company may allocate up to 30 percent of the QIB Portion 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 other Anchor Investors. For further details, please see the section entitled "Issue Procedure" on page 233

If the aggregate demand by Mutual Funds is less than 3,12,500 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund reservation will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

Withdrawal of this Issue

The Company, in consultation with the BRLM, reserves the right not to proceed with the issue after the bidding and if so, the reason thereof shall be given as a public notice within two days of the closure of the issue. The public notice shall be issued in the same newspapers where the pre-issue advertisement had appeared. The Stock Exchanges where the specified securities were proposed to be listed shall also be informed promptly. If the Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an Initial Public Offering of its Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI.

Bidding/Issue Program

BID / ISSUE OPENS ON*: [•]	BID / ISSUE CLOSES ON: [•]

*Our Company may consider participation by Anchor Investors in terms of the SEBI ICDR Regulations. The Anchor Investor Bid/Issue Period shall be one Working Day prior to the Bid/ Issue Opening Date. Bids by Anchor Investors may be submitted to the members of Syndicate or their affiliates. The number of Equity Shares allocated to each Anchor Investor shall be made available in the public domain by the BRLM, before the Bid/ Issue Opening Date.

Bids and any revision in Bids shall be accepted only between 10.00 a.m. to 5.00 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form. On the Bid/Issue Closing Date, Bids shall be uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non- Institutional (ii) until 5.00 p.m. or such extended time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders where the Bid Amount is up to Rs. 2,00,000. 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 the times mentioned above on the Bid/Issue Closing Date. All times is 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 get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Issuer, BRLMs and Syndicate members will not be responsible. Bids will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holidays).

The Company reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI Guidelines provided that the Cap Price is less than or equal to 20% of the Floor Price. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price advertised at least one day before the Bid /Issue Opening Date.

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

ISSUE PROCEDURE

This section applies to all Bidders. All Bidders (except Anchor Investors) can participate in the Issue through the ASBA process. Furthermore, pursuant to SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 non- retail Investors are mandatorily required to utilize the ASBA facility to participate in the Issue. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Bidders are required to make payment of the full Bid Amount with the Bid cum Application Form. In case of ASBA Bidders, an amount equivalent to the full Bid Amount will be blocked by the SCSB at the time of Bidding.

Pursuant to SEBI Circular bearing no. CIR/CFD/DIL/2/2011 dated May 16, 2011 Retail Individual Bidders can Bid at a price net of the Retail Discount (if any) and will be required to indicate the Bid price before adjustments for such Retail Discount, if any.

In respect of QIBs that are Anchor Investors, the issue procedure set out below should be read with, and is qualified by, the paragraphs below relating to Anchor Investors, including without limitation, the section on "Anchor Investor Portion".

Our Company and the BRLM are not liable for any amendments, modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus.

BOOK BUILDING PROCEDURE

Our Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI ICDR Regulations. Further, this Issue is being made through the Book Building Process wherein not more than 50% of the Issue shall be available for allocation to QIBs on a proportionate basis out of which 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% and 35% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively, subject to valid Bids being received at or above the Issue Price. Our Company may allocate up to 30% of the QIB Portion to the Anchor Investors on a discretionary basis at the Anchor Investor Issue Price. One third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion.

Under-subscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange. Any Bidder (other than Anchor Investors) may participate in this Issue through the ASBA process by providing the details of their respective bank accounts / bank account held by a third party (subject to conditions as set forth hereinbelow) in which the corresponding Bid amounts will be blocked by SCSBs. Retail investors are required to submit their Bids through the members of the Syndicate. Non-retail investors are mandatorily required to make use of the ASBA facility. All ASBA Bidders can submit their Bids through the Syndicate (at ASBA Bidding Locations). Pursuant to SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011, the Syndicate/ sub-syndicate members may procure the ASBA Bid cum Application Form from investors in Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda, and Surat and submit the same to the SCSB. Syndicate/ sub-syndicate members are required to upload the bid and other relevant details of the ASBA Bid cum Application Form in the electronic bidding system provided by the Stock Exchanges and forward the same to the SCSBs.

We, in consultation with the BRLM reserve the right to reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bids and the reason for rejection of the

Bid is communicated to the Bidder at the time of rejection of the Bid. In the cases of Non-Institutional Bidders and Retail Individual Bidders, the Company will have a right to reject the Bids only on technical grounds.

Investors should note that Allotment of Equity Shares to all successful Bidders will only be in the dematerialized form. The Bid cum Application Forms which do not have the details of the Bidders' depository accounts shall be treated as incomplete and will be rejected. 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 AND ASBA BID CUM APPLICATION FORM

Retail Bidders shall use only the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. Non- retail Bidders shall use the specified ASBA Bid cum Application Form, indicating the mode of payment option as being "ASBA" obtained from any member of the Syndicate, for the purpose of making a Bid in terms of the Red Herring Prospectus. Before being issued to Bidders, the Bid cum Application Form (except in relation to ASBA Bidders) shall be serially numbered. Bidders (other than ASBA Bidders) are required to submit their Bids through the Syndicate or their affiliates (at ASBA Bidding Locations). Such Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus.

ASBA Bidders including QIBs and Non Institutional Bidders, shall submit the ASBA Bid cum Application Form either in physical or electronic form to the SCSB or to a member of the Syndicate (at ASBA Bidding Locations). (Syndicate / Sub - syndicate members at the ASBA Bidding Locations may procure the ASBA Bid cum Application Form from investors and submit the same to SCSBs) authorizing blocking funds that are available in the bank account specified in the ASBA Bid cum Application Form used by ASBA Bidders (through the internet banking facility available with the SCSBs or such other electronically enabled mechanism for Bidding). The ASBA Bid cum Application Form will also be available on the websites of the BSE and the NSE at least 1 day prior to the Bid/Issue Opening Date and shall bear a unique application number. The BRLM and the SCSBs will provide the hyperlink to BSE or NSE on their websites. Only QIBs can participate in the Anchor Investor Portion and such Anchor Investors cannot submit their Bids through the ASBA process.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the Syndicate will acknowledge the receipt of the Bid complication Forms or Revision Forms by stamping and returning to the Bidder the acknowledgment slip. This acknowledgment slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

The Bid cum Application Form shall contain information about the Bidder and the price and number of Equity Shares that the Bidder wishes to Bid for. Bidders shall have the option to make a maximum of 3 Bids in the Bid cum Application Form and such options shall not be considered multiple Bids. On filing of the Prospectus with the ROC, the Bid cum Application Form or the ASBA Bid cum Application Form, as the case may be, shall be treated as a valid application form. On completion and submission of the Bid cum Application Form or the ASBA Bid cum Application Form, as the case may be, to a member of the Syndicate(at ASBA Bidding Locations) or the SCSB, the Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form/ ASBA Bid cum Application Form as would be required under the SEBI ICDR Regulations and other applicable laws, for filing the Prospectus with the ROC and as would be required by SEBI and/or the ROC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed color of the Bid cum Application Form for various categories is as follows:

Category	Color of Bid-cum- Application Form	Color of ASBA Bid- cum- Application Form*
Resident Indians, Eligible NRIs applying on a non-repatriation basis where the Bid Amount does not exceed Rs. 2 Lacs.	White	White
Resident Indians and Eligible NRIs applying on a non-repatriation basis where the Bid Amount exceeds Rs. 2 Lacs.	Not Applicable	White
Non-Residents and Eligible NRIs applying on a repatriation basis where the Bid Amount does not exceed Rs. 2 Lacs.	Blue	Blue
Non-Residents, Eligible NRIs, FVCIs, Multilateral and bilateral development financial institutions and FIIs applying on a repatriation basis where the Bid Amount exceeds Rs. 2 Lacs.	Not Applicable	Blue

* Bid-Cum-Application Forms for Anchor Investors shall be made available at the offices of the BRLM only

WHO CAN BID

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
- Indian nationals resident in India who are not minors in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the Equity Shares;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this issue;
- Indian Financial Institutions, scheduled commercial banks, regional rural banks, co-operative banks (subject to RBI permission, and the SEBI Regulations, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or a foreign individual under the QIB Portion;
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorised under their constitution to hold and invest in equity shares;
- Scientific and/or Industrial Research Organizations authorised to invest in equity shares;

- Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- Provident Funds with minimum corpus of Rs. 25 Crores and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 25 Crores and who are authorised under their constitution to hold and invest in equity shares;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals, only under the Non Institutional Bidders Category.
- Multilateral and Bilateral Development Financial Institutions;
- 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;
- Insurance funds set up and managed by army, navy or air force of the Union of India
- Limited liability partnership
- Multilateral and Bilateral Development Financial Institutions; and
- All other persons eligible to invest under all applicable laws, rules, regulations and guidelines.

As per the existing regulations, OCBs cannot participate in this Issue.

The information below is given for the benefit of the Bidders. Our Company and the Book Runners do not accept responsibility for the completeness and accuracy of the information stated. Our Company and the Book Runners are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for does not exceed the limits prescribed under laws or regulations.

Participation by associates of the BRLM and the Syndicate Members

The BRLM and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM and Syndicate Members may subscribe for Equity Shares in the Issue, either in the QIB Portion and Non-Institutional Portion where the allotment is on a proportionate basis.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than [•] Equity Shares. Allocation shall be made to Mutual Funds on 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.

As per the current regulations, the following restrictions are applicable for investments by mutual funds.

• No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for

investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

• The Bids made by asset management companies or custodians of Mutual Funds shall clearly indicate the name of the concerned scheme for which Application is being made.

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.

Bids by Eligible NRIs

Bid cum Application Forms have been made available for Eligible NRIs at the registered office of the Company and with members of the Syndicate and the Registrar to the Issue.

Eligible NRI applicants should note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for Resident Indians.

ASBA Bid cum Application Forms is available with the Company at its Registered Address and SCSBs.

Bids by FIIs

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

- The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue paid- up capital. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital of the Company or 5% of the total issued capital, in case such sub-account is a foreign corporate or an individual.
- Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the SEBI (Foreign Institutional Investors) Regulations 1995, as amended, by the SEBI (Foreign Institutional Investors)(Amendment) Regulations, 2008 ("SEBI FII Regulations"), an FII, as defined in the SEBI FII Regulations, or its sub account may issue, deal or hold, off shore derivative instruments (defined under the SEBI FII Regulations, as any instrument, by whatever name called, which is issued overseas by a foreign institutional investor against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. The FII or sub-account is also required to ensure that no further issue or transfer of any offshore derivative instrument issued by it is made to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the underwriters including the BRLM and the Syndicate Members that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue.

Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

As per the current regulations, the following restrictions are applicable for SEBI registered venture capital funds and foreign venture capital investors:

• The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund; a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investor can invest of the venture Capital Investor can invest only up to 33.33% of the funds available for investment by way of subscription to an initial public offer.

The above information is given for the benefit of the Bidders. The Company and the Book Runners are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Bids by Anchor Investors

Our Company may consider participation by Anchor Investors in the QIB Portion for up to 30% of the QIB Portion in accordance with the ICDR Regulations. Only QIBs as defined in Regulation 2(1) (zd) of the SEBI ICDR Regulations and not otherwise excluded pursuant to Schedule XI of the SEBI ICDR Regulations are eligible to invest. The QIB Portion shall be reduced in proportion to the allocation under the Anchor Investor Portion. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. In accordance with the SEBI ICDR Regulations, the key terms for participation in the Anchor Investor Portion are provided below:

(a) Anchor Investors Bid cum Application Forms will be made available for the Anchor Investor Portion at the office of the BRLM only;

(b) 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. In case of a Mutual Fund registered with SEBI, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of Rs. 10 Crores;

(c) One-third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds.

(d) The Bidding for Anchor Investors shall open 1 Working Day before the Bid/Issue Opening Date and shall be completed on the same day.

(e) Our Company, in consultation with the BRLM, shall finalize allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion shall not be less than:

• 2, where the allocation under Anchor Investor Portion is up to Rs. 250 Crores; and

• 5, where the allocation under Anchor Investor Portion is over Rs. 250 Crores.

(f) Allocation to Anchor Investors shall be completed on the Anchor Investor Bidding Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the BRLM before the Bid/Issue Opening Date.

(g) Anchor Investors shall pay the entire Bid Amount at the time of submission of the Bid. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid / Issue Period.

(h) In the event the Issue Price is greater than the Anchor Investor Issue Price, the additional amount being the difference between the Issue Price and the Anchor Investor Issue Price shall be paid by the Anchor Investors by the Pay-in-Date which shall not be later than 2 days from Bid/Issue closing date. In the event the Issue Price is lower than the Anchor Investor Issue Price, the Allotment to Anchor Investors shall be at the higher price *i.e.* the Anchor Investor Issue Price and the excess amount shall not be refunded to Anchor Investors.

(i) The Equity Shares Allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.

(j) None of the BRLM or any person related to the BRLM Promoters, or Promoter Group shall participate in the Anchor Investor Portion. The parameters for selection of the Anchor Investors shall be clearly identified by the BRLM and shall be made available as part of the records of the BRLM for inspection by SEBI.

(k) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.

(l) The payment instruments for payment into the Escrow Account should be drawn in favor of:

- In case of Resident Anchor Investors: "[•]"
- In case of Non-Resident Anchor Investors: "[•]"

Anchor Investors do not have the option of bidding through ASBA process.

Additional details, if any, regarding participation in the Issue under the Anchor Investor Portion shall be disclosed in the advertisement for the Price Band which shall be published by our Company in 1 English national daily newspaper with wide circulation, Hindi national daily newspaper with wide circulation and 1 regional language newspaper, with wide circulation in Mumbai at least 2 Working Days prior to the Bid / Issue Opening Date.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with minimum corpus of Rs. 25 Crores (subject to applicable law) and pension funds with a minimum corpus of Rs. 25 Crores 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 of association and articles of association and/or bye laws must be lodged with the Bid cum Application Form / ASBA 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 therefore.

In addition to the above, certain additional documents are required to be submitted by the following entities:

(a). With respect to Bids by VCFs, FVCIs, FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form or the ASBA Bid cum Application Form, as applicable. Failing this, our Company reserves the right to accept or reject any Bid, in whole or in part, in either case without assigning any reasons thereof.

(b). With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged with the Bid cum Application Form / ASBA Bid cum Application Form as applicable. Failing this, our Company reserves the right to accept or reject any Bid, in whole or in part, in either case without assigning any reasons thereof.

(c). With respect to Bids made by provident funds with minimum corpus of Rs. 25 Crores (subject to applicable law) and pension funds with a minimum corpus of Rs. 25 Crores, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form / ASBA Bid cum Application Form as applicable. Failing this, our Company reserves the right to accept or reject such bid, in whole or in part, in either case without assigning any reasons thereof.

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 / ASBA Bid cum Application Form, subject to such terms and conditions that our Company , the BRLM may deem fit.

Our Company, in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that, for the purpose of printing particulars on the refund order and mailing of the Allotment Advice / CANs / refund orders / letters notifying the unblocking of the bank accounts of ASBA Bidders, the Demographic Details given on the Bid cum Application Form / ASBA Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar to the Issue shall use Demographic Details as given on the Bid cum Application Form / ASBA Bid cum Application Form instead of those obtained from the Depositories.

The above information is given for the benefit of the Bidders. Our Company, its directors, officers, and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus. Our Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated above.

MAXIMUM AND MINIMUM BID SIZE

- (a) For Retail Individual Bidders: The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Share thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 200,000 (net of Retail Discount, if any). In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 200,000 (net of Retail Discount, if any). If the Bid Amount is over Rs. 200,000 due to revision of the Bid or revision of the Price Band or on exercise of the option to be Bid at the Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The option to Bid at the Cut-Off Price is given only to the Retail Individual Bidders, indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- (b) For Other Bidders (Non-Institutional Bidders and QIBs excluding Anchor Investors): The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs.200,000 and in multiples of [•] Equity Shares thereafter. A Bid cannot be submitted for more than the Issue. 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 entire Bid Amount upon submission of the Bid.

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 200,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 200,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allotment under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-Off'.

Non - retail Investors i.e. QIBs and Non Institutional Investors who intend to participate in the Issue are mandatorily required to submit their Bids through the ASBA facility.

For Bidders in the Anchor Investor Portion: The Bid must be for a minimum of such number of Equity Shares in multiples of [•] such that the Bid Amount is at least Rs. 10 Crores. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids. A Bid cannot be submitted for more than 30% of the QIB Portion. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid / Issue Period. Payments made upon any revision of Bids shall be adjusted against the payment made at the time of the original Bid or the previously revised Bid. Anchor Investors are not allowed to subscribe through the ASBA Process. Payments made upon any revision of Bids shall be adjusted against the payment made at the time of the original Bid or the original Bid or the previously revised Bid.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus.

Information for the Bidder:

a) The Red Herring Prospectus will be filed by the Company with the RoC at least three days before the Bid Opening Date.

b) Copies of the Bid cum Application Form and the ASBA Bid cum Application Form, as also the Red Herring Prospectus will be available with the members of the Syndicate. For ASBA Bidders, Bid cum Application Forms will be available on the websites of the BSE and the NSE and the Designated Branches of the SCSBs.

c) Our Company, and the BRLM shall declare the Bid Opening Date and Bid Closing Date at the time of filing of the Red Herring Prospectus with the RoC and the same shall also be published in three newspapers (one in English and one in Hindi) and one in regional newspaper.

d) The Members of the Syndicate shall accept Bids from the Bidder during the Bidding Period in accordance with the terms of the Syndicate Agreement.

e) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from our Registered Office or from any of the members of the Syndicate.

f) Eligible Bidders who are interested in Bidding for the Equity Shares should approach the BRLM or the Syndicate Members or their authorized agent(s) to register their Bids. Eligible Bidders can approach the members of the Syndicate or their authorised agent(s) to submit their Bids under the ASBA process. It may be noted that QIBs and Non Institutional Investors are mandatorily required to submit their Bids through the ASBA facility, in order to participate in the Issue.

g) The Bids should be submitted on the prescribed Bid cum Application Form or the prescribed ASBA Bid cum Application Form only, as the case may be. Bids by ASBA Bidders shall be accepted by the members of the Syndicate (at the ASBA Bidding Locations) and Designated Branches of SCSBs in accordance with the SEBI ICDR Regulations and any other circulars issued by SEBI in this regard. Bid cum Application Forms or ASBA Bid cum Application Forms should bear the stamp of the members of the Syndicate or Designated Branch. Bid cum Application Forms or ASBA Bid cum Application Forms (except electronic ASBA Bid cum Application Forms), which do not bear the stamp of a member of the Syndicate or the Designated Branch, are liable to be rejected.

h) With effect from August 16, 2010, the demat accounts of Bidders for whom PAN details have not been verified excluding (i) persons resident in the state of Sikkim; (ii) the Central or State Governments and the (iii) officials appointed by the courts, who, may be exempted from specifying their PAN for transacting in the securities market, shall be "suspended for credit" and no credit of Equity Shares pursuant to the Issue will be made into the accounts of such Bidders.

ASBA Bidders

It may be noted that with effect from May 01, 2011, non - retail Bidders i.e. QIBs and Non Institutional Investors shall mandatorily utilize the ASBA facility to submit their Bids.

- (a) Copies of ASBA Bid cum Application Forms will be available for downloading and printing, from the websites of the Stock Exchanges (which provide electronic interface for ASBA facility) at least 1 day prior to the Bid / Issue Opening Date. A unique application number will be generated for every ASBA Bid cum Application Form downloaded and printed from the websites of the Stock Exchanges. The BRLM and the SCSBs will provide the hyperlink to the BSE or the NSE on their websites.
- (b) The BRLM shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and ASBA Bid cum Application Forms to the members of the Syndicate and the SCSBs. The members of the Syndicate and the SCSBs will then make available such copies to non- retail Investors

who are required to apply in this Issue through the ASBA process and retail Investors intending to apply in this Issue through the ASBA process. Additionally, the BRLM shall ensure that the members of the Syndicate and the SCSBs are provided with soft copies of the abridged prospectus as well as the ASBA Bid cum Application Forms and that the same are made available on the websites of the SCSBs.

- (c) ASBA Bidders, under the ASBA process, who wish to obtain the Red Herring Prospectus and/or the ASBA Bid cum Application Form can obtain such documents from the Designated Branches of the SCSBs, BRLM or members of the Syndicate/ sub-syndicate members located at the ASBA Bidding Locations. ASBA Bidders can also obtain a copy of the abridged prospectus and/or the ASBA Bid cum Application Form in electronic form from the websites of the SCSBs and the Stock Exchanges.
- (d) The Bids should be submitted on the prescribed ASBA Bid cum Application Form either in physical mode or in electronic mode through the internet banking facility offered by an SCSB for bidding and blocking funds in the bank account maintained with the SCSB specified in the ASBA Bid cum Application Form. ASBA Bidders at ASBA Bidding Locations may also submit the ASBA Bid cum Application Form to the Syndicate/ sub-syndicate members. The Syndicate/ sub-syndicate members are required to upload the bid and other relevant details of the ASBA Bid cum Application Form in the electronic bidding system provided by the stock exchanges and forward the same to the SCSBs.
- (e) The ASBA Bid cum Application Forms should bear the stamp of a member of the Syndicate and/or the Designated Branch of the SCSB. ASBA Bid cum Application Forms which do not bear the stamp of a member of the Syndicate and/or an SCSB will be rejected.
- (f) ASBA Bidders shall correctly mention the bank account number in the ASBA Bid cum Application Form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the applicable Designated Branch or members of the Syndicate/ sub-syndicate members in Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda, and Surat. In case the amount available in the bank account specified in the ASBA Bid cum Application Form is insufficient for blocking the amount equivalent to the Bid Amount, the SCSB shall reject the Bid.
- (g) If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the account holder as provided in the ASBA Bid cum Application Form.

Bidders may note that in case the details of DP ID, Client ID and PAN mentioned in the ASBA Bid cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members do not match with the details of DP ID, Client ID and PAN available in the Depository database, the ASBA Bid cum Application Form, is liable to be rejected.

METHOD AND PROCESS OF BIDDING

a) Our Company, and the BRLM shall declare the Bid Opening Date and Bid Closing Date 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 one regional newspaper with wide circulation. This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XIII of the SEBI Regulations.

b) The Price Band and the minimum Bid lot size for the Issue is decided by our Company in consultation with the BRLM, and advertised in two widely circulated national newspapers (one each in English and Hindi) and one regional newspaper with wide circulation, at least two Working Days prior to the Bid Opening Date. The BRLM and the Syndicate Members shall accept Bids from Bidders during the Bidding Period in accordance with the terms of the Syndicate Agreement.

c) The Members of the Syndicate shall accept Bids from all the other Bidders and shall have the right to vet the Bids, during the Bidding Period in accordance with the terms of the Syndicate Agreement and Red Herring Prospectus.

d) The Bidding Period shall be for a minimum of three Working Days and not exceeding 10 Working Days (including the days for which the Bid/Issue is open in case of revision in Price Band). In case the Price Band is revised, the revised Price Band and the Bidding Period will be published in two widely circulated national newspapers (one each in English and Hindi) and one regional newspaper with wide circulation.

e) Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices (for details see "Bids at Different Price Levels" below, 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/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.

f) 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 Applications and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or 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 "Bids and Revision of Bids" on page 249.

g) 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.

h) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled "Terms of Payment for Retail Individual Bidders other than ASBA Bidders and Payment into Escrow Account" on page 246.

i) The BRLM shall accept Bids from the Anchor Investors on the Anchor Investor Bid /Issue Period, i.e. 1 Working Day prior to the Bid / Issue Opening Date. Bidders, except Anchor Investors, who are interested in subscribing to the Equity Shares, should approach any of the members of the Syndicate, their authorized agents (at ASBA Bidding Locations) or SCSBs to register their Bids, during the Bid / Issue Period. The members of the Syndicate shall accept Bids from the all Bidders and shall have the right to vet the Bids, during the Bid / Issue Period in accordance with the terms of the Syndicate Agreement and the Red Herring Prospectus. QIB and Non Institutional Bidders must necessarily use the ASBA process and Bidders using the ASBA facility to submit their Bids should approach the Syndicate members (at ASBA Bidding Locations) or Designated Branches of the SCSBs to register their Bids. ASBA Bidders are required to submit their Bids either in physical or electronic mode to SCSBs or to the Syndicate/ sub-syndicate members (at ASBA Bidding Locations). ASBA Bidders submitting their Bids in electronic form should submit their Bids using the internet enabled bidding and banking facility of the SCSBs for bidding and blocking funds in the accounts of the bank account maintained with the SCSB specified in the ASBA Bid cum Application Form, and accordingly registering such Bids. Every Designated Branch of the SCSBs shall accept Bids from all such investors who wish to place Bids through them and the account in which funds are to be blocked is maintained with them. Such SCSBs shall have the right to vet the Bids, subject to the terms of the SEBI ICDR Regulations and the Red Herring Prospectus. The Designated Branches of the SCSBs shall provide to the ASBA Bidders an acknowledgment specifying the application number as proof of acceptance of the ASBA Bid cum Application Form. Such acknowledgment does not in any manner guarantee that the Equity Shares Bid for shall be allocated to the ASBA Bidders. Upon receipt of the ASBA Bid cum Application Form, submitted in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as specified in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges ASBA Bidders at ASBA Bidding Locations may also submit the ASBA Bid cum Application Form to the Syndicate/ sub-syndicate members. Each such Syndicate/ sub-syndicate member shall provide to the ASBA Bidders an acknowledgement as proof of acceptance of the ASBA Bid cum Application Form. The Syndicate/sub-syndicate members are required to upload the bid and other relevant details of the ASBA Bid cum Application Form in the electronic bidding system provided by the stock exchanges and forward the same to the SCSBs.

i) The identity of QIB Bidders shall not be made public.

BIDS AT DIFFERENT PRICE LEVELS

a) The Price Band has been fixed at Rs. [•] to Rs. [•] per Equity Share of Rs. 10 each, Rs. [•] being the Floor Price and Rs. [•] being the Cap Price. The Price Band and the minimum bid lot is decided by the Company in consultation with the BRLM and will be published in two widely circulated national newspapers (one each in English and Hindi) and one regional newspaper with wide circulation at least two (2) working days prior to the Bid Opening Date. The Bidders can Bid at any price within the Price Band, in multiples of Re. one.

b) Our Company in consultation with the BRLM reserves the right to revise the Price Band, during the Bidding Period, in accordance with the SEBI Regulations provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on either side i.e. Floor Price can move up and down to the extent of 20% of the Floor Price as disclosed in the Red Herring Prospectus.

c) In case of revision in the Price Band, the Bidding Period will be extended for at least three working days subject to total Bidding Period of a maximum of 10 Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Stock Exchanges and SCSB, by issuing a public notice in two widely circulated national newspapers (one each in English and Hindi) and one regional newspaper with wide circulation, and also by indicating the change on the websites of the BRLM and at the terminals of the Syndicate Members.

d) Our Company in consultation with the BRLM can finalize the Issue Price within the Price Band in accordance with this clause, without the prior approval of or intimation to the Bidders.

e) 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. 200,000 may Bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB or Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.

f) Retail Individual Bidders who Bid at the Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price in the Escrow Account(s). In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut-off Price (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), such Bidders shall receive the refund of the excess amounts from the Escrow Account(s).

g) 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 revised Cap Price (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 200,000 for Retail Individual Bidders bidding at the Cut-off Price, if the Bidder wants to continue to Bid at Cut-off Price), with the Syndicate Members to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 200,000 for Retail Individual Bidders bidding at the Cut-off Price, if the Non-Institutional Bidders bidding at the Cut-off Price the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the Cap Price prior to revision, the number of Equity Shares Bid

for shall be adjusted downwards for the purpose of Allotment, such that the no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

h) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account(s).

i) In the event of any revision in the Price Band, whether upwards or downwards, the minimum Application size shall remain $[\bullet]$ Equity Shares irrespective of whether the Bid Amount payable on such minimum Application is not in the range of Rs. 5,000 to Rs. 7,000.

j) When a Bidder has revised 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 Bidder's responsibility to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

Submission of Bid cum Application Form

All bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. With respect to ASBA Bidders, the ASBA Bid cum Application Form or the ASBA Revision Form shall be submitted to the Designated Branches of the SCSBs / members of the Syndicate (at ASBA Bidding Locations). No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate or the SCSB, as the case may be, 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.

PAYMENT INSTRUCTIONS

Escrow Mechanism for Retail individual Bidders other than ASBA Bidders Pursuant to SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 non- retail Investors are mandatorily required to utilize the ASBA facility to participate in the Issue.

Our Company and the Syndicate shall open Escrow Accounts with one or more Escrow Collection Bank(s) 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 Retail individual Bidders would be deposited in the relevant Escrow Account. The Escrow Collection Banks will act in terms of the Red Herring Prospectus, the Prospectus and the Escrow Agreement. The Escrow Collection Banks for and on behalf of the Bidders shall maintain the monies in the Escrow Account(s) until the Designated Date. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account are per the terms of the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Syndicate, the Escrow Collection Banks and the Registrar to the Issue to facilitate collections from the Bidders.

TERMS OF PAYMENT FOR RETAIL INDIVIDUAL BIDDERS OTHER THAN ASBA BIDDERS AND PAYMENT INTO ESCROW ACCOUNT

Each Retail individual Bidder who does not utilize the ASBA facility shall pay the full Bid Amount (net of Retail Discount, if any) at the time of the submission of the Bid cum Application Form, and shall, along with the submission of the Bid cum Application Form, draw a cheque or demand draft in favor of the relevant Escrow Account of the Escrow Collection Bank(s) (see "Payment in Escrow Account" below), and submit such cheque or demand draft to the member of the Syndicate to whom the Bid is being submitted. Retail individual Bidders may also provide the entire Bid Amount by way of an electronic transfer of funds. Bid cum Application Forms accompanied by cash/stockinvest/money order/postal order shall not be accepted.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Retail individual Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account. The balance amount after transfer to the Public Issue Account of our Company shall be transferred to the Refund Account on the Designated Date. No later than 12 Working Days from the Bid / Issue Closing Date, the Escrow Collection Bank(s) shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment, to the Bidders.

Where the Retail individual Bidder has been allotted a lesser number of Equity Shares than he or she had Bid for, the excess amount paid on Bidding, if any, after adjustment for Allotment, will be refunded to such Bidder within 12 Working Days from the Bid / Issue Closing Date, failing which our Company shall pay interest according to the provisions of the Companies Act for any delay of more than 8 days after the day on which our Company becomes liable or 15 days from the Bid / Issue Closing Date, whichever is earlier.

Payment into Escrow Accounts

- (a) All Retail individual Bidders who are not Bidding through ASBA facility would be required to pay the entire Bid Amount at the time of the submission of the Bid cum Application Form.
- (b) The Retail individual Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the entire Bid Amount in favour of the Escrow Account(s) and submit the same to the member of the Syndicate. If the payment is not made favoring the Escrow Account along with the Bid cum Application Form, the Bid shall be rejected. Bid cum Application Forms accompanied by cash, stockinvest, money order or postal order shall not be accepted.
- (c) The payment instruments for payment into the Escrow Account(s) should be drawn in favour of:
 - a. In case of Resident Retail Bidders: [•]
 - b. In case of Non-Resident Retail Bidders: [•]
- (d) In the event of Issue Price being higher than the price at which allocation is made to Anchor Investors, the Anchor Investors shall be required to pay such additional amount to the extent of shortfall between the price at which allocation is made to them and the Issue Price within 2 Working Days of the Bid /Issue Closing Date. If the Issue Price is lower than the price at which allocation is made to Anchor Investors, the amount in excess of the Issue Price paid by Anchor Investors shall not be refunded to them.
- (e) Our Company in consultation with the BRLM, in their absolute discretion, shall decide the list of Anchor Investors to whom the provisional CAN or CAN shall be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names shall be notified to such Anchor Investors. The payment instruments for payment into the Escrow Account(s) should be drawn in favour of:
 - a. In case of resident Anchor Investors: [•]
 - b. In case of non-resident Anchor Investors: [•]
- (f) In case of Bids by Eligible Retail individual 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 NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in

India, along with documentary evidence in support of the remittance. Payment will not be accepted out of NRO Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting an NRE Account or FCNR Account.

- (g) In case of Bids by Eligible Retail individual 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 NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a NRO Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account. In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
- (h) The monies deposited in the Escrow Account(s) will be held for the benefit of the Bidders until the Designated Date.
- (i) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account(s) as per the terms of the Escrow Agreement and the Red Herring Prospectus into the Public Issue Account and the surplus amount shall be transferred to the Refund Account.
- (j) Within 12 Days from the Bid/Issue Closing Date, the Registrar to the Issue shall dispatch all refund amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/Allotment to the Bidders.
- (k) Payments should be made by cheque, or demand draft 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 centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash, stockinvest, money orders or postal orders will not be accepted.
- (l) In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Banks, such Bids are liable to be rejected.
- (m) Bidders are advised to mention the number of the Bid cum Application Form on the reverse of the cheque/demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.

Payment mechanism for ASBA Bidders

Pursuant to SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 non- retail Investors are mandatorily required to utilize the ASBA facility to participate in the Issue

ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form which is to be submitted to the Syndicate member. The Syndicate member shall in turn forward the ASBA Bid cum Application Form to the SCSB for processing and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal / rejection of the ASBA Bid or receipt of instructions from the Registrar to unblock the Bid Amount. In the event of withdrawal or rejection of the ASBA Bid cum Application Form, failure of the Issue or for unsuccessful ASBA Bid cum Application Forms, the Registrar shall give instructions to the SCSB to unblock the Bid Amount in the relevant bank account and the SCSBs shall unblock the Bid Amount on receipt of such instruction. The Bid Amount shall remain blocked in the ASBA Account until finalization of the Basis of Allotment and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal /failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Upon completing and submitting the ASBA Form to the Designated Branch or the Syndicate / Sub - syndicate Member, (at the ASBA Bidding Location) whether in physical or electronic mode, the ASBA

Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus 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 ASBA Bidders.

Upon submission of an ASBA Bid cum Application Form with the SCSB or the Syndicate / Sub - syndicate Member, (at the ASBA Bidding Location)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 to block such Bid Amount in the ASBA Account. An ASBA Bid cum Application Form should not be accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account.

After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form until the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Accounts, in accordance with the SEBI ICDR Regulations, into the Public Issue Account. The balance amount, if any, against any Bid in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

Pursuant to SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011 (i) Non-Institutional Bidders and QIB Bidders are required to mandatorily apply through ASBA, and (ii) the syndicate/ sub-syndicate members may procure the ASBA Bid cum Application Form from the investors in Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda, and Surat and submit it to the SCSB. Syndicate/ sub-syndicate members are required to upload the bid and other relevant details of the ASBA Bid cum Application Form in the electronic bidding system provided by the stock exchanges and forward the same to the SCSBs.

Payment by Stockinvest

Under the terms of the RBI Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use stockinvest instruments in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Accordingly, payment through stockinvest will not be accepted in the Issue.

ELECTRONIC REGISTRATION OF BIDS

- 1. The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least 1 on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.
- 2. 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 authorised agents during the Bidding/Issue Period. The members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges.
- 3. The aggregate demand and price for Bids registered on the electronic facilities of the BSE and the NSE will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centers and the website of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centers during the Bidding/ Issue Period.
- 4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

- Name of the investor
- Investor category Individual, Corporate, Eligible NRI, FII or Mutual Fund, QIBs, etc;
- Number of Equity Shares Bid for;
- Bid price;
- Bid-cum-Application Form number;
- Whether Margin Amount has been paid upon submission of Bid-cum-Application Form;
- Depository Participant Identification Number and Client Identification Number of the beneficiary account of the Bidder
- 5. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated / allotted either by the members of the Syndicate or our Company.
- 6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- 7. In case of QIB bidders, members of the syndicate also have the right to accept the bid or reject 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 who Bid, Bids would not be rejected except on the technical grounds listed on page 255 of this Draft Red Herring Prospectus.
- 8. 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, and/or the BRLM are cleared or approved by the Stock Exchanges; 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 Promoter, our management or any scheme or project of our Company.
- 9. It is also to be distinctly understood that the approval given by the Stock Exchanges should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and the NSE.
- 10. 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 the BSE or the NSE and the members of the Syndicate, the decision of the BRLM based on the physical records of the Bid cum Application Forms shall be final and binding on all concerned.

BIDS AND REVISIONS OF BIDS

Bids and revisions of Bids must be:

- 1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.
- 2. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
- 3. For Retail Individual Bidders, the Bid must be for a minimum of [•] Equity Shares and in multiples of [•] thereafter subject to a maximum Bid Amount of Rs. 200,000.
- 4. For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs.200,000 and in multiples of [•] Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that

a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.

- 5. Bids by NRIs for a Bid Price of up to Rs. 200,000 would be considered under the Retail Portion for the purpose of allocation and Bids for a Bid Price of more than Rs. 200,000 would be considered under Non-Institutional Portion for the purpose of allocation.
- 6. Bids by other eligible Non Resident Bidders for a minimum of such number of Equity Shares and in multiples of [•] Equity Shares thereafter that the Bid Price exceeds Rs. 200,000.
- 7. Bids by Non Residents, NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis shall be in the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms and partnerships, foreign nationals (excluding NRIs) or their nominees.
- 8. In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- 9. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
- 10. Revision option is not available to ASBA investor.

GENERAL INSTRUCTIONS

DO's:

- 1. Check if you are eligible to apply;
- 2. Read all the instructions carefully and complete the Resident Bid cum Application Form (White in color), the Non-Resident Bid cum Application Form (Blue in color), Resident ASBA Bid cum Application Form (White in color), the Non-Resident ASBA Bid cum Application Form (Blue in color) as applicable;
- 3. Ensure that the Bids are submitted at the Bidding centers only on forms bearing the stamp of a member of the Syndicate or the SCSB in case of ASBA Bidders (except in case of electronic ASBA Bid cum Application Forms); In case you are a Bidder other than an ASBA Bidder, ensure that your Bid is submitted at the bidding center only on a form bearing the stamp of a member of the Syndicate. In case you are an ASBA Bidder, the Bid should be submitted to a Designated Branch of an SCSB / Syndicate member (at ASBA Bidding Locations), with which the ASBA Bidder or a person whose bank account will be utilized by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue or collecting banks (assuming that such collecting banks are not SCSBs), our Company or the Registrar. With respect to ASBA Bids, ensure that you use the ASBA Bid cum Application Form specified for this purpose, and that such 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 number in the ASBA Bid cum Application Form.
- 4. Read all the instructions carefully and complete the Resident Bid cum Application Form (White in color) or Non-Resident Bid cum Application Form (Blue in color);
- 5. Ensure that the full Bid Amount is paid for Bids submitted to the members of the Syndicate and funds equivalent to the Bid Amount are blocked by the SCSBs in case of Bids submitted through the ASBA process;
- 6. Retail Individual Bidders must ensure that the Retail Discount (if any) is accurately deducted from the Bid Amount to derive the difference in Bidding price;
- 7. Ensure that the details about Depository Participant and beneficiary account are correct as allotment of Equity Shares will be in the dematerialized form only;
- 8. Ensure that you have funds equal to the Bid Amount in your ASBA bank account of the respective Designated Branch of the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of SCSB / Syndicate member (at ASBA Bidding Locations);
- 9. Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.
- 10. Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate;
- 11. Ensure that you have been given a TRS for all your Bid options;
- 12. Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- 13. Ensure that the Bid is within the Price Band;
- 14. Each of the bidders, should mention his/her Permanent Account Number (PAN) allotted under the IT Act;
- 15. Ensure that Demographic details (as defined herein below) are updated true and correct in all respects.

DON'Ts:

- 1. Do not Bid for lower than the minimum Bid size;
- 2. For Bidders other than ASBA Bidders, do not submit a Bid without payment of the entire Bid Amount. In case you are an ASBA Bidder, do not Bid on another ASBA Bid cum Application Form or Bid cum Application Form after you have submitted a Bid to a Designated Branch of an SCSB or a Syndicate Member;
- 3. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;
- 4. Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- 5. Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest;
- 6. Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;
- 7. Do not Bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders);
- 8. Do not Bid for such number of Equity Shares that exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- 9. Do not submit the Bid without the applicable Margin Amount;
- 10. Do not Bid for amount exceeding Rs. 200,000 in case of a Bid by Retail Individual Bidders.

11. Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

Instructions for Completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and / or Revision Forms from the members of the Syndicate of the Registered Office of the Company.

BIDDER'S DEPOSITORY ACCOUNT & BANK ACCOUNT DETAILS

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as "Demographic Details"). Since the Issue is being made entirely in the dematerialized form, the Bank Account details used for giving refunds to the Bidders to whom an electronic refund is being made will also be taken from the data provided by such Bidder to the Depository Participant. 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/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLM or the Registrar or the Escrow Collection Banks nor the Bank shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN 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.

These Demographic details would be used for all correspondence with the Bidders including mailing of the CANs/Allotment Advice and printing of Bank particulars on the refund orders. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid cum Application Form, the 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.

In case of Bidders not receiving refunds through electronic transfer of funds, 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 Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Bank, 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 pay any interest for such delay. In case of Bidders receiving refunds through electronic modes, Bidders may note that refunds may get delayed if Bank particulars obtained from the Depository Participant are incorrect.

In case no corresponding record is available with the Depositories, which 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 at the prevailing exchange rate and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

SUBMISSION OF BID CUM APPLICATION FORM

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. With respect to ASBA Bidders, the ASBA Bid cum Application Form or the ASBA Revision Form shall be submitted to the Designated Branches of the SCSBs / members of the Syndicate (at ASBA Bidding Locations).

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate or the SCSB, as the case may be, will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all refund payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communication will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file which would serve as a multiple master.

2. In this master, a check will be carried out for the same PAN/GIR numbers. In cases where the PAN/GIR numbers are different, the same will be deleted from this master.

3. The Registrar to the Issue will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid cum Application Form and create an address master.

4. The addresses of all these applications in the multiple masters will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with same name and same address will be treated as multiple applications.

5. The applications will be scanned for similar 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.

6. Subsequent to the aforesaid procedures, a print out of the multiple master will be taken and the applications physically verified to tally signatures as also father's/husband's names. On completion of this, applications will finally be identified as multiple applications.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual funds registered with SEBI and such Bids in respect of more than one scheme of the mutual funds will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

More than 1 ASBA Bidder may Bid for Equity Shares using the same ASBA Account, provided that the SCSBs shall not accept a total of more than 5 ASBA Bid cum Application Forms from such ASBA Bidders with respect to any single ASBA Account.

The Company, in consultation with the BRLM, reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

PERMANENT ACCOUNT NUMBER OR PAN

Except for Bids (i) on behalf of the Central or State Government and the officials appointed by the courts, and (ii) (subject to the SEBI circular dated April 3, 2008) from residents of the state of Sikkim, each Bidder should mention his/her Permanent Account Number ("PAN") allotted under the Income Tax Act, 1961 ("IT Act").

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.

Unique Identification Number ("UIN")

Pursuant to circulars dated April 27, 2007 (No. MRD/DoP/Cir-05/2007) and June 25, 2007 (No. MRD/DoP/Cir-08/2007) issued by SEBI, the requirement of UIN under the SEBI (Central database of Market Participants) Regulations, 2005 has been discontinued and irrespective of the amount of transaction, PAN has been made the sole identification number for all participants in the securities market.

Withdrawal of ASBA Bids

ASBA Bidders can withdraw their Bids during the Bidding Period by submitting a request for the same to the SCSBs / Syndicate members who shall do the requisite, including deletion of details of the withdrawn ASBA Form from the electronic bidding system of the Stock Exchanges and unblocking of the funds in the ASBA Account.

ASBA Bidders can withdraw their Bids during the Bidding Period by submitting a request for the same to the Registrar who shall do the requisite.

In case an ASBA Bidder (other than a QIB Bidders) wishes to withdraw the Bid after the Bid / Issue Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalization of the Basis of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file and give instruction to the SCSB for unblocking the ASBA Account after finalization of the Basis of Allocation.

Our 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, our Company has a right to reject Bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

GROUNDS FOR TECHNICAL REJECTIONS

Bidders are advised to note that Bids are liable to be rejected inter alia on the following technical grounds:

- 1. Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. With respect to ASBA Bids, the amounts mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;
- 2. Application on plain paper;
- 3. Applications by QIBs and Non Institutional Bidders which are not made through the ASBA facility;
- 4. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply. However a limited liability partnerships can apply in its name;
- 5. Bid by persons not competent to contract under the Indian Contract Act, 1872, as amended, including minors;
- 6. Age of first bidder not mentioned;
- 7. PAN not stated in the Bid cum Application Form (except for Bids on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts);
- 8. GIR number furnished instead of PAN
- 9. Bids for lower number of Equity Shares than specified for that category of investors;
- 10. Bids at a price less than the Floor Price;
- 11. Bids at a price over the Cap Price;
- 12. Bids at Cut off Price by Non-Institutional Bidders and QIB Bidders;
- 13. Submission of more than 5 ASBA Bid cum Application Forms per ASBA Account;
- 14. Bids for number of Equity Shares which are not in multiples of [•]
- 15. Category not ticked;

- 16. Multiple Bids as described in the Red Herring Prospectus;
- 17. In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents not being submitted;
- 18. Bids accompanied by cash, stockinvest, money order or postal order;
- 19. Signature of sole and/or joint Bidders missing. In addition, with respect to ASBA Bids, the ASBA Bid cum Application form not being signed by the account holders, if the account holder is different from the Bidder;
- 20. Bid cum Application Form does not have the stamp of the BRLM, the Syndicate Members or Designated Branches of the SCSBs (except for electronic ASBA Bids);
- 21. Bid cum Application Form does not have Bidder's depository account details or the details given are incomplete or incorrect;
- 22. Bid cum Application Forms / ASBA Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Form / ASBA Bid cum Application Forms, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms / ASBA Bid cum Application Forms;
- 23. In case no corresponding record is available with the Depositories that matches three parameters namely, PAN (in case of joint Bids, PAN of the first applicant), the DP ID and the beneficiary's account number;
- 24. Authorization for blocking funds in ASBA not ticked or provided;
- 25. With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the bank account;
- 26. Bids not uploaded in the electronic bidding system;
- 27. Bids for amounts greater than the maximum permissible amounts prescribed by applicable law;
- 28. Bids by OCBs;
- 29. Bids from within the United States or by U.S. persons (as defined in Regulation S) other than entities that are both U.S. QIBs and QPs;
- 30. Bids where clear funds are not available in the Escrow Accounts as per the final certificate from the Escrow Collection Banks;
- 31. Bids or revision thereof by QIB Bidders and Non-Institutional Bidders uploaded after 4.00 P.M. on the Bid/Issue Closing Date;
- 32. Bank account details for the refund not given;
- 33. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- 34. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;

- 35. Bids that do not comply with the securities laws of their respective jurisdictions;
- 36. In case of ASBA Bid cum Application Forms submitted to the members of the Syndicate, if the SCSB whose name has been included in the ASBA Bid cum Application Form does not have a branch at the relevant ASBA Bidding Locations, as displayed on the websites of SEBI, to accept the ASBA Bid cum Application Forms; and
- 37. Bids for availing Retail Discount (if any) by Investors other than Retail Individual Bidders and such other Investors not eligible to avail Retail Discount, if any.

PRICE DISCOVERY AND ALLOCATION

- i. After the Bid/Issue Closing Date, the BRLM shall analyze the demand generated at various price levels and discuss pricing strategy with the Company.
- ii. Allocation to Anchor Investors shall be at the discretion of our Company in consultation with the BRLM subject to compliance with the SEBI ICDR Regulations. In the event of under subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. 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.
- iii. Our Company in consultation with the BRLM shall finalize the Issue Price, the number of Equity Shares to be allotted in each investor category.
- iv. The allocation to QIBs will be upto 50% of the Issue and the availability for allocation to Non-Institutional and Retail Individual Bidders will not less than 15% and 35% of the Issue respectively, and, would be on proportionate basis, in the manner specified in the SEBI Regulations and this Draft Red Herring Prospectus, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- v. Under-subscription, if any, in any category would be met with spill over from any other category at the sole discretion of the Company in consultation with the BRLM. However, if the aggregate demand by Mutual Fund 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 QIB Portion has been met, under subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange.

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.

- vi. Allocation to Non-Residents, including Eligible NRI's, FIIs and FVCIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.
- vii. The BRLM, in consultation with us, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- viii. Our Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning any reasons whatsoever. In terms of the SEBI Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.
- ix. The allotment details shall be put on the website of the Registrar to the Issue.

SIGNING OF UNDERWRITING AGREEMENT AND FILING WITH THE DESIGNATED STOCK EXCHANGE

- (a) We, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation/ Allotment to the Bidders.
- (b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with the Designated Stock Exchange, 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 THE REGISTRAR OF COMPANIES

We will file a copy of the Prospectus with the Registrar of Companies, in terms of Section 56, Section 60 and Section 60B of the Companies Act.

ANNOUNCEMENT OF PRE-ISSUE ADVERTISEMENT

Subject to Section 66 of the Companies Act, the Company shall after receiving final observations, if any, on the Red Herring prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI Regulations in two widely circulated newspapers (one each in English & Hindi) and one in regional daily newspaper.

ADVERTISEMENT REGARDING ISSUE PRICE AND PROSPECTUS

We will issue a statutory advertisement after the filing of the Prospectus with the ROC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

ISSUANCE OF CONFIRMATION OF ALLOCATION NOTE (CAN)

- 1. Upon approval of the Basis of Allotment by the Designated Stock, the BRLM or Registrar to the Issue shall send to the members of the Syndicate Exchange a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail Individual and Non-Institutional Bidders. However, Bidders should note that our Company shall ensure that the date of Allotment of the Equity Shares to all Bidders, in all categories, shall be done on the same date.
- 2. The BRLM or members of the Syndicate would dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of bidding shall pay in full the Allocation Amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
- 3. Bidders who have been allocated Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realization of his or her cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the allotment to such Bidder.
- 4. The issue of a CAN is subject to "Notice to QIBs: Allotment Reconciliation and Revised CANs" as set forth below.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. This shall be followed by a physical book prepared by the Registrar on the basis of Bid-cum-Application Forms received. Based on the electronic book or the physical book, as the case may be, QIBs may 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 cum Applications Forms may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the revised CAN, for any increased allotment of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN, if issued, will supersede in entirety the earlier CAN.

Notice to Anchor Investors: Allotment Reconciliation and CANs

After the Anchor Investor Bidding Date, a physical book will be prepared by the Registrar on the basis of the Bid cum Application Forms received in the Anchor Investor Portion. Based on the physical book and at the discretion of our Company, the BRLM, selected Anchor Investors may be sent a CAN, within 2 Working Days of the Anchor Investor Bidding Date, indicating the number of Equity Shares that may be allocated to them. This provisional CAN and the final allocation is subject to (a) the physical application being valid in all respect along with receipt of stipulated documents, (b) the Issue Price being finalized at a price not higher than the Anchor Investor Issue Price, and (c) Allotment by the Board of Directors. In the event the Issue Price is higher than the Anchor Investor Issue Price, a revised CAN will be sent to Anchor Investors. The price of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. Anchor Investors should note that they shall be required to pay any additional amount, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised CAN, if any, by the Pay-in Date specified in the revised CAN, for any increased price of Equity Shares. The Pay-in Date in the revised CAN shall not be later than 2 Working Days after the Bid / Issue Closing Date. Any revised CAN, if issued, will supersede in entirety the earlier CAN.

Unblocking of ASBA Account

Once the basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue shall provide the following details to the Controlling Branches of each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the Public Issue Account designated for this purpose within the timelines specified in the ASBA facility: (i) the number of Equity Shares to be Allotted against each valid ASBA Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each valid ASBA Bid, (iii) the date by which funds referred to in (ii) above shall be transferred to the Public Issue Account, and (iv) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn and/or unsuccessful ASBA Bids, if any, to enable SCSBs to unblock the respective bank accounts. On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Bidder to the Public Issue Account and shall unblock the excess amount, if any, in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of notification from the Registrar to the Issue by the Controlling Branch of the SCSB in relation to the approval of the basis of Allotment in the Issue by the Designated Stock Exchange in the event of withdrawal or failure of the Issue or rejection of the ASBA Bid, as the case may be.

DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

- (a) Our Company will ensure that (i) Allotment of Equity Shares; (ii) credit to successful Bidder's depository account will be completed within 12 Working Days of the Bid/Issue Closing Date.
- (b) In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees.
- (c) Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

As per the provisions of Section 60B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized 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 us, the respective Depositories and the Registrar to the Issue:

(a) an agreement dated [•] between NSDL, the Company and Registrar to the Issue;

(b) an agreement dated [•] between CDSL, the Company and Registrar to the Issue.

All bidders can seek Allotment only in dematerialized mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- 1. A Bidder applying for Equity Shares must have at least one beneficiary account with the Depository Participants of either NSDL or CDSL prior to making the Bid.
- 2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.
- 3. Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- 4. Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details with the Depository.
- 5. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
- 6. The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
- 7. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- 8. The trading of the Equity Shares would be in dematerialized form only for all investors in the Demat segment of the respective Stock Exchanges.

DISPOSAL OF APPLICATIONS AND APPLICATIONS MONEY AND INTEREST IN CASE OF DELAY

We shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) or instructions to Self Certified Syndicate Banks by the Registrar to the Issue, in Application Supported by Blocked Amount process and give benefit to the beneficiary account with

Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within 12 working days of the Bid/ Issue Closing Date.

In case of applicants who receive refunds through ECS, direct credit, RTGS or through unblocking the relevant bank accounts, the refund instructions will be given to the clearing system within 12 days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 12 days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of Allotment.

In accordance with the requirements of the Stock Exchanges and the SEBI Regulations, the Company further undertakes that:

- Allotment of Equity Shares shall be made only in DEMATERIALIZED form within 12 (twelve) working days of the Bid/Issue Closing Date;
- Dispatch of refund orders or in case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 12 (twelve) working days of the Bid/Issue Closing Date would be ensured; and
- Our Company shall pay interest at 15% per annum for any delay beyond the time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within eight days from the day the Company becomes liable to repay or after 12 days from the Bid / Issue Closing Date whichever is earlier. If such money is not repaid within 8 days from the day the Company becomes liable to repay devery Director of our Company who is an officer in default shall, be jointly and severally liable to repay the money with interest as prescribed under sub-section (2) and (2A) of section 73 of the Companies Act.

Interest on refund of excess Bid Amount

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders /instruction to Self Certified Syndicate Banks by the Registrar are not dispatched within 12 working days from the Bid/Issue Closing Date.

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, Bidders Depository Account Details, 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 transferred shares in the respective beneficiary accounts, refunds, etc.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:

- a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or
- b) Otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five (5) years."

BASIS OF ALLOTMENT

A. For Retail Individual Bidders

- 1. Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- 2. The Issue size less Allotment to Non-Institutional Bidders and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- 3. If the aggregate demand in this portion 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.
- 4. 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 allocation, refer below.

B. For Non-Institutional Bidders

- 1. Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- 2. The Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- 3. 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.
- 4. In case the aggregate demand in this category is greater than [•] Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of [•] Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate basis of allocation refer below.
- C. For QIBs in the QIB Portion (excluding the Anchor Investor Portion)
 - Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. Allotment to all successful 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:
 - i) In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows:
 - (a) In the event Mutual Fund Bids exceed 5% of the QIB Portion (excluding the Anchor Investor Portion), allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion (excluding the Anchor Investor Portion).

- (b) In the event the aggregate demand from Mutual Funds is less than 5% of the QIB Portion (excluding Anchor Investor Portion) then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Issue Price.
- (c) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (ii) below;
- ii) In the second instance allocation to all QIBs shall be determined as follows:
 - (a) In the event of oversubscription in the QIB Portion (excluding the Anchor Investor Portion), all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
 - (b) Mutual Funds, which 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 (excluding the Anchor Investor Portion).
 - (c) Under-subscription below 5% of the QIB Portion (excluding Anchor Investor 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 up to [•] Equity Shares.

D. For Anchor Investor Portion

- ✓ Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of our Company, in consultation with the BRLM subject to compliance with the following requirements:
 - not more than 30% of the QIB Portion will be allocated to Anchor Investors;
 - one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price;
 - allocation to Anchor Investors shall be on a discretionary basis and subject to a minimum number of 2 Anchor Investors for allocation up to Rs. 250 Crores and minimum number of 5 Anchor Investors for allocation more than Rs. 250 Crores
- ✓ The number of Equity Shares Allotted to Anchor Investors and the Anchor Investor Issue Price shall be made available in the public domain by the BRLM before the Bid/Issue Opening Date by intimating the Stock Exchanges. The method of proportionate basis of Allotment is stated below.

The BRLM, the Registrar to the Issue and the Designated Stock Exchange shall ensure that the Basis of Allotment is finalized in a fair and proper manner in accordance with the SEBI ICDR Regulations. The drawing of lots (where required) to finalize the Basis of Allotment shall be done in the presence of a public representative on the Governing Board of the Designated Stock Exchange. Bids received from ASBA Bidders will be considered at par with Bids received from non-ASBA Bidders. ASBA Bidders who are Retail Individual Bidders (including HUFs) and who have Bid for Equity Shares for an amount less than or equal to Rs. 2,00,000 in any of the Bidding options in the Issue, will be categorized as Retail Individual Bidders. ASBA Bidders that are not Retail Individual Bidders and who have Bid for Equity Shares for an amount over Rs. 2,00,000 will be categorized as Non-Institutional Bidders or QIBs, as the case may be. No preference shall be given to ASBA Bidders *vis-à-vis* non-ASBA Bidders and *vice versa*.

METHOD OF PROPORTIONATE BASIS OF ALLOTMENT IN THE ISSUE

Except in relation to Anchor Investors, in the event of the Issue being over-subscribed, our Company shall finalize the basis of Allotment 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 the basis of Allotment is finalized in a fair and proper manner.

Except in relation to Anchor Investors, 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.
- 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:
 - i. 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 category is as far as possible, equal to the number of Equity Shares calculated in accordance with (b) above;
 - ii. 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 marketable 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 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.

Subject to valid Bids being received, allocation of Equity Shares to Anchor Investors shall be at the sole discretion of our Company, in consultation with the BRLM.

PAYMENT OF REFUND

Applicants should note that on the basis of name of the Applicant, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the applicants bank account details including nine digit MICR code. Hence, Applicants are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to applicants at his/her sole risk and neither the Lead Manager to the Issue nor the Bank shall have any responsibility and undertake any liability for the same.

The payment of refund, if any, would be done through various modes in the following order of preference:

Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference

- 1. **Direct Credit** Applicants having bank accounts with the Refund Banker(s), as mentioned in the bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Bank.
- 2. NECS Payment of refund would be done through NECS for Bidders having an account at any of the centers where such facility has been made available specified by the RBI. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code from the Depositories.
- 3. NEFT (National Electronic Fund Transfer) Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as 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 Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.
- 4. **RTGS** Applicants having a bank account at any of the centers where such facility has been made available and whose refund amount exceeds Rs. 10 Lacs, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the Indian Financial System Code (**IFSC**) code in the Bid-Cum-Application Form. In the event the same is not provided, refund shall be made through NECS. Charges, if any, levied by the Refund Banker(s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
- 5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched "Under Certificate of Posting" for value upto Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1500 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 centers will be payable by the Bidders.

Disposal of Applications and application moneys and interest in case of delay

Our Company shall ensure dispatch of Allotment advice; refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within fifteen days from the date of Issue closure. In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 12 days from the Bid Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 12 days of Bid Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund. Our Company shall make best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven Working Days of the finalization of Basis of Allotment of the Equity Shares.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialized form within 12 days of the Bid Closing Date;
- Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 12 days of the Bid Closing Date would be ensured; and
- Our Company shall pay interest at 15% per annum for any delay beyond the 12 day time period as mentioned above, if Allotment is not made and refund orders are not dispatched instructions to SCSB are not issued, or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 12 day time prescribed above as per the SEBI Regulations.

Letters of Allotment or Refund Orders or Instructions to the SCSBs

Applicants residing at any of the centers where clearing houses are managed by the RBI will get refunds through NECS only (subject to availability of all information for crediting the refund through NECS) except where the applicant is otherwise disclosed as eligible to receive refunds through Direct Credit, NEFT. In the case of other applicants, our Company shall ensure the dispatch of refund orders, if any, of value less than Rs. 1,500 by ordinary post, and shall dispatch refund orders, if any, of Rs. 1,500 and above by registered post or speed post at the sole or First Bidder's sole risk within 12 Working Days of the Bid / Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 12 Working Days from Bid / Issue Closing Date. In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid / Issue Closing Date, which shall be duly completed after the receipt of such instruction from the Registrar.

UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

1. That the complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily;

2. That all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within 12 Working Days of the Bid/Issue Closing Date;

3. That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Company;

4. That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 days of the Bid/ Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

5. That the certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within specified time;

6. No further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc; and

7. That at any given time there shall be only one denomination for the shares of the Company;

8. That the Company shall comply with such disclosures and accounting norms specified by the SEBI from time to time;

9. That adequate arrangement shall be made to collect all Applications Supported by Blocked Amount and to consider them similar to non-ASBA applications while finalizing the basis of allotment;

UTILISATION OF ISSUE PROCEEDS

Our Board of Directors certifies that:

- 1. all monies received out of the Issue of specified securities to public 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;
- 2. Our Company shall not have any recourse to the Issue proceeds until the approval for trading the Equity Shares is received from the Stock Exchanges;
- details of all monies utilized out of Issue referred to in sub-item (I) shall be disclosed and continue to be disclosed till the time any part of the issue proceeds remains unutilized under an appropriate separate head in balance sheet of the Company indicating the purpose for which such monies have been utilized; and
- 4. details of all unutilized monies out of the Issue of specifies securities , referred to in sub-item (I) shall be disclosed under the appropriate separate head in balance sheet of the Company indicating the form in which such unutilized monies have been invested.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy of the Government of India notified through press notes and press releases issued from time to time and FEMA and circulars and notifications issued there under. While the policy of the Government 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, 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 investment.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents. In the Company, as of date the aggregate FII holding cannot exceed 24% of the total post-Issue share capital.

SUBSCRIPTION BY NRIS/FIIS

It is to be distinctly understood that there is no reservation for Non-Residents, NRIs and FIIs and all Non-Resident, NRI and FII applicants will be treated on the same basis as other categories for the purpose of allotment.

As per the RBI regulations, OCBs cannot participate in this Issue.

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. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified

institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

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

No single FII can hold more than 10% of the post-Issue paid-up capital of our Company. In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each subaccount shall not exceed 10% of our total issued capital or 5% of total issued capital of our Company incase such sub account is a foreign corporate or an individual.

The above information is given for the benefit of the Bidders. The Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and the SEBI Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or Debentures and / or on their consolidation /splitting are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in the Articles of Association and capitalized / defined terms herein have the same meaning given to them in the Articles of Association.

Table 'A'

- I. Table A not to apply The regulations contained in Table A, Schedule, to the Companies Act, 1956, shall not apply to the company except so far as the same are reproduced or contained in or expressly made applicable by these Articles or the Act. The regulations for the management of the Company and for the observance of the Members thereof and their representatives shall, subject to any exercise of the Company's power to modify, alter or add to its regulations, be such as are contained in these articles.
- II. Definitions In the interpretation of these Articles, the following words and expressions shall have the following meanings assigned thereunder, unless repugnant to the subject matter or content thereof.

"Beneficial Owner"

"Beneficial Owner" shall have the meaning assigned thereto by Section 2 (1)(a) of the Depositories Act, 1996.

"Depository"

"Depository" shall have the meaning assigned thereto by Section 2 (1)(e) of the Depositories Act, 1996.

"Depositories Act 1996"

"Depositories Act 1996" shall mean Depositories Act 1996, and include any Statutory modification or re-enactment thereof for the time being in force.

"Member"

"Member" means the duly registered holder from time to time of the Shares of the Company of any class and includes the subscriber(s) of the Memorandum of the Company and every person whose name is entered as the beneficial owner of any share in the records of Depository, but does not include the bearer of a share warrant of the Company, if any, issued in pursuance of Articles of Association of the Company.

"Securities & Exchange Board of India"

"Securities & Exchange Board of India" or SEBI means the Securities & Exchange Board of India established under Section 3 of the Securities & Exchange Board of India Act, 1992.

"Security"

"Security" means such security as may be specified by SEBI from time to time.

"Singular number"

Words importing the "Singular number" include, where the context admits or requires, the plural number and vice versa.

Save as aforesaid, any words or expressions defined in the Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles. The marginal notes used in these Articles shall not affect the construction thereof.

CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

CAPITAL

2. The Authorised Share Capital of the Company is as per clause V of the Memorandum of Association of the Company with all rights to the Company to alter the same in any way it thinks fit.

INCREASE OF CAPITAL BY THE COMPANY AND HOW CARRIED INTO EFFECT

3. The Company in General Meeting may be Ordinary Resolution, from time to time increase the capital by creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any shares of the original or increase capital shall be issued upon such terms and conditions and with such rights and privileges attached thereto, as the General Meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the directors shall determine and in particular such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company, and with a right of voting at General Meetings of the Company in conformity with section 87 and 88 of the Act, whenever the capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act.

4. The shares in the capital shall be distinguished by its appropriate number, provided that nothing in this section shall apply to the shares held with a depository.

SHARES AT THE DISPOSAL OF THE DIRECTORS

5. Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in proportion and on such terms and conditions and either at a premium or at par of (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, 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 General Meeting.

POWER ALSO TO COMPANY IN GENERAL MEETING TO ISSUE SHARES

6. In addition to and without derogating from the powers for the purpose conferred on the Board under Article 5 & 8 the Company in General Meeting may subject to the Provisions of Section 81 of the Act, determine that any share (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether members or not) in such proportions and on such terms and conditions and either at a premium or at par or (subject to compliance with the provisions of Section 79 of the Act) at a discount, as such General Meeting shall determine and with full power to give any person (whether a member or not) the option to call for or be allotted any class of shares of the Company either at a premium or at par or (subject to the compliance with the provisions of Section 79 of the Act) at a discount, such option being exercisable

at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provisions, whatsoever for the issue, allotment or disposal of any shares.

INCREASE OF CAPITAL

7. The Company in General Meeting may from time to time increase its share capital by the creation of further shares, such increase to be of such aggregate amount and to the divided into shares of such respective amount as the resolution shall prescribe. Subject to the provisions of the Act, the further shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof shall direct and if no direction be given as the Board shall determine.

FURTHER ISSUE OF SHARES

8. 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 favour 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 off 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 favour 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 proposed by members, so entitled and voting and 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 the person in whose favour the renunciation was first made had declined to take the shares comprised in the renunciation.

Nothing in the Article 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 options 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 in conformity with the rules, if any, made by that Government in this behalf;
- b. In the case of debentures or loans or other than debentures issued 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 debentures or raising of the loans.

POWER ALSO TO COMPANY IN GENERAL MEETING TO ISSUE SHARES

9. 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, determine that any Shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether Members 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 power to give any person (whether a Member of not) the option or right to call for or buy 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 consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment, or disposal of any Shares.

APPLICATION OF PREMIUM RECEIVED ON SHARES

11. 1. Where the Company issues Shares at a premium whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on these shares shall be transferred to an account, to be called "the security premium account" and the provisions of the Act relating to the reduction of the share capital of the Company shall except as provided in this Article, apply as if the security premium account were paid up share capital of the Company.

2. The security premium account may, notwithstanding anything in clause (1) thereof be applied by the Company.

- a. In paying up unissued Shares of the Company, to be issued to the Members of the Company as fully paid bonus;
- b. In writing off the preliminary expenses of the Company;
- c. In writing off the expenses of or the commission paid or discount allowed or any issue of Shares or debentures of the Company; or
- d. In providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.

POWER TO OFFER SHARES/OPTIONS TO ACQUIRE SHARES

12. (i) Without prejudice to the generality of the powers of the Board under any other Article of these Articles of Association, the Board or any Committee thereof duly constituted may, subject to the applicable provisions of the Act, rules notified there under and any other applicable laws, rules and regulations, at any point of time, offer existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) to its employees, including Directors (whether whole-time or not), whether at par, at discount or at a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force.

(ii) In addition to the powers of the Board under Article 12 (i), the Board may also allot the Shares referred to in Article 12 (i) to any trust, whose principal objects would inter alia include further transferring such Shares to the Company's employees (including by way of options, as referred to in Article 12 (i) in accordance with the directions of the Board or any Committee thereof duly constituted for this purpose. The Board may make such provision of moneys for the purposes of such trust, as it deems fit.

The Board, or any Committee thereof duly authorized for this purpose, may do all such acts, deeds, things, etc. as may be necessary or expedient for the purposes of achieving the objectives set out in Articles 12 (i) and (ii) above.

REDEEMABLE PREFERENCE SHARES

13. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are or at the option of the Company, are liable to be redeemed and the resolution authorizing such issues shall prescribe the manners, terms and conditions of redemption.

PROVISIONS APPLICABLE IN CASE OF REDEEMABLE SHARES

14. On the issue of redeemable preference shares under the provisions of Article 13 hereof, the following provisions shall take effect.

- a. No such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption.
- b. No such shares shall be redeemed unless they are fully paid.
- c. The premium, if any, payable on redemption shall be provided for out of the profits of the Company or out of the Company's share Premium Account, before the shares are redeemed; and
- d. Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called Capital Redemption Reserve Account, a sum equal to the nominal amount of the shares to be redeemed and the provisions of the Act relating to the reduction of the share capital of a Company shall, except as provided under Section of the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.

NEW CAPITAL SAME AS ORIGINAL CAPITAL

15. Except so far as otherwise provided by the conditions of issue or by these Articles any capital raised by the creation of new shares shall be considered part of the initial capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments; transfer and transmission, forfeiture, lien, surrender, voting and otherwise.

RESTRICTION OF PURPOSE BUY COMPANY OF ITS OWN SHARES

16. (1) The Company shall not have the power to buy its own shares, unless the consequent reduction of capital is effected and sanction in accordance with Article 18 and in accordance with Sections 100 to 104 or Section 402 or other applicable provisions (if any) of the Act.

This Article is not to delegate any power which the Company would have if it were omitted.

- (2) Except to the context permitted by Section 77 or other applicable provisions (if any) of the Act, the Company shall not give whether directly or indirectly and whether by means of a loan, guarantee, the provisions of security or otherwise any financial assistance for the purchase of or in connection with the purchase or subscription made or to be made by any person of or for any shares in the Company.
- (3) Nothing in this Article shall affect the right of the Company to redeem any redeemable preference shares issued under these Articles or under Section 80 or other relevant provisions (if any) of the Act.

17. Notwithstanding anything contained in these Articles and in accordance with the provisions of the Sections 77A, 77AA and 77B of the Companies Act, 1956 the Company may, when and if thought fit by the Board of Directors, buy back, acquire or hold its own shares or other specified securities (as may be notified by the Central Government from time to time under section 77A of the Act) whether or not they are redeemable and on such terms and conditions and up to such limits as may be prescribed by law from time to time provided that nothing herein contained shall be deemed to affect the provisions of section 100 to 104 and 402 of the Act, in so far as and to the extent they are applicable.

REDUCTION OF CAPITAL

18. The Company may, subject to the provisions of Section 78, 80 and 100 to 105 and other applicable provisions (if any) of the Act, from time to time by special resolution, reduce its capital and any capital redemption reserve account or any share premium account in any manner for the time being authorized by law and in particular, capital may be paid off on the footing that it may be called up again or otherwise.

CONSOLIDATION AND DIVISION OF CAPITAL

19. The Company may in general meeting alter the conditions of its Memorandum of Association as follows:

- a. Consolidate and divide all or any of its share capital into shares of large amount than its existing shares.
- b. Sub-divide its shares or any of them into shares of smaller amount so however that in the subdivision, the proportion between the amount paid and the amount, if any, unpaid on each reduced shares shall be the same as 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.

MODIFICATION OF RIGHTS

21. Whenever the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Section 106 and 107 of the Act, be varied, modified, commuted, affected or abrogated or dealt with by agreement between the Company and any person purporting to contract on behalf of that class provided such agreement is ratified in writing by holders of at least three-forths in nominal value of the issued shares of the class or is confirmed by a resolution passed by the votes of not less than three-forths of the votes of the holders of the shares of that class at a separate general meeting of the holders of shares of that class and all the provisions contained in these Articles to its general meetings shall mutatis mutandis apply to every such meeting. This Article is not to derogate from any power, the Company would have if this Article were omitted.

ISSUE OF FURTHER SHARES ON PARI PASSU BASIS

22. The rights conferred upon the holders of shares of any class issued with preferred or other rights, not unless otherwise expressly provided by the terms of the issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

NO ISSUE WITH DISPROPORTIONATE RIGHTS

23. The Company shall not issue any shares (not being preference shares) which carry voting right or rights in the Company as to dividend, capital or otherwise which are disproportionate to the rights attached to the holders of other shares (not being preference shares).

24. a. Power to Company to dematerialize and rematerialize

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its existing shares, debentures and other securities and rematerialize its such shares, debentures and other securities held by it with the Depository and/ or offer its fresh shares and debentures and other securities in a dematerialized form pursuant to the Depositories Act, 1996 and the Rules framed there under if any.

b. Dematerialization of Securities

Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialized form, the Company shall enter into an agreement with the depository to enable the investor to dematerialize the Securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.

c. Intimation to Depository

Notwithstanding anything contained in this Article, where securities are dealt with in a Depository, the Company shall intimate the details of allotment of securities to Depository immediately on allotment of such Securities.

d. Option for Investors

Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. A beneficial owner of any security

can at any time opt out of a Depository, if permitted by law, in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

e. The Company to recognize under Depositories Act, Interest in the Securities other than that of Registered holder.

The Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with Depository in electronic form and the certificates in respect thereof shall be, dematerialized in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto shall be governed by the provisions of the Depositories Act, 1996.

f. Securities in Depositories and Beneficial Owners

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.

g. Rights of depositories and Beneficial Owners.

a. Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.

b. Save as otherwise provided in (a) 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.

c. Every person holding securities of the Company and whose name if entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities which are held by a depository."

h. Depository to furnish information

Every Depository shall furnish to the Company information about the transfer of Securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.

SHARES AND CERTIFICATES

REGISTER AND INDEX OF MEMBERS

25. The Company shall cause to be kept at its Registered Office or at such other place as may be decided, Register and Index of Members in accordance with Sections 150 and 151 and other applicable provisions of the Act and the Depositories Act, 1996 with details of shares held in physical and dematerialized forms in any media as may be permitted by law including in any form of electronic media.

The Register and Index of beneficial owners maintained by a Depository under Section 11 of the Depositories Act, 1996 shall also be deemed to be the Register and Index of Members for the purpose of this Act. The Company shall have the power to keep in any state or country outside India, a Register of Members for the residents in that state or country.

SHARES TO BE NUMBERED PROGRESSIVELY

26. The shares in the capital shall be numbered progressively according to their several denominations and except in the manner herein before mentioned, no share shall be sub-divided.

DIRECTORS MAY ALLOT SHARES FULLY PAID-UP

27. Subject to the provisions of the Act and of these Articles, the Board may allot and issue shares in the capital of the Company as payment or part payment for any property sold or transferred, goods or machinery supplied or for services rendered to the company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid-up shares and if so issued shall be deemed to be fully paid up shares.

APPLICATION OF PREMIUM

28. 1. Where the Company issue shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account to be called Share Premium Account and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in this clause, apply as if the share premium account were paid up share capital of the Company.

2. The share premium account may, notwithstanding sub-clause (1) hereof, be applied by the Company;

- a. In paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;
- b. In writing off the preliminary expenses of the Company;
- c. In writing off the expenses of or the commission paid or discount allowed on any issue of shares or debenture of the Company or
- d. In providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.

INSTALLMENTS OF SHARES

29. If by the terms of issue of any shares or otherwise, the whole or any part of the amount or issue price thereof shall be payable by installments at a fixed time, every such installments shall when due, be paid to the Company by the person who, for the time being and from time to time, is the registered holder of the shares of his legal representatives.

ACCEPTANCE OF SHARES

30. Subject to the provisions of these Articles, any application signed by or on behalf of an applicant for shares in the Company followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these articles and every person who thus or otherwise accept any shares and whose name is on the Register of Members shall, for the purposes of these Articles, be a member, provided that no share shall be applied for or allotted to a minor, insolvent or person of unsound mind.

LIMITATION OF TIME FOR ISSUE OF CERTIFICATE

33. The Company shall, unless the conditions of issue otherwise provide, within three months after the allotment of any of its shares or debentures and within one month after the application for the transfer of any such shares or debentures, complete and have ready for delivery the certificates of all shares and debentures allotted or transferred.

LIMITATION OF TIME FOR ISSUE OF CERTIFICATES

34. Every members 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 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 under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate to all such holder.

ISSUE OF NEW CERTIFICATE IN PLACE OF DEFACED, LOST OR DESTROYED

35. 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, an a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every Certificates 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 fees shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or 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.

SWEAT EQUITY

42. Subject to the provisions of the Act (including any statutory modification or re-enactment thereof, for the time being in force), shares of the Company may be issued at a discount or for consideration other than cash to Directors or employees who provide know-how to the Company or create an intellectual property right or other value addition.

DECLARATIONS BY PERSON NOT HOLDING BENEFICIAL INTEREST IN ANY SHARES

43. 1. Notwithstanding anything herein contained a person whose name is at any time entered in Register of Member of the Company as the holder of a Share in the Company, but who does not hold the beneficial interest in such Shares, shall, if so required by the Act within such time and in such forms as may be prescribed, make declaration to the Company specifying the name and other particulars of the person or persons who hold the beneficial interest in such Share in the manner provided in the Act.

2. A person who holds a beneficial interest in a Share or a class of Shares of the Company, shall if so required by the Act, within the time prescribed, after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose

name the Shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in the Act.

3. Whenever there is a change in the beneficial interest in a Share referred to above, the beneficial owner shall, of so required by the Act, within the time prescribed, from the date of such change, make a declaration to the Company in such form and containing such particulars as may be prescribed in the Act.

4. Notwithstanding anything contained in the Act and Articles 50, 51 and 52 hereof, where any declaration referred to above is made to the Company, the Company shall, if so required by the Act, make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Register with regard to such declaration.

FUNDS OF COMPANY NOT TO BE APPLIED IN PURCHASE OF SHARES OF THE COMPANY

44. No funds of the Company shall except as provided by Section 77 of the Act, be employed in the purchase of its own shares, unless the consequent reduction of capital is effected and sanction in pursuance of Sections 78, 80 and 100 to 105 of the Act and these Articles or in giving either directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any Share in the Company in its holding Company.

ISSUE OF SHARES WITHOUT VOTING RIGHTS

45. In the event it is permitted by law to issue shares without voting rights attached to them, the Directors may issue such share upon such terms and conditions and with such rights and privileges annexed thereto as through fit and as may be permitted by law.

UNDERWRITING AND BROKERAGE

COMMISSION MAY BE PAID

49. The Company may, subject to the provisions of Section 76 and other applicable provisions, if any, of the Act any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares in or debentures of the Company. The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or debentures, or partly in the one way and partly in the other.

BROKERAGE MAY BE PAID

50. The Company may pay a reasonable sum for brokerage on any issue of shares and debentures.

COMMISSION TO BE INCLUDED IN THE ANNUAL RETURN

51. Where the Company has paid any sum by way of commission in respect of any Shares or Debentures or allowed any sums by way of discount in respect to any Shares or Debentures, such statement thereof shall be made in the annual return as required by Part I of Schedule V to the Act.

INTEREST OUT OF CAPITAL

52. Where any shares are issue for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a 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 contained in 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

DIRECTORS MAY MAKE CALLS

53. The Board of Directors may from time to time by a resolution passed at meeting of the Board (and not by circular resolution) make such call as it may think fit upon the members in respect of all moneys unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at a fixed time and each member shall pay the amount of every call so made on him to the persons and at the times and place appointed by the Board of Directors. A call may be made payable by installments.

CALLS ON SHARES OF THE SAME CLASS TO BE MADE ON UNIFORM BASIS

54. Where any calls for further share capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class. For the purpose of this Article shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class.

NOTICE OF CALLS

55. One month notice at least of every call payable otherwise then on allotment shall be given by the Company specifying the time and place of payment and to whom such call shall be paid. Provided that the Board may, at its discretion, revoke the call or postpone it.

CALLS TO DATE FROM RESOLUTION

56. A call shall be deemed to have been made at the time when the resolution of the Board authorizing such call was passed at a meeting of the Board of Directors and may be made payable by the members on the Register of Members on a subsequent date to be fixed by the Board.

DIRECTORS MAY EXTEND TIME

57. The Board of Directors may, from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such times as to all or any of the members, who from residence at a distance or other cause, the Board of Directors may deem fairly entitled to such extension save as a matter of grace and favour.

CALL TO CARRY INTEREST AFTER DUE DATE

58. If any member fails to pay a call due from him on the day appointed for payment thereof or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board of Directors, but nothing in this Article shall render it compulsory upon the Board of Directors to demand or recover any interest from any such member.

PAYMENT IN ANTICIPATION OF CALL MAY CARRY INTEREST

60. The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied

in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced. The members shall not be entitled to any voting rights in respect of the moneys so paid by him until he same would but for such payment, become presently payable. The provisions of these Articles shall mutatis mutandis apply to the calls on debenture of the Company.

FORFEITURE, SURRENDER AND LIEN

IF CALL OR INSTALLMENT NOT PAID, NOTICE MAY BE GIVEN

61. If any member fails to pay any call or installment of a call in respect of any shares on or before the day appointed for the payment of the same, the Board may at any time hereafter during such time as the call or installment remains unpaid, serve a notice on such member or on the person (if any) entitled to the share by transmission requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

FORM OF NOTICE

62. The notice shall name a day (not being earlier than the expiry of fourteen days from the date of service of the notice) and a place or places on and at which such money, including the call or installment and such interest and expenses as aforesaid is to be paid. The notice shall also state that in the event of non-payment on or before the time and at the place appointed, the shares in respect of which the calls was made or installment was payable, will be liable to be forfeited.

IN DEFAULT TO PAYMENT SHARES TO BE FORFEITED

63. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before all the calls or installments and interest and expenses due in respect thereof are paid, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends and bonus declared in respect of the forfeited shares and not actually paid before forfeiture.

NOTICE OF FORFEITURE

64. When any share shall have been so forfeited, notice of the resolution 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 provided however that the failure to give the notice of the shares having been forfeited will not in any way invalidate the forfeiture.

FORFEITED SHARES TO BECOME PROPERTY OF THE COMPANY

65. Any shares so forfeited shall be deemed to be the property of the Company and the Board may sell, re-allot otherwise dispose off the same in such manner as it thinks fit.

POWER TO ANNUAL FORFEITURE

66. The Board may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed off, annual the forfeiture thereof as a matter of grace and favour but not as of right upon such terms and conditions as it may think fit.

ARREARS TO BE PAID NOTWITHSTANDING FORFEITURE

67. Any member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of forfeiture until payment at such rate not exceeding fifteen per cent per annum as the Board may determine and the Board may enforce the payment of such moneys or any part thereof if it thinks fit, but shall not be under any obligation so to do.

EFFECT OF FORFETURE

68. The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company, in respect of the share and all other rights, incidental to the share except only such of those rights as are by these Articles expressly saved.

DECLARATION OF FORFEITURE

70. a. A duly verified declaration in writing that the declarant is a Director, the Managing Director or the Manager or the Secretary of the Company, and that share in the Company has been duly forfeited in accordance with these Articles, on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.

- b. The Company may receive the consideration, if any, given for the Share on any sale, re-allotment or other disposal thereof any may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed off.
- c. The person to whom such Share is sold, re-allotted or disposed of shall thereupon be registered as the holder of the Share.
- d. Any such purchaser or allottee shall not (unless by express agreement) be liable to pay calls, amounts, installments, interests and expenses owing to the Company prior to such purchase or allotment nor shall be entitled (unless by express agreement) to any of the dividends, interests or bonuses accrued or which might have accrued upon the Share before the time of completing such purchase or before such allotment.
- e. Such purchaser or allottee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be effected by the irregularity or invalidity in the proceedings in reference to the forfeiture, sale re-allotment or other disposal of the Shares.

71. The declaration as mentioned in Article 82 of these Articles shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.

TITLE OF PURCHASER AND ALLOTTEE OF FORFEITED SHARES

72. The Company may received the consideration, if any, given for the share on any sale, reallotment or other disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed off and the person to whom such share is sold, re-allotted or disposed off may be registered as the holder of the share. Any such purchaser or allottee shall not (unless by express agreement to the contrary) be liable to pay any calls, amounts, installments, interest and expenses owing to the Company prior to such purchase or allotment, nor shall be entitled (unless by express agreement to contrary) to any of the dividends, interest or bonuses accrued or which might have accrued upon the share before the time of completing such purchase or before such allotment. Such purchaser or allottee shall not be bound to see to the application of the purchase money, if any; nor shall his title to the share be affected by any irregularity or invalidity in the proceedings with reference to the forfeiture, sale, re-allotment or disposal of the share.

PARTIAL PAYMENT NOT TO PRECLUDE FORFEITURE

73. Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as herein provided.

THE PROVISIONS OF THESE ARTICLES AS TO FORFEITURE TO APPLY IN CASE OF NON-PAYMENT OF ANY SUM

74. The provisions of these Articles as to forfeiture shall apply to 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 the Shares or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

BOARD MAY ACCEPT SURRENDER OF SHARES

75. The Board may at any time, subject to the provisions of the Act, accept the surrender of any share from or by any member desirous of surrendering the same on such terms as the Board may think fit.

COMPANY'S LIEN ON SHARE/DEBENTURES

76. 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 shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this Article.

BOARD OF DIRECTORS MAY ISSUE NEW CERTIFICATES

80. Where an shares under the powers in that behalf herein contained are sold by the Board of Directors after forfeiture or for enforcing a lien, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall voluntarily or on demand by the Company, have been previously surrendered to the Company by the defaulting member) stand cancelled and become null and void and of no effect and the Board of Directors may issue a new certificate or certificates for such shares distinguishing it or them in such manner as it may think fit from the certificate or certificates previously issued in respect of the said shares.

EXECUTION OF TRANSFER

84. Subject to the Provisions of the Act and these Articles, the transfer of shares in or debentures of the Company shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor or on behalf of the transferee and specifying the name, address and occupation, if any, of the transferee has been delivered to the Company along with the certificate if in existence or along with the letter of allotment of the shares or debentures. The transferor shall be deemed to remain the holder of such shares until the name of the transferee is entered in the

register in respect thereof. Shares of different classes shall not be included in the same instrument of transfer.

INSTRUMENT OF TRANSFER

85. The instrument of transfer shall be in writing and all the provisions of section 108 of the Act and any statutory modification thereof, for the time being, shall be duly complied with in respect of all transfers of shares and of the registration thereof.

86. (i) Every holder of the share(s) in, and / or debenture(s) of the Company, may at any time nominate, in the manner prescribed under the Act, a person to whom his share(s) in, and/or debenture(s) of the Company, shall vest in the event of his death.

(ii) Where the share(s) in, and/or debenture(s) of the Company, are held by more than one person jointly, all the joint-holders may together nominate, in the manner prescribed under the Act, a person to whom all the rights in the share(s) and/or debenture(s) of the Company, as the case may be, shall vest in the event of death of all the joint holders.

(iii) Notwithstanding anything contained in any other law for the time being in force or in these Articles or in any disposition, whether testamentary or otherwise, in respect of such share(s) in, and/or debenture(s) of the Company, where a nomination made in the manner prescribed under the Act, purports to confer on any person the right to vest the share(s) in, and/or debenture(s) of the Company, the nominee shall, on the death of the shareholder and/or debenture-holders concerned or on the death of all the joint-holders, as the case may be, become entitled to all the rights in relation to such share(s) in and/or debenture(s) to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner prescribed under the Act.

(iv) Where the nominee is a minor, the holder of the share(s) in, and/or debenture(s) of the Company, can make a nomination in the manner prescribed under the Act, to appoint any person to become entitled to the share(s) in, and/or debenture(s) of the Company, in the event of his death, during the minority.

(v) Notwithstanding anything contained in these Articles, any person who becomes a nominee by virtue of the provisions of Article 86, upon the production of such evidence as may be required by the Board and subject as herein after provided, may elect either;

- 1. to be registered himself as holder of the share(s) and/or debenture(s), as the case may be; or
- 2. to make such transfer of the share(s) and/or debenture(s), as the case may be, as the deceased shareholder and/or debenture-holder, as the case may be, could have made.

If the person being a nominee, so becoming entitled, elects to be registered as holder of the share(s) and/or debenture(s) himself, he shall deliver or send to the Company, a notice in writing duly signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder and/or debenture-holder, as the case may be.

(vi) All the limitations, restrictions and provisions of the Act, relating to the right to transfer and the registration of transfer of share(s) and/or debenture(s) shall be applicable to any such notice or transfer as aforesaid as if the death of the shareholder/debenture holder had not occurred and the notice or transfer were a transfer signed by that shareholder and/or debenture-holder as the case may be.

(vii) A person, being a nominee, becoming entitled to the share(s) and/or debenture(s) by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share(s) and/or debenture(s), except that he shall not, before being registered a member in respect of his share(s) or debenture(s), be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that, the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share(s) and/or debenture(s) and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share(s) and/or debenture(s), until the requirements of the notice have been complied with.

NO TRANSFER TO A PERSON OF UNSOUND MIND

87. No transfer shall be made to a minor or a person of unsound mind.

TRANSFER OF SHARES

88. 1. An application for the registration of a transfer of shares may be made either by the transferor or by the transferee.

- 2. 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.
- 3. For the purpose of clause (2) hereof 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 instruments 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.
- 4. DIRECTORS MAY REFUSE TO REGISTER TRANSFER Subject to the Provisions of Section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any Shares or interest of a Member in or Debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be giving reasons for such refusal. Provided that the registration of a transfer shall not be refused person or persons indebted to the Company on any account whatsoever except where the Company has a lien on Shares.
- 5. If the Company refuses to register the transfer of any share or transmission of right therein, the Company shall within one month from the date on which instrument of transfer or the intimation of transmission, as the case may be, was delivered to the Company, sends notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission as the case may be.
- 6. Nothing in these Articles shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares of the Company has been transmitted by operation of law.
- 7. 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.

TITLE TO SHARES OF DECEASED HOLDER

93. Subject to Article 93 the heir, executor or administrator of a deceased shareholder shall be the only person recognized by the Company as having any title to his shares and the Company shall not be bound to recognize such heir, executor or administrator unless such heir, executor or administrator shall have first obtained letters of administration or succession certificate.

THE COMPANY NOT LIABLE FOR DISREGARD OF A NOTICE PROHIBITING REGISTRATION OF TRANSFER

99. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer or transmission of shares made or purporting to be made by any apparent legal owner thereof as shown or appearing in the Register of Members to the prejudice of

persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer any may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some books of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

A. NOMINATION

- (i) Every shareholder or debenture holder of the Company, may at any time, nominate a person to whom his shares or debentures shall vest in the event of his death in such manner as may be prescribed under the Act.
- (ii) Where the shares or debentures of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the shares or debentures, as the case may be shall vest in the event of death of all the joint holders in such manner as may be prescribed under the act.
- (iii) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the shares of debentures, the nominee shall, on the death of the shareholders or debenture holder or, as the case may be on the death of the joint holders become entitled to all the rights in such shares or debentures or, as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.
- (iv) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint any person to become entitled to shares in, or debentures of, the Company in the manner prescribed under the Act, in the event of his death, during the minority.

"OPTION OF NOMINEE

(i) A nominee upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-(a) to register himself as holder of the share or debenture, as the case may be;
(b) or to make such transfer of the shares and/or debentures, as the deceased shareholder or debenture holder, as the case may be, could have made.

If the nominee elects to be registered as holder of the shares or debentures, himself, as the case may be, he shall deliver or send to the Company, notice in writing signed by him stating that he so elects and such notice shall be accompanied with death certificate of the deceased shareholder or debenture holder, as the case may be.

(ii) A nominee shall be entitled to the share dividend/interest and other advantages to which he would be entitled if he were the registered holder of the shares or debentures, provided that he shall not, before being registered as a member, be entitled to exercise any right conferred by membership in relation to the meeting of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the shares or debentures, and if the notice is not complied within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the shares or debentures, until the requirements of the notice have been complied with.
B. TRUST NOT RECOGNISED

Save as herein otherwise provided, the Company shall be entitled to treat the person whose names) appears on the Register of Members/Debentures as the holder of any Shares/Debentures in the records of the Company and/or in the records of the Depository as the absolute owner thereof and accordingly shall not (except as may be ordered by a Court of competent jurisdiction or as may be required by law) be bound to recognize any benami trust or equitable, contingent, future or other claim or interest or partial interest in any such shares/debentures on the part of any other person or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto on the part of any other person whether or not it shall have express or implied notice thereof, but the Board shall be at liberty and at its sole discretion decided to register any share/debenture in the joint names of any two or more persons or the survivor or survivors of them.

C. TRANSFER OF SECURITIES

Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of depository.

D. NOTICE OF APPLICATION WHEN TO BE GIVEN

Where, in case of partly paid Shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.

E. REFUSAL TO REGISTER NOMINEE

Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any Share of his nominee as if he were the transferee named in an ordinary transfer presented for registration.

F. PERSON ENTITLED MAY RECEIVE DIVIDEND WITHOUT BEING REGISTERED AS A MEMBER

A person entitled to a Share by transmission shall subject to the right of the Directors to retain dividends or money as is herein provided, be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the Share.

SHARE WARRANTS

102. (i) Power to issue Share Warrants.

The Company may issue warrants subject to and in accordance with provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.

- (ii) Deposit of Share Warrants.
 - (a) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for call in a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry

of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposit warrant.

- (b) Not more than one person shall be recognized as depositor of the Share warrant
- (c) The Company shall, on two day's written notice, return the deposited share warrant to the depositor.
- (iii) Privileges and Disabilities of the holders of Share Warrants.
 - (a) Subject as herein otherwise expressly provided, no person, being a bearer of a share warrant, shall sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notice from the Company.
 - (b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Share included in the warrant, and he shall be a Member of the Company.
- (iv) Issue of New Share Warrants Coupons The Board may, from time to time, make bye-laws as to terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

MEETING OF MEMBERS

105 (a) Subject to Section 166 of the Act, the Company shall in each year hold, in addition to any other meetings, a General Meeting as its Annual General Meeting and shall specify the meeting as such in the notices calling it and not more than fifteen months shall elapse between the date of the Annual General Meeting of the Company and that of the next, subject however to the right of the Registrar, under the Act, to extend the time within which any Annual General Meeting may be held.

(b) Every Annual General Meeting shall be called for at a time during business hours on a day that is not a public holiday 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.

106. The Company shall in accordance with Section 159 of the Act, within 60 day from the day on which the Annual General Meeting is held, prepare and file with the Registrar a return in the form set out in part II of Schedule V to the Act or as near thereto as the circumstance shall admit and containing the particulars specified in part I of the said Schedule V together with three copies of the Balance Sheet and the Profit and Loss Account laid before the Annual General Meeting in accordance with Section 220 of the Act.

Distinction between Annual General Meeting and Extra-ordinary General Meeting

107. The General Meeting referred to in Article 106 shall be called and styled as an Annual General Meeting and all meetings other than the Annual General Meeting shall be called Extra-ordinary General Meetings.

Calling of Extra-ordinary General Meeting

108. The Board may, whenever it thinks fit, call an Extra-ordinary General Meeting of the Company and it shall, on the requisition of the holders of not less than one-tenth of the issued capital of the Company upon which all calls or other sums then due have been paid forthwith proceed to convene an Extra-Ordinary General Meeting of the Company and in the case of such requisition, the provision of Section 169 of the Act shall apply. No shareholder or shareholders shall call a meeting of the Company except by or upon a requisition as herein provided.

Length of notice for calling meeting

109. (1) A General Meeting of the Company may be called giving not less than twenty one days notice in writing.

(2) A General Meeting may be called after giving shorter notice than the specified in sub-clause (1) hereof, if consent is accorded thereof.

- i. in the case of an Annual General Meeting, by all the members entitled to vote thereat: and
- ii. 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 that meeting.

Provided that where any members of the Company are entitled to vote on some resolution to be moved at the meeting and not on the others, those members shall be taken into the account for the purpose of this sub-clause in respect of the former resolution or resolutions and not in respect of the later.

Contents and manner of services of notices and person on whom it is to be served

110. (1) Every notice of the meeting of the Company shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat.

(2) Notice of every meeting of the Company shall be given:

- (i) to every member of the Company, in any manner authorised by sub-sections (1) to (4) of Section 53 of the Act.
- (ii) to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in prepaid letter addressed to them by name or by the title of representatives of the deceased or assignee of the insolvent or by any like description at the address if any, in India supplied for the purpose by the persons claiming to so entitled or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred: and
- (iii) To the auditor or auditors for the time being of the Company in any manner authorised by Section 53 of the Act, in the case of any member of members of the Company.
- (iv) Provided that where the notice of a meeting is given by advertising the same in a newspaper circulating in the neighborhood of the registered office of the Company under sub-section (3) of section 53 of the Act, the statement of material facts referred to in Section 173 of the Act, need not be annexed to the notice as required by that section, but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company.

(3) The accidental omission to give notice to or non receipt of notice by any member or other person to whom it should be given shall not, invalidate the proceedings at the meeting.

(4) Every notice convening a meeting of the Company shall state in that a member entitled to attend and vote at the meeting is entitled to appoint proxy to attend and vote instead of himself and that a proxy need not be a Member of the Company.

Special Business

111. All business to be transacted at an Annual General Meeting with the exception of businesses relation to (i) the consideration of the Accounts, Balance Sheets and Reports of the Board of Directors and Auditors, (ii) the declaration of the Dividend, (iii) the appointment of Directors in place of those retiring and (iv) the Appointment of and the Remuneration of Auditors and all business to be transacted at any other meetings of the Company shall be deemed Special.

Explanatory Statement to be annexed to notice

112. Where any items of business to be transacted at any meeting of the Company are deemed to be special as aforesaid, there shall be annexed to the notice of meeting an explanatory statement setting out all material facts concerning each item of business including in particular the nature and extend of the interest, if any, therein, of every Director and of the Manager and specifying where any item of business consists of the according of approval to any document by the meeting, the time and place, where the document can be inspected.

Provided that where any such item of special business at the meeting of the Company related to or affects any other company, the extent of shareholding interest in that other company of every Director of the Company, shall also be set out in the statement, if the extent of such shareholding interest is not less than 20 per cent of the paid up share capital of that other company.

Meeting not competent to discuss or transact any business not mentioned in notice

113. No General Meeting, Annual or Extra-ordinary, shall be competent to enter upon, discuss or transact any business which has not been specifically mentioned in the notice or notices upon which it is convened.

Quorum

114. Five members entitled to vote and present in person shall be a quorum for a General Meeting. When more than one of the joint holders of a share is present not more than one of them shall be counted for determining the quorum. Several executors of administrators of a deceased person in whose sole name a share stands shall, for the purpose of this Article, be deemed joint holders thereof. 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 member of the Company shall be deemed to be personally present if he is represented in accordance with Section 187A of the Act.

Presence of quorum

115. No business shall be transacted at any General Meeting unless the requisite quorum shall be present at the commencement of the business.

If Quorum not present, meeting to be dissolved and when to be adjourned

116. If within half an hour from the time appointed for holding the meeting a quorum is not present, the meeting, if called upon the requisition of members shall stand dissolved but in any other case, it shall stand adjourned to the same day in the next week, at the same time and place or if that day is a public holiday, or to such other day, time and place as the Board may determine.

117. If at the adjourned meeting, a quorum is not present within half an hour from the time appointed for holding the meeting the members present shall be a quorum and may transact the business for which the meeting was called.

Resolution passed at adjourned meeting

118. Where a resolution shall, for all purposes be 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.

Power of adjourn General Meeting

119. (1) The Chairman of the General Meeting may adjourn the same from time to time and from place to place, but not business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(2) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

(3) 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.

Chairman of General Meeting

120. The Chairman of the Board shall, if willing, preside as Chairman at every General Meeting, Annual or Extra-ordinary, if there be no such Chairman or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting or being present declined to take the Chair, the Directors present may choose one of their members to be Chairman and in default of their doing so, the members present shall choose one of the Directors to be Chairman and if no Director present be willing to take the Chair, members shall, on a show of hands elect one of their numbers to be Chairman, of the meeting, 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 these Articles and the Chairman elected on a show of hands shall exercise all the powers of the Chairman under the said provisions. If some other person if elected chairman as a result of the poll, he shall be the Chairman for the rest of the meeting.

Business confined to election of Chairman while chair vacant

121. No business shall be discussed at any General Meeting except the election of a Chairman while the chair is vacant.

Resolution must be proposed and seconded

122. No resolution submitted to a meeting, unless proposed by the Chairman of the meeting shall be discussed nor put to vote until the same has been proposed by a member present and entitled to vote at such meeting and seconded by another member present and entitled to vote at such meeting.

Postal Ballot

123. The Company may pass such resolution by postal ballot in the manner prescribed by Section 192A of the Act and such other applicable provisions of the Act and any future amendments or reenactment thereof. Notwithstanding anything contained in the provisions of the Act, the Company shall in the case of a resolution relating to such business, as the Central Government may, by notification, declare to be conducted only by postal ballot, get such resolution passed by means of postal ballot instead of transacting such business in a general meeting of the Company.

How question to be decided at meetings

124. At any General Meeting, a resolution put to the vote of the meeting, shall be, decided on a show of hands unless the poll is demanded as provided in these Articles.

Declaration of Chairman to be conclusive

125. A declaration by the Chairman that on a show of hands, a resolution has or has not been carried either unanimously or by a particular majority and an entry to that effect in the books containing the

minutes of the proceedings of the Company shall be conclusive evidence of the fact, without proof of the number of proportion of the votes cast in favour of or against such resolution.

Demand for poll

126. (1) Before or on the declaration of the result of the voting on any resolution on a show hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on demand made in that behalf by the person or persons specified below, that is to say by any member or members present in person or by proxy and holding shares in the Company:

I. which confer a power to vote on the resolution not being less than one-tenth to the total voting power in respect of the resolution or

II. on which an aggregate sum of not less than fifty thousand has been paid up.

(2) The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

Time of taking Poll

127. Any poll duly demanded on the question of adjournment shall be taken forthwith, a poll demanded on any other question shall be taken at such time not exceeding 48 hours from the time when the demand was made, as the Chairman of the meeting may direct.

Scrutineers at Poll

128. Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinize the votes given on the poll and to report thereon to him, the Chairman shall have power, at any time, before the result of the poll is declared to remove a scrutineer from office and to fill vacancies of the office of scrutineer arising from such removal or from any other cause of the two scrutineers so to be appointed, one shall always be a member (not being an officer or employee of the Company) present at the meeting provided such a member is available and is willing to be appointed.

Business may proceed notwithstanding demand for Poll

129. The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

Chairman's casting vote

130. In the case of equality of votes, the Chairman shall, both on a show of hands and on a poll, have a second or casting vote in addition to the vote or votes to which he may be entitled as a member.

Manner of taking poll and result thereof

131. (a) Subject to the provisions of the Act the Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken.

(b) The result of the poll shall be deemed to the decision of the meeting on the resolution on which the poll was taken.

132. Requisitionists' meeting

(1) Subject to the provisions of Section 188 of the Act, the Directors shall on the requisition in writing of such number of Members as is hereinafter specified and (unless the General Meeting otherwise resolves) at the expense of the requisitionists:-

(a)Give to the Members of the Company entitled to receive notice of the next Annual General Meeting, notice of any resolution which may properly be moved and is intended to be moved at that meeting.

(b) Circulate to the Members entitled to have notice of any General Meeting sent to them, any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or any business to be dealt with at that Meeting.

(2) The number of Members necessary for a requisition under clause (1) hereof shall be (a) Such number of Members as represent not less than one-twentieth of the total voting power of all the Members having at the date of the resolution a right to vote on the resolution or business to which the requisition relates; or

(b) not less than one hundred Members having the rights aforesaid and holding Shares in the Company on which there has been paid up an aggregate sum of not less than Rupees one lac in all.

(3) Notice of any such resolution shall be given and any such statement shall be circulated, to Members of the Company entitled to have notice of the Meeting sent to them by serving a copy of the resolution or statement to each Member in any manner permitted by the Act for service of notice of the Meeting and notice of any such resolution shall be given to any other Member of the Company by giving notice of the general effect of the resolution in any manner permitted by the Act for giving him notice of meeting of the Company. The copy of the resolution shall be served, or notice of the effect of the resolution shall be given, as the case may be in the same manner, and so far as practicable, at the same time as notice of the Meeting and where it is not practicable for it to be served or given at the time it shall be served or given as soon as practicable thereafter.

(4) The Company shall not be bound under this Article to give notice of any resolution or to circulate any statement unless:

(a) A copy of the requisition signed by, the requisitionists (or two or more copies which between them contain the signature of all the requisitionists) is deposited at the Registered Office of the Company.

(i) In the case of a requisition, requiring notice of resolution, not less than six weeks before the Meeting.

(ii) the case of any other requisition, not less than two weeks before the Meeting, and

(b) There is deposited or tendered with the requisition sum reasonably sufficient to meet the Company expenses in giving effect thereto.

Provided That if after a copy of the requisition requiring notice of a resolution has been deposited at the Registered Office of the Company, and an Annual General Meeting is called for a date six weeks or less after such copy has been deposited, the copy although not deposited within the time required by this clause, shall be deemed to have been properly deposited for the purposes also thereof.

(5) The Company shall also not be bound under this Article to circulate any statement, if on the application either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by this Article are being abused to secure needless publicity for defamatory matter.

(6) Notwithstanding anything in these Articles, the business which may be dealt with at Annual General Meeting shall include any resolution for which notice is given in accordance with this Article, and for the purposes of this clause, notice shall be deemed to have been so given, notwithstanding the accidental omission in giving it to one or more Members.

Extra-ordinary General Meeting by Board and by Requisition.

133. (a) The Directors may whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of the Members as herein provided, forthwith proceed to convene Extra-Ordinary General Meeting of the Company.

(b) If at any time there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to convene a General Meeting, any Director or any two or more Members of the Company holding not less than one-tenth of the total paid up share capital of the Company may call for an Extra-Ordinary General Meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors.

Contents of requisition, and number of requisitionists required and the conduct of Meeting

134. (1) In case of requisition the following provisions shall have effect:

- (a) The requisition shall set out the matter for the purpose of which the Meeting is to be called and shall be signed by the requisitionists and shall be deposited at the Registered Office of the Company.
- (b) The requisition may consist of several documents in like form each signed by one or more requisitionists.
- (c) The number of Members entitled to requisition a Meeting in regard to any matter shall be such number as hold at the date of the deposit of the requisition, not less than one-tenth of such of the paid-up share capital of the Company as that date carried the right of voting in regard to that matter.
- (d) Where two or more distinct matters are specified in the requisition, the provisions of sub-clause (3) shall apply separately in regard to such matter, and the requisition shall accordingly be valid only in respect of those matters in regard in regard to which the conditions specified in that clauses are fulfilled.
- (e) If the Board does not within twenty-one days from the date of the deposit of a valid requisition in regard to any matters, proceed, duly to call a Meeting for consideration of those matters on a day not later than forty-five days from the date of the date deposit of the requisition, the Meeting may be called:

(i) By the requisitionists themselves; or

(ii) by such of the requisitionists as represent either a majority in value of the paid up share capital held by all of them or not less than one tenth of the paid-up share capital of the Company as is referred to in sub clauses (c) of clause (1) whichever is less, Provided that for the purpose of this sub-clause, the Board shall, in the case of a Meeting at which a resolution is to be proposed as a Special Resolution, be deemed not to have duly convened the Meeting if they do not give such notice thereof as is required by sub-section (2) of Section 189 of the Act.

- (2) A meeting called under sub-clause (c) of clause (1) by requisitionists or any of them:
- (a) shall be called in the same manner as, nearly as possible, as that in which meeting is to be called by the Board; but
- (b) shall not be held after the expiration of three months from the date of deposit of the requisition. Provided that nothing in sub-clause (b) shall be deemed to prevent a Meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some days after the expiry of that period.

(3) Where two or more Persons hold any Shares in the Company jointly; a requisition or a notice calling a Meeting signed by one or some only of them shall, for the purpose of this Article, have the same force and effect as if it has been signed by all of them.

(4) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board to duly to call a Meeting shall be repaid to the requisitionists by the Company; and any sum repaid shall

be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.

VOTES OF MEMBERS

Votes may be given by proxy or attorney

135. Subject to the provisions of the Act and these Articles, votes may be given either personally or by an attorney or by proxy or in the case of a body corporate, also by a representative duly authorised under section 187 of the Act and Article 137.

Votes of members

136. Subject to the provision of the Act and these Articles, every member not disqualified by Article 140 shall be entitled to be present in person and holding any equity share capital therein, shall have one vote and upon a poll the voting right of every such member present in person or by proxy shall be in proportion to his share of 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 84 of the Act, he shall have a right to vote only on resolution placed before the meeting which directly affect the rights attached to his preference shares.

Right of member to use his votes differently

137. On a poll being taken at meeting of the Company, a member entitled to more than one vote or his proxy or other person entitled to vote for him as the case may be need not, if he votes, use all his votes or cast in the same way all the votes he uses.

Representation of Body Corporate

138. A body corporate whether a Company within meaning of the Act or not may, if it is a member or creditor of the Company including being a holder of debentures, may authorize such person by a resolution of its Board of Directors, as it thinks fit, to act as its representative at any meeting of creditors of the Company.

Restriction on exercise of voting right by members who have not paid calls

139. No member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has and/or has exercised its right of lien.

No voting by proxy on show of hands

140. No member not personally present shall be entitled to vote on a show of hands, unless such member is a body corporate present by a representative duly authorized, under Section 187 of the Act in which case such representative may vote on a show of hands as if he were a member of the Company. A proxy who is present at a meeting shall not be entitled to address the meeting.

How member non-compos mentis and minor may vote

141. If any member be a lunatic or non-compos mentis, the vote is respect of his share or shares shall be his committee or other legal guardian provided that such evidence of the authority of the person claimed to vote as shall be acceptable by the Board shall have been deposited at the office of the Company not less than forty eight hours before the time of holding a meeting.

Instrument of proxy

142. The instrument appointing a proxy shall be in writing and signed by the appointer or his attorney duly authorized in writing or if the appointer is a body corporate be under its seal or be signed by an office or attorney duly authorized by it.

Instrument of proxy to be deposited at office

143. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority shall be deposited at the registered office of the Company not less than forty eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid. No instrument of proxy shall be valid after the expiration of twelve months from the date of its execution.

When vote by proxy valid though authority revoked

144. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed or the transfer of the share in respect of which the vote is given. Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjournment meeting at which the proxy is used.

Form of proxy

145. Every instrument of proxy, whether for specified meeting or otherwise shall, as nearly as circumstances will admit, be in the form set out in Schedule IX of the Act.

Time for objection to vote

146. No objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be so tendered and every vote whether given personally or by proxy and not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

Chairman of any Meeting to e the judge of validity of any vote

147. The Chairman of any meeting shall be sole judge of the validity of every vote tendered at such meeting. The Chairman present at the time of taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

Votes of Members of unsound mind

148. 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.

Member paying money in advance not be entitled to vote in respect thereof.

149. A Member paying the whole or a part of the amount remaining unpaid on any Share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of moneys so paid by him until the same would but for such payment become presently payable.

Remuneration of Directors

156. (1) Subject to the provisions of the Act, a Managing Director or any other Director, who is in the Whole time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.

(2) Subject to the provisions of the Act, a Director who is neither in the Whole-time employment not a Managing Director may be paid remuneration.

- (i) by way of monthly, quarterly or annual payment with the approval of the Central Government: or
- (ii) by way of commission if the Company by a special resolution authorizes such payments.

(3) The fees payable to Director (including a Managing or whole-time Director, if any) for attending a meeting of the Board or Committee shall be decided by the Board of Directors from time to time, however the amount thereof shall not exceed limit provided in the Companies Act, 1956 and rules, if any, framed there under.

(4) if any Director be called upon to perform extra services or special exertion or efforts (which expression shall include work done by a Director as member of any committee formed by the Directors), the Board may arrange with such Directors for such special remuneration for such extra services or special exertions or either by a fixed sum or otherwise as may be determined by the Board and such remuneration may be either in addition to or in substitution for his remuneration above provided.

Travelling Expenses incurred by a Director not a bonafide resident or by Director going out on Company's Business

157. The Board may allow and pay to any Director who is not a bonafide resident of the place where the meetings of the Board or committee thereof are ordinarily held and who shall come to a such place for the purpose of attending any meeting, such sum as the Board may consider fair compensation or for traveling, boarding, lodging and other expenses, in addition to his fee for attending such meeting as above specified and if any Director be called upon to go or reside out of the ordinary place of his residence on the Company's business, he shall be entitled to be repaid and reimbursed any travelling or other expenses, incurred in connection with business of the Company.

Directors may act notwithstanding any vacancy

158. The continuing Directors may act notwithstanding any vacancy in the Board, but if and so long as the number is reduced below the quorum fixed by the Act or by these Articles for a meeting of the Board, the continuing Directors or Director may act for the purpose of increasing the number of Directors to that fixed for the quorum or for summoning a General Meeting of the Company but for no other purpose.

Disclosure of interest of Directors

159. (1) Every Director of the Company who is in any way, whether directly or indirectly concerned or interested in any 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 Directors.

(2) (a) In case of a proposed contract or 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 a 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 becomes so concerned or interested.

(b) In the 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) hereof, 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 concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be sufficient disclosure of concern 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 a further period of one financial year at a time by a fresh notice in the last month of the financial year in which would it otherwise have expired.

(c) No such general notice and no renewal thereof shall be effective unless either it is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

(d) Nothing in this Article shall apply to any contract or arrangement entered into or to be entered into between two companies when any of the Directors of the Company or two of them together holds or hold not more than two per cent of the paid up share capital in the other company.

Interested Director not to participate or vote on Board's proceedings

160. No Director of the Company shall, as Director, take any part in the discussion of or vote on any contract or arrangement entered into or to be entered into by or on behalf of the Company if he is in any way whether directly or indirectly, concerned or interested in the contract or arrangement, nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote and if he does vote his vote shall be void, provided however that Directors may vote on any contract of indemnity against any loss which the Directors or any one or more of them may suffer by reason of becoming or being sureties or surety for the Company.

Board's sanction to be required for certain contracts in which particular Director is interested

161. A Director of the Company or his relative, a firm in which such Director or relative is partner, any other partner in such firm or a private company of which the Director is a member of Director shall not enter into any contract with the Company, except to the extent and subject to the provisions of Section 297 of the Act.

Directors' sitting fees

165. The fees payable to a Director for attending each Board meeting shall be such sum as may be fixed by the Board of Directors not exceeding such as may be prescribed by the Central Government for each of the meetings of the Board or A committee thereof and adjournments thereto attended by him. The directors, Subject to the sanction of the Central Government (if any required) may be paid such higher fees as the Company in General Meeting shall from time to time determine.

Directors and Managing Director may contract with Company

166. Subject to the provisions of the Act the Directors (including a Managing Director and Whole Time Director) shall not be disqualified by reason of his or their office as such from holding office under

the Company or from contracting with the Company either as vendor, purchaser, lender, agent, broker, lessor or lessee or otherwise, nor shall any such contract or any contracts or arrangement entered into by or on behalf of the Company with any Director or with any Company or Partnership of or in which any Director shall be a member or otherwise interested be avoided nor shall any Director so contracting be liable to account to the Company for any profit realized by such contract or arrangement by reason only of such director holding that office or of the fiduciary relation thereby Established, but it is declared that the nature of his interest shall be disclosed as provided by Section 299 of the Act and in this respect all the provisions of Section 300 and 301 of the Act shall be duly observed and complied with.

Disqualification of the Director

- 167. 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 undischarged 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 sentenced in respect thereof to imprisonment for not less than six months and a period of five months and a period of five years has not elapsed form the date of expiry of the sentences;
- (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 lapsed from the last day fixed for the payment of the cell; or
- (f) an 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.

RETIREMENT AND ROTATION OF DIRECTORS

Retirement of Directors by rotation

170. (1) At every Annual General Meeting, one third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, then the number to one third shall retire from office. The Debenture Directors and Nominee Directors, if any, shall not be subject to retirement under clause and shall not be taken into account in determining the retirement by rotation or the number of Directors to retire.

(2) The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment but as between persons who became Directors on the same day those who are to retire shall in default of and subject to any agreement among themselves, be determined by lot.

(3) At the Annual General Meeting at which a Director retires as aforesaid, the Company may fill up the vacancy by appointing the retiring Director who shall be eligible for reappointment or some other person thereto.

(4) If the place of the retiring Director is not filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week at the same time and place or if that is a public holiday, till the next succeeding day which is not a public holiday at the same time and place. If at the adjourned meeting also, the place of the retiring Director is not

filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting unless.

- (i) at the meeting or at the previous meeting, a resolution for the re-appointment of such Director has been put to the vote and lost;
- (ii) the retiring Director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so re-appointed;
- (iii) he is not qualified or is disqualified for;
- (iv) a resolution, whether special or ordinary, is required for his appointment or re-appointment by virtue of any of the provisions of the Act.

Appointment of Director to be vote individually

171. (1) No motion at any General Meeting of the Company shall be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made has been first agreed to by the meeting without any vote being given against it.

(2) A resolution moved in contravention of clause (1) shall be void whether or not objection was taken at the time of its being so moved; provided that where a resolution so moved is passed, no provision for the automatic re-appointment shall apply.

(3) For the purpose of this clause, a motion for approving a person's appointment or for nominating a person for appointment shall be treated as motion for his appointment.

172. (1) A person who is not a retiring Director shall, subject to the provisions of the Act, be eligible for appointment to the office of Director at any General Meeting if he or some member intending to propose him has not less than fourteen days before the meeting, left at the office of the Company a notice in writing under his hand signifying candidature for the office of Director or the intention or such member to propose him as a candidate for that office as the case may be, "along with a deposit of five hundred rupees which shall be refunded to such person or as the case may be, to such member, if the person succeeds in getting elected as a Director.

(2) The Company shall inform its member of the candidature of a person for the office of Director or the intention of a member to propose such person as a candidate for that office, by serving individual notice on the members not less than seven days before the meeting.

Provided that it shall not be necessary for the Company to serve individual notices upon the members as aforesaid if the Company advertises such candidature or intention not less than seven days before the meeting in at least two newspapers circulating in the place where the Registered Office of the Company is located, of which one is published in the English language and the other in the Marathi language.

(3) Every person proposed as a Candidate for the office of Director shall sign and file with the Company his consent to act as a Director.

Resignation of Director

173. A Director may at any time give notice in writing of his intention to resign by addressing it to the Board of Directors of the Company and delivering such notice to the Secretary or leaving the same at the Registered Office of the Company and thereupon his office shall be vacated.

REMOVAL OF DIRECTORS

176. (1) The Company may, by ordinary resolution, remove a Director not being a Nominee Director appointed under Article 154 or a Debenture Director appointed under Article 155 and not being a Director appointed by the Central Government in pursuance of Section 408 of the Act before the expiry of this period of office.

(2) Special notice shall be required of any resolution to remove a Director under this Article or to appoint somebody instead of a Director so removed at the meeting at which he is removed.

(3) On receipt of notice of a resolution to remove a Director under this Article the Company shall forthwith send a copy thereof to the Director concerned and the Director shall be entitled to be heard on the resolution at the meeting.

(4) Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representation in writing to the Company (not exceeding a reasonable length) and request its notification to members of the Company and shall unless the representations are received by it too late for it to do so.

- (a) in any notice of resolution given to the members of the Company, state the fact of the representations having been made; and
- (b) send a copy of the representation to every member of the Company to who notice of the meeting is sent (whether before or after receipt of the representations by the Company) and if a copy of the representation is not sent as aforesaid because it was received too late or because of the Company's default, the Director may (without prejudice to his right to be heard orally) require that the representation shall be readout at the meeting' provided that copies of the representation need not be sent out and the representation need not be read out at the meeting if on the application either of the Company or of any other person who claims to be aggrieved, a court of competent jurisdiction is satisfied that the rights conferred by this sub-clause are being abused to secure needless publicity for defamatory matter.

(5) A vacancy created by the removal of a Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board under Article 153 hereof, be filled by the appointment of another Director in his stead by the meeting at which he is removed, provided special notice of the intended appointment has been given. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid.

(6) If the vacancy is not filled up under the clause (5) hereof, it may be filled as a casual vacancy in accordance with the provisions, so far as they may be applicable to Article 153 hereof and all the provisions of that Article, shall apply accordingly. Provided that the Director who is removed from office under this Article shall not be re-appointed as a Director by the Board of Directors. (7) Nothing in this Article shall be taken:

- (a) as depriving a person removed there under of any compensation or damages payable to him in respect of any appointment terminating with that as Director; or
- (b) as derogating from any power to remove a Director which may exist apart from this Article.

Power to Borrow

190. Subject to the provisions of Sections 292 and 293 of the Act, the Board may, from time to time at its discretion and by means of resolutions passed at its meeting accept deposits from members either in advance of calls or otherwise and generally, raise or borrow or secure the payment or any sum or sums of money for the purposes of the Company.

191. All the provisions applicable to nomination facility available to shareholder(s) and debentureholder(s) enumerated in Article 86 of these Articles shall equally apply to depositholder(s).

The payment or repayment of moneys borrowed

192. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects 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 debentures stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its un-called 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.

DIVIDENDS

214. The profits of the Company which it shall from time to time determine, subject to the provisions of Section 205 of the Act, to divide in respect of any year or other period, shall be applied first in paying the fixed, preferential dividend on the capital paid up on the preference shares if any and secondly in paying a dividend declared for such year or other period on the capital paid upon the equity shares.

Division of profits

215. (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 any so long as nothing is paid upon any of Share 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 Article as paid on the Shares.

Dividend to joint holders

216. Any one of several persons who are registered as joint holders of any Shares may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such Shares.

Amounts paid in advance of calls not to be treated as paid up capital

217. No amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of Article 220 as paid up on the share.

Declaration of Dividends

219. The Company in General Meeting may, subject to the provisions of Section 205 of the Act, declared a dividend to be paid to the members according to their right and interests in the profits and may fix the time for payment.

Dividend out of profits only and not to carry interest

221. (1) No dividend shall be payable except out of the profits of the Company arrived at as stated in Section 205 of the Act.

What is to be deemed net profits?

(2) The declaration of the Board as to the amount of the net profits of the Company shall be conclusive.

Interim Dividends

222. The Board of Directors may from time to time pay the members such interim dividends as in its judgement the position of the Company justifies.

Unpaid or Unclaimed Dividend

230. Where the Company has declared a dividend but which has not been paid or claimed within 30 from the date of declaration to any shareholder entitled to the payment of dividend, the Company shall, within 7 days of the date from expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called "Automark Industries (India) Limited Unpaid Dividend Account" and transfer to the said account, the total amount of dividend which remains unpaid or unclaimed.

Any money transferred to the unpaid dividend account of the Company which remain 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 Section 205C of the Act. No unclaimed or unpaid dividend shall be forfeited by the Board before the claim becomes barred by law.

Capitalisation of reserves

231. (a) Any General Meeting may, upon the recommendation of the Board resolve that any moneys, investments or other assets forming part of the undistributed profits of the Company standing to the credit of any of the profit and loss account or any capital redemption reserve fund or in hands of the Company and available for dividend or representing premium received on the issue of shares and standing to the credit of the share premium account be capitalized and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized fund shall not be paid in cash but shall be applied subject to the provisions contained in clause (b) hereof on behalf of such shareholders in full or towards:

(1) Paying either at par or at such premium as the resolution may provide any unissued shares or debentures or debenture-stock of the Company which shall be allotted, distributed and credited as fully paid up to and amongst such members in the proportions aforesaid; or

(2) Paying up any amounts for the time being remaining unpaid on any shares or debentures or debenture-stock held by such members respectively; or

(3) Paying up partly in the way specified in sub-clause (1) and partly in that specified in subclause (2) and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum.

(b) (1) Any moneys, investments or other assets representing premium received on the issue of shares and standing to the credit of share premium account; and

(2) If the Company shall have redeemed any redeemable preference shares, all or any part of any capital redemption fund arising from the redemption of such shares may, by resolution of the Company be applied only in paying up in full or any shares then remaining unissued to be issued to such members of the Company as the General Meeting may resolve upto an amount equal to the nominal amount of the shares so issued.

(c) Any General Meeting may resolve that any surplus moneys arising from the realization of any capital assets of the Company or any investments representing the same or any other undistributed profits of the Company not subject to charge for income-tax be distributed amongst the members on the footing that they receive the same as capital.

(d) For the purpose of giving effect to any such resolution, the Board may settle any difficulty which may arise in regard to the distribution of payment as aforesaid as it thinks expedient and in particular it may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that cash payments be made to any members on the footing of the value so fixed and may vest any such cash, share, debentures, debenture-stock, bonds or other obligation in trustees upon such trust for the persons entitled thereto as may seem expedient to the Board and generally may make such arrangement for acceptance, allotment and sale of such shares, debentures, debenture-stock, bonds or other obligations and fractional certificates or otherwise as it may think fit.

(e) If and whenever any share becomes held by any member in fraction, the Board may subject to the provisions of the Act and these Articles and to the directions of the Company in General Meeting, if any, sell the shares which members hold in fractions for the best reasonably obtainable and shall pay and distribute to and amongst the members entitled to such shares in due proportion the net proceeds of the sale thereof, for the purpose of giving effect to any such sale, the Board may authorize any person to transfer the shares sold to the purchaser thereof, comprised in any such transfer and he shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or of invalidity in the proceedings with reference to the sale.

(f) Where required; a proper contract shall be delivered to the Registrar for registration in accordance with section 75 of the Companies Act and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalized fund and such appointment shall be effective.

SECTION IX: OTHER INFORMATION

LIST OF MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and agreements referred to (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or contracts entered into more than two years before this DRHP), which are or may be deemed material to be material have been entered into by or on behalf of the Company. Copies of these contracts together with copies of documents referred under Material Documents below all of which have been attached to the copy of this DRHP and have been delivered to the Stock Exchanges and may be inspected at the Registered Office of the Company situated at 'Gurukripa', Datta Square, Yavatmal, Maharashtra, India - 445001 and corporate office situated at 1st Floor, "Saraf Court" Opp. Yashwant Stadium, Dhantoli, Nagpur, Maharashtra, India - 440012 between 9:30 am to 5:30 pm on any working day from the date of this DRHP until the date of closure of the subscription List.

MATERIAL CONTRACTS

- 1. Engagement Letter dated 3rd February, 2011 appointing Comfort Securities Limited as Book Running Lead Managers to the Issue.
- 2. Memorandum of Understanding dated 9th July, 2011 between our Company and the BRLM.
- Memorandum of Understanding dated 9th July, 2011 entered into with Sharepro Services (India) Private Limited appointing them as the Registrar to the Issue.
- 4. Copy of tripartite agreement dated [•] between NSDL, our Company and Sharepro Services (India) Private Limited.
- 5. Copy of tripartite agreement dated [•] between CDSL, our Company and Sharepro Services (India) Private Limited.
- 6. Escrow Agreement dated [•] between our Company, BRLM, Escrow Collection Bank and the Registrar to the issue.
- 7. Syndicate Agreement dated [•] between our Company, BRLM, and the Syndicate Members.
- 8. Underwriting Agreement dated [•] between our Company, BRLM, and the Syndicate Members.

DOCUMENTS FOR INSPECTION

- 1. Memorandum and Articles of Association of our Company as amended from time to time.
- 2. Copy of the resolution passed at the meeting of the Board of Directors held on 6th July, 2011 approving the issue.
- 3. Copy of the resolution passed by the shareholders of our Company under section 81 (1A) at the Extra Ordinary General Meeting held on 8th July, 2011.
- 4. Copy of board resolution dated 27th May, 2011 re-appointing Mr. Mayur Khara as the Managing Director and Mr. Amit Khara as Whole Time Director of our company for a period of five years w.e.f. 1st June, 2011 and approving their remuneration and terms.
- 5. Copy of shareholders' resolution dated 08th July, 2011 confirming reappointment of Mr. Mayur Khara as the Managing Director and Mr. Amit Khara as Whole Time Director of our company for a period of five years w.e.f. 1st June, 2011 and approving their remuneration and terms.

- 6. Consents of the Directors, Company Secretary/Compliance Officer, Auditors, Book Running Lead Manager to the Issue, Bankers to the Company, Legal Advisors to the Issue, IPO grading agency and Registrars to the Issue, to include their names in the Draft Red Herring Prospectus to act in their respective capacities.
- 7. Copies of Annual Reports of our Company for the last five (5) financial years viz 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11.
- 8. Copies of Annual Report of our Subsidiary for the last five (5) financial years viz 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11.
- 9. Audit report issued by our statutory auditors i.e. Agrawal & Kedia, Chartered Accountants, dated 09th July, 2011 included in the Draft Red Herring Prospectus and copies of Balance Sheet referred to in the said report.
- 10. Letter dated 09th July, 2011 from the statutory Auditors of our Company, Agrawal & Kedia, Chartered Accountants, detailing the tax benefits.
- 11. Copy of certificate from the statutory Auditors of our Company, Agrawal & Kedia, Chartered Accountants, dated 09th July, 2011 regarding the sources and deployment of funds as on 30th June, 2011.
- 12. Board Resolution dated 11th July, 2011 for approval of Draft Red Herring Prospectus.
- 13. Resolution passed by the IPO Committee dated 11th July, 2011 for approval of the Draft Red Herring Prospectus.
- 14. Due Diligence Certificate dated 11th July, 2011 to SEBI from Book Running Lead Manager viz. Comfort Securities Limited.
- 15. Copy of in-principle listing approval dated [•] from BSE.
- 16. Copy of in-principle listing approval dated [•] from NSE.
- 17. SEBI Observation letter no [•] dated [•].

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 and other relevant statutes.

DECLARATION

All the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government of India or the regulations issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992 as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or regulations issued, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS

Mr. Arun D. Khara

Mr. Mayur A. Khara

Mr. Amit A. Khara

Mr. Dhawal K. Shah

Dr. Harish Balkishan Zawar

Mr. Amin Haji Aziz Nagani* *through constituted attorney

SIGNED BY THE COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Prachi Shrikhande Finance Controller

Date: 11.07.2011 Place: Yavatmal